

OFFERING MEMORANDUM

STANTON MBS I p.l.c.

(incorporated in Ireland with limited liability under registered number 390893)

€30,000,000 Class A1 Senior Secured Floating Rate Revolving Notes due 2054
€81,000,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054
€107,500,000 Class A1 Senior Secured Floating Rate Term Notes due 2054
€27,500,000 Class A2 Senior Secured Floating Rate Notes due 2054
€15,000,000 Class B Senior Secured Floating Rate Notes due 2054
€12,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2095
€10,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2095
€19,320,000 Subordinated Notes due 2095

Secured mainly by a Portfolio consisting primarily of Collateral Debt Securities managed by UNIQA Alternative Investments GmbH.

STANTON MBS I p.l.c. (the *Issuer*) will issue €30,000,000 Class A1 Senior Secured Floating Rate Revolving Notes due 2054 (the *Class A1 Revolving Notes*), €81,000,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054 (the *Class A1 Delayed Draw Notes*), €107,500,000 Class A1 Senior Secured Floating Rate Term Notes due 2054 (the *Class A1 Term Notes* and, together with the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes, the *Class A1 Notes*), €27,500,000 Class A2 Senior Secured Floating Rate Notes due 2054 (the *Class A2 Notes* and, together with the Class A1 Notes, the *Class A Notes*), €15,000,000 Class B Senior Secured Floating Rate Notes due 2054 (the *Class B Notes* and, together with the Class A Notes, the *Senior Notes*), €12,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2095 (the *Class C Notes*), €10,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2095 (the *Class D Notes* and, together with the Class C Notes, the *Mezzanine Notes*) and €19,320,000 Subordinated Notes due 2095 (the *Subordinated Notes* and, together with the Senior Notes and the Mezzanine Notes, the *Notes*). Each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes and their coupons and talons (where applicable) are separately referred to herein as a *Class* (as such term is construed in accordance with the Conditions). The Notes will be issued and secured pursuant to a trust deed (the *Trust Deed*) to be dated on or about 4 November, 2004 (the *Closing Date*) between, *inter alios*, the Issuer and ABN AMRO Trustees Limited, as trustee (the *Trustee*). The Collateral Debt Securities forming part of the Mortgaged Property securing the Notes will be managed by UNIQA Alternative Investments GmbH (the *Collateral Manager*).

ISSUE PRICE OF THE CLASS A1 REVOLVING NOTES: 100 per cent.
ISSUE PRICE OF THE CLASS A1 DELAYED DRAW NOTES: 100 per cent.
ISSUE PRICE OF THE CLASS A1 TERM NOTES: 100 per cent.
ISSUE PRICE OF THE CLASS A2 NOTES: 100 per cent.
ISSUE PRICE OF THE CLASS B NOTES: 100 per cent.
ISSUE PRICE OF THE CLASS C NOTES: 100 per cent.
ISSUE PRICE OF THE CLASS D NOTES: 100 per cent.
ISSUE PRICE OF THE SUBORDINATED NOTES: 100 per cent.

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of “Aaa” by Moody's Investors Service, Inc. (*Moody's*), “AAA” by Standard & Poor's Ratings Service, a division of The McGraw-Hill Companies, Inc. (*S&P*) and “AAA” by Fitch Ratings Limited (*Fitch*, and together with Moody's and S&P, the *Rating Agencies* and, each a *Rating Agency*), each of the Class A2 Notes receives a rating of “AAA” by S&P and “AAA” by Fitch, each of the Class B Notes receives a rating of at least “AA” by S&P and “AA” by Fitch, each of the Class C Notes receives a rating of at least “A” by S&P and “A” by Fitch and each of the Class D Notes receives a rating of at least “BBB” by S&P and “BBB” by Fitch. A rating will not be sought for the Subordinated Notes. The ratings of the Senior Notes by Fitch and S&P will address the timely payment of interest when due and the ultimate repayment of principal. The rating of the Class A1 Notes by Moody's will address the expected loss to holders of the Class A1 Notes by the legal maturity date and that the structure allows for the timely payment of interest on the Class A1 Notes. The ratings of the Mezzanine Notes will address the ultimate (rather than the timely) payment of interest and the ultimate repayment of principal.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each credit rating should be evaluated independently of any other rating.

THE NOTES ARE LIMITED-RECOURSE DEBT OBLIGATIONS OF THE ISSUER AND ARE PAYABLE SOLELY FROM THE MORTGAGED PROPERTY OF THE ISSUER WHICH SECURES THE NOTES. THE NOTES DO NOT REPRESENT AN INTEREST IN OR OBLIGATIONS OF, AND ARE NOT INSURED OR GUARANTEED BY, THE TRUSTEE, THE NOTES PLACEMENT AGENT, THE COLLATERAL ADMINISTRATOR, THE COLLATERAL MANAGER, THE AGENTS, THE HEDGE COUNTERPARTY, THE LIQUIDITY FACILITY PROVIDER, ANY INVESTOR IN THE NOTES OR ANY OF THEIR RESPECTIVE AFFILIATES.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the *Securities Act*) and the Issuer has not registered and will not register as an “investment company” under the U.S. Investment Company Act of 1940, as amended (the *Investment Company Act*). The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act (*Regulation S*) and may not be offered or sold in the United States (as defined in Regulation S) or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act in transactions that would not cause the Issuer to be required to register under the Investment Company Act. See *Subscription and Sale*. The Notes (other than the Class A1 Revolving Notes) will be in bearer form for U.S. tax purposes and therefore subject to U.S. tax law requirements. Notwithstanding that the Class A1 Delayed Draw Notes will be issued in registered form on the Closing Date, the Class A1 Delayed Draw Notes will convert into bearer form on the Class A1 Consolidation Date and so will be deemed to be in bearer form for U.S. federal income tax purposes as of the Closing Date and therefore subject to U.S. tax law requirements. Accordingly, such Notes may not be offered, sold or delivered within the United States and its possessions or to U.S. persons. On the Closing Date, holders of the Class A1 Delayed Draw Notes will be required to certify that such Notes are not beneficially owned by U.S. persons. See *Subscription and Sale*.

The Notes of each Class to be issued in bearer form will initially be represented by interests in a temporary global bearer note (a *Temporary Global Bearer Note*), without coupons or talons attached, which will be deposited with a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear System (*Euroclear*) and Clearstream Banking, *société anonyme* (*Clearstream, Luxembourg*) on or about the Closing Date. Interests in each Temporary Global Bearer Note are exchangeable on and after the Exchange Date, upon certification of non-U.S. beneficial ownership, for interests in a permanent global bearer note (a *Permanent Global Bearer Note*), without coupons or talons attached, representing the same Class of Bearer Notes. Save in limited circumstances, Definitive Bearer Notes will not be issued in exchange for the Global Bearer Notes. Each Class of Registered Notes will be issued in definitive registered form. See *Form of the Global Bearer Notes* and *Book-Entry Clearance Procedures Relating to the Global Bearer Notes*.

See *Risk Factors* for a discussion of certain factors to be considered in connection with an investment in the Notes.

Application has been made to the Irish Stock Exchange Limited (the *Irish Stock Exchange*) to admit the Notes to the Official List of the Irish Stock Exchange. The Notes will be offered by Canadian Imperial Bank of Commerce (the *Notes Placement Agent*) when and if issued. The Notes Placement Agent will reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that the Notes will be issued on or about the Closing Date.

The Index of Defined Terms appearing at the end of this Offering Memorandum contains references to the pages in this Offering Memorandum where definitions are found.

CANADIAN IMPERIAL BANK OF COMMERCE

The date of this Offering Memorandum is 29 October 2004

The Issuer accepts responsibility for all the information contained in this Offering Memorandum other than the Collateral Manager Information. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum for which the Issuer is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

The Collateral Manager accepts responsibility for the information contained in the section entitled *The Collateral Manager* (the ***Collateral Manager Information***). To the best of the knowledge and belief of the Collateral Manager (having taken all reasonable care to ensure that such is the case), the Collateral Manager Information is in accordance with the facts and does not omit anything likely to affect the import of such information. The Collateral Manager accepts responsibility accordingly. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Collateral Manager as to the accuracy or completeness of any information contained in this Offering Memorandum (other than the Collateral Manager Information) or any other information supplied in connection with the Notes or their distribution. Other than in respect of the Collateral Manager Information, the Collateral Manager has not separately verified the information contained herein and no representation, warranty or undertaking, express or implied, is made and no liability accepted by the Collateral Manager as to the accuracy or completeness of such information. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Collateral Manager or any of its affiliates in connection with its investigation of the information contained herein (other than the Collateral Manager Information).

IN CONNECTION WITH THE ISSUE OF THE NOTES, THE NOTES PLACEMENT AGENT AS THE STABILISING INSTITUTION (THE *STABILISING AGENT*) OR ANY PERSON ACTING FOR THE STABILISING AGENT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE CLOSING DATE. HOWEVER, THERE MAY BE NO OBLIGATION ON THE STABILISING AGENT OR ANY AGENT OF THE STABILISING AGENT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD. SUCH STABILISING SHALL BE CARRIED OUT IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

OTHER THAN THE APPLICATION TO LIST THE NOTES ON THE OFFICIAL LIST OF THE IRISH STOCK EXCHANGE, THE APPROVAL OF THIS OFFERING MEMORANDUM AS LISTING PARTICULARS IN ACCORDANCE WITH THE REQUIREMENTS OF THE EUROPEAN COMMUNITIES (STOCK EXCHANGE) REGULATIONS, 1984 (AS AMENDED) OF IRELAND (THE ***REGULATIONS***) AND THE DELIVERY OF A COPY OF THIS OFFERING MEMORANDUM TO THE REGISTRAR OF COMPANIES IN IRELAND FOR REGISTRATION PURSUANT TO REGULATION 13(1) OF THE REGULATIONS, NO ACTION HAS BEEN OR WILL BE TAKEN TO PERMIT A PUBLIC OFFERING OF THE NOTES OR THE DISTRIBUTION OF THIS OFFERING MEMORANDUM IN ANY JURISDICTION. THE DISTRIBUTION OF THIS OFFERING MEMORANDUM AND THE OFFERING OF THE NOTES IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW. PERSONS INTO WHOSE POSSESSION THIS OFFERING MEMORANDUM (OR ANY PART THEREOF) COMES ARE REQUIRED BY THE ISSUER AND THE NOTES PLACEMENT AGENT TO INFORM THEMSELVES ABOUT AND TO OBSERVE ANY SUCH RESTRICTIONS. FOR A DESCRIPTION OF CERTAIN FURTHER RESTRICTIONS ON OFFERS AND SALES OF THE NOTES AND THE DISTRIBUTION OF THIS OFFERING MEMORANDUM, SEE *SUBSCRIPTION AND SALE*.

In this Offering Memorandum, references to **€**, **EUR** or **euro** are to the currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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SUMMARY OF TERMS

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this Offering Memorandum. Potential investors should read the entire Offering Memorandum carefully, especially the risks of investing in the Notes discussed under Risk Factors.

THE PARTIES

The Issuer: STANTON MBS I p.l.c. (the **Issuer**) is a public limited liability company, incorporated in the Republic of Ireland under the Companies Acts 1963 to 2003 of Ireland, on 13 September, 2004. The shares of the Issuer are held directly or indirectly by SFM Corporate Services Limited (the **Share Trustee**) under the terms of a declaration of trust under which it holds the shares of the Issuer on trust for charitable purposes.

The Issuer has been incorporated for the sole purpose of issuing the Notes and entering into each of the Trust Deed, the Collateral Management Agreement, the Collateral Administration Agreement, the Hedge Agreement, the Liquidity Facility Agreement, the Agency Agreement, the Notes Placement Agreement, the Class A1 Notes Purchase Agreement, the Euroclear Pledge Agreement, the Collateral Acquisition Agreement, the Tax Representation Agreement, the Auditor Engagement Letter, the Corporate Services Agreement and the Master Interpretation and Construction Schedule (collectively, the **Transaction Documents**) and entering into any other transactions and agreements described in this Offering Memorandum and any documents ancillary thereto.

The Issuer will not have any material assets other than the Collateral Debt Securities, the Eligible Investments and rights under the Transaction Documents and certain other agreements entered into by the Issuer as described herein.

Notes Placement Agent:	Canadian Imperial Bank of Commerce
Collateral Manager:	UNIQA Alternative Investments GmbH
Trustee:	ABN AMRO Trustees Limited
Principal Paying Agent, Calculation Agent, Account Bank, Custodian and Collateral Administrator:	ABN AMRO Bank N.V., London Branch
Irish Paying Agent:	NCB Stockbrokers Limited
Registrar:	LaSalle Bank National Association, Chicago
Hedge Counterparty:	Canadian Imperial Bank of Commerce
Liquidity Facility Provider:	Canadian Imperial Bank of Commerce
Corporate Services Provider:	Structured Finance Management (Ireland) Limited

THE NOTES

Amount of Notes:

€30,000,000 in aggregate principal amount of Class A1 Revolving Notes, €81,000,000 in aggregate principal amount of Class A1 Delayed Draw Notes, €107,500,000 in aggregate principal amount of Class A1 Term Notes, €27,500,000 in aggregate principal amount of Class A2 Notes, €15,000,000 in aggregate principal amount of Class B Notes, €12,000,000 in aggregate principal amount of Class C Notes, €10,000,000 in aggregate principal amount of Class D Notes and €19,320,000 in aggregate principal amount of Subordinated Notes.

Status of Notes:

The Notes will be limited recourse debt obligations of the Issuer, secured pursuant to the Trust Deed and the Euroclear Pledge Agreement solely by various charges and assignments by way of security over the Mortgaged Property by the Issuer to the Trustee for the benefit of the holders from time to time of the Notes, the Couponholders, itself, the Agents, the Collateral Manager, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider and the Notes Placement Agent (collectively, the *Secured Parties*).

Save to the extent provided otherwise in the Conditions, payments of interest and commitment fees in respect of the Class A1 Notes will rank senior in right of payment to payments of interest in respect of each other Class of Notes, payments of interest in respect of the Class A2 Notes will rank senior in right of payment to payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes, payments of interest in respect of the Class B Notes will rank senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, payments of interest in respect of the Class C Notes will rank senior in right of payment to payments of interest in respect of the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes and the Class B Notes, payments of interest in respect of the Class D Notes will rank senior in right of payment to payments of interest in respect of the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, the Class B Notes and the Class C Notes and, lastly, payment of interest in respect of the Subordinated Notes will be subordinated in right of payment to payments of interest and commitment fees in respect of all other Classes of Notes.

Save to the extent provided otherwise in the Conditions, the repayment of principal of the Class A1 Notes will rank senior in right of payment to the repayment of principal of each other Class of Notes, the repayment of principal of the Class A2 Notes

will rank senior in right of payment to the repayment of principal of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the repayment of principal of the Class B Notes will rank senior in right of payment to the repayment of principal of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes and the Class A2 Notes, the repayment of principal of the Class C Notes will rank senior in right of payment to the repayment of principal of the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes and the Class B Notes, the repayment of principal of the Class D Notes will rank senior in right of payment to the repayment of principal of the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes and repayment of principal of the Subordinated Notes will be subordinated in right of payment to all other Classes of Notes.

Limited Recourse:

If the net proceeds of realisation of the security constituted by the Trust Deed and the Euroclear Pledge Agreement upon enforcement thereof, in accordance with Condition 11 and the provisions of the Trust Deed and the Euroclear Pledge Agreement respectively, are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes and the Coupons and to the other Transaction Creditors (such negative amount being referred to herein as a *shortfall*), the obligations of the Issuer in respect of the Notes and the Coupons of each Class and its obligations to the other Transaction Creditors in such circumstances will be limited to such amount of the net proceeds as shall be applied in accordance with the Enforcement Priority of Payments. In such circumstances the other assets (if any) of the Issuer will not be available for payment of such shortfall which shall be borne by the Transaction Creditors in accordance with the Enforcement Priority of Payments (applied in reverse order), and the rights of the Transaction Creditors to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders or the Couponholders or the other Transaction Creditors may take any further action to recover such amounts.

None of the Transaction Creditors (nor any person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any Insolvency Proceedings in connection with any obligations of the Issuer relating to the Notes or Coupons of any Class, the Trust Deed or otherwise owed to the Transaction Creditors, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, the Couponholders or of any of the other Secured Parties under the Trust Deed, the Euroclear Pledge Agreement, the Notes and the

Coupons and no Noteholder, Couponholder or other Secured Party is entitled to proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time and such failure or neglect is continuing, in which case, a Noteholder duly authorised by holders of not less than 10 per cent. in aggregate of the Aggregate Principal Amount Outstanding of the Controlling Class may take such action as the Trustee has failed to perform, including, without limitation, giving an Enforcement Notice in accordance with Condition 10 and enforcing the security over the Mortgaged Property in place of the Trustee in accordance with Condition 11.

Bearer Notes:

The Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes and, from (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes.

Registered Notes:

The Class A1 Revolving Notes and, prior to the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes.

Form and Denomination of Notes:

Each Class of Bearer Notes (other than the Class A1 Delayed Draw Notes before the Class A1 Consolidation Date) will be issued in bearer form and will initially be represented by interests in a Temporary Global Bearer Note, without Coupons or Talons attached, which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Interests in each Temporary Global Bearer Note are exchangeable on and after the Exchange Date, upon certification of non-U.S. beneficial ownership, for interests in a Permanent Global Bearer Note, without Coupons or Talons attached, representing the same Class of Bearer Notes. The Class A1 Delayed Draw Notes will be issued in definitive registered form and on the Class A1 Consolidation Date exchanged for interests in a Permanent Global Bearer Note or, if Definitive Bearer Notes have been issued in respect of the Class A1 Term Notes, Definitive Bearer Notes, in each case subject to and in accordance with Condition 2(h).

Save in limited circumstances, Definitive Bearer Notes will not be issued in exchange for the Global Bearer Notes. In the event that Definitive Bearer Notes are so issued, a Definitive Bearer Note in bearer form will be issued to each Noteholder in respect of such Noteholder's holding of Bearer Notes. Each such Definitive Bearer Note will be serially numbered and will have Coupons and, if applicable, Talons attached.

Each Class of Registered Notes will be issued in definitive registered form. Each Registered Note will have an identifying number which will be recorded in the Register.

Each Class of Notes (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) will be issued in minimum denominations of €500,000 and integral multiples of €1,000 above that amount.

The Class A1 Revolving Notes will be issued initially in a single

denomination of €30,000,000. With effect from the Payment Date falling on or after the expiry of the Reinvestment Period, the Class A1 Revolving Notes will be subdivided into minimum denominations of €500,000 and integral multiples of €1,000 above that amount.

The Class A1 Delayed Draw Notes will be issued in a single denomination of €81,000,000. Following the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be subdivided into minimum denominations of €500,000 and integral multiples of €1,000 above that amount and will be treated by the Issuer as identical in all respects as the Class A1 Term Notes.

Each Note (other than each Class A1 Revolving Note and each Class A1 Delayed Draw Note) will be issued on the Closing Date fully paid up. Each Class A1 Revolving Note and each Class A1 Delayed Draw Note will be issued on the Closing Date paid up as to €1. The Class A1 Delayed Draw Note shall be fully paid up before the Delayed Draw Notes Final Funding Date. Fundings in respect of the Class A1 Revolving Note can be made until the end of the Reinvestment Period.

See further *Form of the Global Bearer Notes* and *Book-Entry Clearance Procedures Relating to Global Bearer Notes*.

Use of Proceeds:

The proceeds of the issue of the Notes (excluding the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) will be €191,320,000 on the Closing Date. The Issuer will use the proceeds of the issue of the Notes received by it on the Closing Date (a) in making an initial deposit of €150,000 to the Expense Account, (b) in paying certain fees and expenses payable by the Issuer on the Closing Date, (c) in paying the purchase price of the initial Portfolio purchased under the Collateral Acquisition Agreement and (d) any remaining proceeds shall be deposited to the Uninvested Proceeds Account to be applied by the Issuer, or the Collateral Manager on behalf of the Issuer, in acquiring Collateral Debt Securities during the Reinvestment Period. Additionally, commitments to fund for an aggregate amount equal to €111,000,000 will be made available to the Issuer by the holders of the Class A1 Revolving Notes and of the Class A1 Delayed Draw Notes, the proceeds of which will be used to fund the purchase of additional Collateral Debt Securities.

Priorities of Payment:

Interest Proceeds, Principal Proceeds, Uninvested Proceeds and Liquidity Drawings will be applied in or towards the payment of interest in respect of, and principal of, the Notes and all other amounts payable to the other creditors of the Issuer in accordance with the relevant Priorities of Payment.

See further Condition 3(b) and Condition 11(b).

Payment Dates:

Quarterly, on 4 February, May, August and November in each year, commencing on 4 February, 2005 or, if such day is not a Business Day, on the next succeeding Business Day.

Revolving Note Payment Dates:

Monthly, on the fourth day of each month during the Reinvestment Period, or if such day is not a Business Day, on

the next succeeding Business Day, provided however that payments of interest on the Class A1 Revolving Notes shall not take place on any Revolving Note Payment Date if the Coverage Tests were not satisfied on the preceding Revolving Note Determination Date or if an Enforcement Notice is outstanding.

Interest Payments:

Each of the Senior Notes (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes), the Mezzanine Notes and the Subordinated Notes will bear interest from (and including) the Closing Date and such interest will be payable (subject, in the case of the Mezzanine Notes, as described below) quarterly in arrear, on each Payment Date.

During the Reinvestment Period, each Funding in respect of the Class A1 Revolving Notes will bear interest from (and including) the Funding Date in respect of such Funding and such interest will be payable monthly in arrear on each Revolving Note Payment Date. After the Reinvestment Period, each of the Class A1 Revolving Notes will bear interest from (and including) the day following the last day of the Reinvestment Period and such interest will be payable quarterly in arrear on each Payment Date in euro.

Up to (but excluding) the Class A1 Consolidation Date, each Funding in respect of the Class A1 Delayed Draw Notes will bear interest from (and including) the Funding Date in respect of such Funding and such interest will be payable quarterly in arrear on each Payment Date in euro.

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes shall be consolidated with, and be treated by the Issuer as identical in all respects as, the Class A1 Term Notes and interest shall be payable in respect thereof as provided in Condition 6(a)(i).

For so long as any of the Senior Notes remains Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments. An amount of interest equal to any such amount (the ***Class C Deferred Interest***) which has not been paid on any Payment Date shall be deferred. Any Class C Deferred Interest will bear interest as set out in Condition 6(c).

For so long as any of the Senior Notes and the Class C Notes remains Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class D Notes to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments. An amount of interest equal to any such amount (the ***Class D Deferred Interest***) which has not been paid on any Payment Date shall be deferred. Any Class D Deferred Interest will bear interest as set out in Condition 6(c).

The Class C Deferred Interest and the Class D Deferred Interest shall only become payable by the Issuer in accordance with Conditions 3(b)(i) and 3(b)(iii) to the extent that Interest

Proceeds or Principal Proceeds are available to make such payment in accordance with the Priorities of Payments.

The rate of interest applying to the Notes (other than the Subordinated Notes) and any Funding in respect thereof from time to time shall be the aggregate of the EURIBOR rate determined by the Calculation Agent in accordance with Condition 6(e) and a margin of 0.37 per cent. per annum in the case of the Class A1 Notes and any Funding in respect thereof, a margin of 0.60 per cent. per annum in the case of the Class A2 Notes, a margin of 0.78 per cent. per annum in the case of the Class B Notes, a margin of 1.45 per cent. per annum in the case of the Class C Notes and a margin of 2.40 per cent. per annum in the case of the Class D Notes.

Interest shall be payable in respect of the Subordinated Notes on the basis of the applicable rate calculated in accordance with Condition 6(f).

Principal Repayments:

Repayments of principal on the Notes will be made in the following circumstances:

- (a) the earlier of the Stated Maturity of the Notes and, after the end of the Reinvestment Period, the day on which the Aggregate Principal Balance of the Collateral Debt Securities is reduced to zero;
- (b) if any of the Coverage Tests has not been satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, to the extent required to cause the Coverage Tests to be satisfied;
- (c) if the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, to the extent required until the Rating Agencies confirm that each such rating has been reinstated;
- (d) after the Reinvestment Period, out of Principal Proceeds;
- (e) subject to certain conditions, after the Non-Call Period, pursuant to an optional redemption of the Senior Notes and the Mezzanine Notes by the holders of the Junior Class of Covered Notes;
- (f) subject to certain conditions, after the repayment in full of the Senior Notes and the Mezzanine Notes, pursuant to an optional redemption of the Subordinated Notes by the holders of the Subordinated Notes;
- (g) subject to certain conditions, after the Auction Call Date, pursuant to an optional redemption of the Notes by any Noteholder;
- (h) during the Reinvestment Period, subject to certain conditions, in respect of the Class A1 Revolving Notes only; and
- (i) subject to certain conditions, pursuant to an optional redemption of the Notes by the Junior Class of Covered Notes following the occurrence of a Collateral Tax

Event or pursuant to an optional redemption of the Notes by holders of the Controlling Class of Notes following the occurrence of a Note Tax Event,

each on a Payment Date, or in respect of paragraph (h) above, a Revolving Note Payment Date, subject to the Priorities of Payment and as described in further detail below. Each Note to be redeemed in accordance with Condition 7 shall be redeemed at its applicable Redemption Price.

See further Condition 7.

Non-Call Period:

The period from (and including) the Closing Date to (but excluding) the Payment Date falling in November 2009.

Stated Maturity:

The Stated Maturity of the Class A Notes and the Class B Notes is the Payment Date falling in November, 2054.

The Stated Maturity of the Class C Notes, the Class D Notes and the Subordinated Notes is the Payment Date falling in November, 2095.

Each Class of Notes will be redeemed on the earlier of their Stated Maturity and, after the end of the Reinvestment Period, the day on which the Aggregate Principal Balance of the Collateral Debt Securities is reduced to zero unless previously redeemed or cancelled.

See further Condition 7(a).

Mandatory Redemption upon Breach of Coverage Tests:

If any of the Coverage Tests is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds, Principal Proceeds and Uninvested Proceeds will be used to redeem the Notes in whole or in part, subject to and in accordance with the Priorities of Payment, until each such Coverage Test is satisfied.

See further Condition 7(b).

Mandatory Redemption upon Rating Withdrawal:

If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the Priorities of Payment, to the extent required until the Rating Agencies confirm that each such rating is reinstated.

See further Condition 7(c).

Mandatory Redemption following expiry of the Reinvestment Period:

Following expiry of the Reinvestment Period, Principal Proceeds will, in accordance with the Post-Reinvestment Period Principal Proceeds Priority of Payments, be applied on each Payment Date to redeem the Notes in whole or in part.

See further Condition 7(d).

Optional Redemption of Senior

Subject to certain conditions, on any Payment Date after the

Notes and Mezzanine Notes: Non-Call Period, the Senior Notes and the Mezzanine Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66⅔ per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes.

See further Condition 7(e).

Optional Redemption of the Subordinated Notes: On any Payment Date on or after payment in full of the Senior Notes and the Mezzanine Notes, the Subordinated Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66⅔ per cent. of the Aggregate Principal Amount Outstanding of the Subordinated Notes.

See further Condition 7(f).

Optional Redemption of Notes: Subject to certain conditions, on any Payment Date after the Auction Call Date, the Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by any Noteholder (irrespective of the percentage of the Principal Aggregate Amount Outstanding of Notes held by such Noteholder).

See further Condition 7(g).

Mandatory Redemption of Class A1 Revolving Notes: Subject to the Revolving Note Repayment Conditions being satisfied, Principal Proceeds shall, in accordance with the relevant Priorities of Payments, be applied on each Payment Date during the Reinvestment Period and each Revolving Note Payment Date which is not a Payment Date to redeem the Class A1 Revolving Notes on a *pro rata* basis in an amount not less than €1,000,000 and not exceeding the Revolving Note Repayment Amount provided that a principal amount of €1 for each Class A1 Revolving Note shall be kept outstanding until the earlier of the last day of the Reinvestment Period and the date on which all Class A1 Notes are redeemed in full.

See further Condition 7(h).

Optional Redemption Upon Withholding Tax Event: Subject to certain conditions, on any Payment Date, the Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date (a) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes following the occurrence of a Collateral Tax Event or (b) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Controlling Class of Notes following the occurrence of a Note

Tax Event.

See further Condition 7(i).

Consequences of Non-Payment:

Save in the case of non-payment in full of (i) the principal amount of any Class of Notes on any Redemption Date, or (ii) any interest due and payable in respect of the Senior Notes on any Payment Date or, in respect of the Class A1 Revolving Notes, on any Revolving Note Payment Date, so long as any Senior Notes are Outstanding, failure on the part of the Issuer to pay any amounts in respect of the Notes, solely by reason of the fact that there are insufficient funds standing to the credit of the Interest Collection Account or the Principal Collection Account, as the case may be, shall not constitute an Event of Default.

Class A1 Notes Purchase Agreement:

Under the terms of the Class A1 Notes Purchase Agreement, the Issuer may, subject to certain conditions (including that the Class A1 Delayed Draw Notes Commitment Amount less any amounts which the Class A1 Delayed Draw Noteholder has failed to pay to the Issuer pursuant to a Funding Request has been reduced to zero), at any time during the Reinvestment Period, make one or more Funding Requests to the Class A1 Revolving Noteholder. Each such Funding Request made to the Class A1 Revolving Noteholder will be in respect of an amount not exceeding the Class A1 Revolving Notes Commitment Amount. The Class A1 Revolving Noteholder will be required to make available to the Issuer the sum so requested in respect of such Class A1 Revolving Note on the fifth Business Day following such request by depositing such sum into the Uninvested Proceeds Account.

Under the terms of the Class A1 Notes Purchase Agreement, the Issuer may, subject to certain conditions, at any time prior to the Delayed Draw Notes Final Funding Date, make one or more Funding Requests to the Class A1 Delayed Draw Noteholder. Each such Funding Request made to the Class A1 Delayed Draw Noteholder will be in respect of an amount not exceeding the Class A1 Delayed Draw Notes Commitment Amount. The Class A1 Delayed Draw Noteholder will be required to make available to the Issuer the sum so requested in respect of such Class A1 Delayed Draw Note on the fifth Business Day following such request by depositing such sum into the Uninvested Proceeds Account. On the Delayed Draw Notes Final Funding Date, the Class A1 Delayed Draw Noteholder will pay to the Uninvested Proceeds Account the Delayed Draw Notes Commitment Amount.

Class A1 Revolving Notes Commitment Fee:

In respect of an Interest Period during which no Revolving Note Funding Event of Default has occurred or subsisted in respect of the relevant Class A1 Revolving Noteholder, the amount accrued in respect of that Interest Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Revolving Notes Commitment Amount during that Interest Period on the basis of the actual number of days in that Interest Period and a year of 360 days and, in respect of an Interest Period during which a Revolving Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Revolving

Noteholder, zero.

**Class A1 Delayed Draw Notes
Commitment Fee:**

In respect of an Interest Period, the amount accrued in respect of that Interest Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Delayed Draw Notes Commitment Amount during that Interest Period on the basis of the actual number of days in that Interest Period and a year of 360 days.

Taxation:

All payments in respect of the Notes and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law to make any payment in respect of the Notes or the Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. **Neither the Issuer nor the Paying Agents will be obliged to make any additional payments to holders of Notes or the Coupons in respect of any such withholding or deduction.**

See further *Tax Considerations*.

Additional Issuances:

Subject to certain conditions, the Issuer may from time to time with the consent of the Collateral Manager but without the consent of the Noteholders or the Couponholders, create and issue further Notes having the same terms and conditions as existing Classes of Notes.

See further Condition 16.

Ratings of the Notes:

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of "Aaa" by Moody's, "AAA" by S&P and "AAA" by Fitch, each of the Class A2 Notes receives a rating of "AAA" by S&P and "AAA" by Fitch, each of the Class B Notes receives a rating of at least "AA" by S&P and "AA" by Fitch, each of the Class C Notes receives a rating of at least "A" by S&P and "A" by Fitch and each of the Class D Notes receives a rating of at least "BBB" by S&P and "BBB" by Fitch. A rating will not be sought for the Subordinated Notes.

See further *Ratings of the Notes*.

Listing:

It is a condition to the issuance of the Notes that application shall have been made to admit the Notes to the Official List of the Irish Stock Exchange. Such application has, as of the date of this Offering Memorandum, been made.

THE MORTGAGED PROPERTY

**Description of Mortgaged
Property:**

Pursuant to the Trust Deed and the Euroclear Pledge Agreement, the Issuer's obligations under the Notes, the Coupons and each Transaction Document will be secured in favour of the Trustee for itself and the Secured Parties. In the event of any realisation

of the Mortgaged Property, by or on behalf of the Trustee, the proceeds will be allocated in accordance with the Enforcement Priority of Payments.

See further *Description of Portfolio and Other Mortgaged Property* and Condition 11(b).

Collateral Management Agreement:

Pursuant to the Collateral Management Agreement, the Collateral Manager will be delegated the authority to carry out its functions as described therein and will have all authority and powers as are reasonably incidental to the performance of its obligations thereunder.

The Collateral Manager will be responsible for managing and servicing the Collateral Debt Securities and Eligible Investments, including executing the acquisition and disposal of Collateral Debt Securities and Eligible Investments on behalf of the Issuer, subject to compliance with the applicable provisions of the Trust Deed and the Collateral Management Agreement.

As compensation for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager will be entitled to receive, in each case subject to the relevant Priorities of Payment:

- (a) the Senior Collateral Management Fee on each Payment Date;
- (b) the Subordinated Collateral Management Fee on each Payment Date; and
- (c) the Reserved Collateral Management Fee on the Final Payment Date.

See further *The Collateral Management Agreement*.

Collateral Administration Agreement:

Pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator, amongst other things:

- (a) to monitor the collection of amounts received;
- (b) to determine the amounts payable under the Trust Deed to the Noteholders and the other Transaction Creditors in accordance with the Priorities of Payments;
- (c) to prepare certain reports (in consultation with the Collateral Manager) on behalf of the Issuer;
- (d) to perform certain other functions with respect to the Collateral Debt Securities and the Eligible Investments; and
- (e) to monitor the level of compliance in respect of the Portfolio Criteria.

See further *The Collateral Administration Agreement*.

Acquisition and Disposal of Collateral Debt Securities:

The Collateral Manager will use its reasonable efforts to invest in Collateral Debt Securities on behalf of the Issuer up to an Aggregate Principal Balance equal to or greater than €298,500,000 on or before the Ramp-Up Effective Date subject to and in accordance with the terms of the Collateral Management Agreement.

During the Reinvestment Period, Principal Proceeds, Uninvested Proceeds and Interest Proceeds available for such purpose in accordance with paragraphs (S), (T) and (W) of the Interest Proceeds Priority of Payment and paragraph (B) of the Reinvestment Period Principal Proceeds Priority of Payments may be used by the Collateral Manager, on behalf of the Issuer, to acquire Collateral Debt Securities subject to and in accordance with the terms of the Collateral Management Agreement.

After the Reinvestment Period, Interest Proceeds available for such purpose in accordance with paragraphs (S), (T) and (W) of the Interest Proceeds Priority of Payment may be used by the Collateral Manager, on behalf of the Issuer, to acquire Collateral Debt Securities subject to and in accordance with the terms of the Collateral Management Agreement.

Subject to the terms of the Collateral Management Agreement, the Collateral Manager may, acting on behalf of the Issuer, in the open market or otherwise, dispose or procure the disposal of:

- (a) any Defaulted Security;
- (b) any Credit Risk Security;
- (c) any Converted Security;
- (d) any Credit Improved Security;
- (e) any Collateral Debt Security, if directed to do so by an Extraordinary Resolution of each Class of Noteholders.

In addition, the Collateral Manager (acting on behalf of the Issuer) may, during the Reinvestment Period, dispose of any Collateral Debt Security (a **Tradeable Security**) other than a Collateral Debt Security disposed of in the circumstances referred to above subject to certain conditions including the Collateral Administrator confirming to the Collateral Manager that the Aggregate Principal Balance of Tradeable Securities disposed of for a given year (for the avoidance of doubt, including the proposed disposal) does not exceed 15 per cent. of the Aggregate Principal Balance of the Collateral Debt Securities held by the Issuer at the beginning of that year for which purposes a year shall be deemed to be from and including 4 November in a year to but excluding 4 November in the following year.

Following the issue of any notice of an optional redemption of the Notes in accordance with Condition 7 (e), (g) or (i), the Collateral Manager, acting on behalf of the Issuer, may, at any time on behalf of the Issuer, dispose or cause the disposal of any

Collateral Debt Security and/or Eligible Investment in the open market or otherwise provided that:

- (a) the Sale Proceeds therefrom are used to pay all amounts referred to in Condition 7 (e), (g) or (i), as the case may be, to redeem the relevant class of Notes (in whole but not in part) and to pay all amounts ranking in priority thereto in accordance with the Priorities of Payments; and
- (b) all the Collateral Debt Securities and/or Eligible Investments to be sold pursuant to this provision will be sold in accordance with the requirements set forth in Condition 7.

In the event of any redemption or purchase of the Notes in whole prior to their Stated Maturity, the Collateral Manager on behalf of the Issuer will use all commercially reasonable efforts to procure liquidation of the Collateral Debt Securities and Eligible Investments so that the proceeds thereof are available in immediately available funds not later than one Business Day prior to the scheduled Redemption Date.

Upon receipt of notification from the Trustee of the enforcement by the Trustee of the security over the Mortgaged Property, the Collateral Manager shall, if appointed by the Trustee in accordance with the Collateral Management Agreement, realise the Portfolio to the extent required by the Trustee and at the direction of the Trustee.

See further *Description of Portfolio and Other Mortgaged Property*.

Ramp-Up Effective Date:

The earliest of (a) the Payment Date falling in November 2005 and (b) the date on which the Aggregate Principal Balance of all Collateral Debt Securities is at least equal to 98 per cent. of the Minimum Investment Amount.

Reinvestment Period:

The period from (and including) the Closing Date to (but excluding) the Payment Date falling in November 2009. The Reinvestment Period may be suspended for certain purposes.

See further *Description of Portfolio and Other Mortgaged Property – Other Matters Relating to the Eligibility Criteria and the Portfolio Criteria*.

Hedge Agreement:

On the Closing Date, the Issuer will enter into the Hedge Agreement with the Hedge Counterparty and the Trustee and may from time to time enter into Collateral Interest Rate Swaps, Collateral Currency Swaps and Credit Default Swaps thereunder.

See further *Description of Portfolio and Other Mortgaged Property – Hedge Agreement*.

Liquidity Facility Agreement:

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider, the Trustee and the Collateral Administrator. Subject to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will make available to the Issuer from time to time Liquidity

Drawings for the purposes of, among other things, enabling the Issuer to make payments of interest due in respect of the Senior Notes and, in respect of the first four Payment Dates, making payments of interest due in respect of the Mezzanine Notes.

See further *Description of Portfolio and Other Mortgaged Property–Liquidity Facility Agreement*.

Business Days:

Any day which is a TARGET Day and on which banks settle payments and are open for business in London, Vienna and Dublin.

Governing Law:

The Notes and each of the Transaction Documents will be governed by, and construed in accordance with, the laws of England except that the Euroclear Pledge Agreement will be governed by, and construed in accordance with, the laws of Belgium and the Corporate Services Agreement and the Auditor Engagement Letter will be governed by, and construed in accordance with, the laws of Ireland.

RISK FACTORS

An investment in the Notes of any Class involves certain risks, including risks relating to the Mortgaged Property securing such Notes and risks relating to the structure and rights of such Notes and the related arrangements. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this document, prior to investing in the Notes of any Class.

General

It is intended that the Issuer will invest in Collateral Debt Securities and other financial assets with certain risk characteristics as described below and subject to the investment policies, restrictions and guidelines described in *Description of Portfolio and Other Mortgaged Property*. There can be no assurance that the Issuer's investments will be successful, that the Noteholders will receive the full amounts payable by the Issuer under the Notes or that they will receive any return or any particular return on their investment in the Notes. Prospective investors are therefore advised to review this entire Offering Memorandum carefully and should consider, among other things, the factors set out below before deciding whether to invest in the Notes. Except as is otherwise stated below, such risk factors are generally applicable to all Classes of Notes, although the degree of risk associated with each Class of Notes will vary depending on its priority of payment pursuant to the Priorities of Payments.

None of the Notes Placement Agent, the Trustee and the Collateral Manager undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of the Notes Placement Agent, the Trustee or the Collateral Manager which is not included in this Offering Memorandum.

Prospective purchasers of the Notes of any Class should ensure that they understand the nature of such Notes and the extent of their exposure to risk, that they have sufficient knowledge, experience and access to professional advisers to make their own legal, tax, accounting and financial evaluation of the merits and risks of investment in such Notes and that they consider the suitability of such Notes as an investment in the light of their own circumstances and financial condition.

Risks Relating To The Mortgaged Property

Nature of the Mortgaged Property

The Mortgaged Property is subject to credit, liquidity and interest rate risks, general economic conditions, operational risks, structural risks, the condition of financial markets, political events, developments or trends in any particular industry, changes in prevailing interest rates and periods of adverse performance. It is expected that substantially all of the Collateral Debt Securities pledged to secure the Notes will consist of Structured Finance Securities and CDOs.

The market value of the Mortgaged Property generally will fluctuate with, among other things, the financial condition of the obligors of the Mortgaged Property and the underlying assets, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Credit Risk

Investment in the Notes of any Class involves a degree of risk arising from fluctuations in the amount and timing of receipt of the principal and interest on the Collateral Debt Securities by or on behalf of the Issuer and the amounts of the claims of creditors of the Issuer ranking in priority to the holders of each Class of the Notes. In particular, prospective purchasers of such Notes should be aware that the amount and timing of payment of the principal and interest on the Collateral Debt Securities will depend upon the detailed terms of the documentation relating to each of the Collateral Debt Securities and on whether or not any obligor thereunder defaults in its obligations.

Default and Concentration Risk

The Mortgaged Property has been constituted in such a way as to withstand certain assumed deficiencies in payment occasioned by defaults on the Collateral Debt Securities. See *Ratings of the Notes*. If, however, actual payment deficiencies exceed such assumed levels, payments on the Notes could be adversely affected. The amount by which defaults on the Collateral Debt Securities adversely affects each Class of Notes will be directly related to the level of subordination thereof pursuant to the Priorities of Payments.

The risk that payments on the Notes could be adversely affected by defaults on the Collateral Debt Securities is likely to be increased to the extent that the Portfolio of Collateral Debt Securities is concentrated in any one industry, region or country as a result of the increased potential for correlated defaults in respect of a single industry, region or country as a result of downturns relating generally to such industry, region or country. To the extent that a default occurs with respect to any Collateral Debt Security securing the Notes and the Collateral Manager sells or otherwise disposes of such Collateral Debt Security, it is not likely that the proceeds of such sale or disposition will be equal to the full amount of principal and interest thereon. Should increases in default rates occur with respect to the types of collateral comprising the Collateral Debt Securities, the actual default rates of the Collateral Debt Securities may exceed any hypothetical default rates assumed by investors in determining whether to purchase the Notes.

Disposal Risk and Reinvestment Risk

The market value of the Collateral Debt Securities generally will fluctuate with, among other things, the financial condition of the obligors of the Collateral Debt Securities, the credit quality of the underlying pool of assets securing any Collateral Debt Security, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

In the event that a Collateral Debt Security becomes a Credit Improved Security, a Credit Risk Security or a Defaulted Security, the Collateral Manager may either sell or retain the affected asset. There can be no assurance as to the timing of the Collateral Manager's sale of the affected asset, or if there will be any market for such asset or as to the rates of recovery on such affected asset.

At any time there may be a limited pool of investments that would not cause the Portfolio to breach the Portfolio Criteria given the other investments in the Portfolio. As a result, the Collateral Manager may at times find it difficult to identify suitable investments for purchase by the Issuer. If the Issuer is unable to purchase sufficient suitable investments prior to the Ramp-Up Effective Date there may be a Ratings Withdrawal which may result in principal of all or a portion of the Notes being required to be repaid.

No Investigations

None of the Issuer, the Notes Placement Agent, the Collateral Manager, the Custodian, the Collateral Administrator and the Trustee has made any investigation into the obligors under the Collateral Debt Securities and prospective purchasers of Notes should not rely on such parties having made any such investigations. The value of the Collateral Debt Securities may fluctuate from time to time (as a result of substitution or otherwise) and none of the Issuer, the Trustee, the Notes Placement Agent, the Custodian, the Collateral Manager, the Collateral Administrator or any of their respective Affiliates is under any obligation to maintain the value of the Collateral Debt Securities at any particular level. None of the Issuer, the Trustee, the Notes Placement Agent, the Custodian, the Collateral Manager, the Collateral Administrator or any of their respective Affiliates have any liability to the Noteholders as to the amount or value of, or any decrease in the value of, the Collateral Debt Securities from time to time.

Prospective purchasers of the Notes should consider and assess for themselves the likely level of defaults on the Collateral Debt Securities, as well as the likely level and timing of recoveries on the Collateral Debt Securities.

Subordination of Collateral Debt Securities

It is expected that a portion of the Collateral Debt Securities owned by the Issuer will be subordinated to one or more other classes of securities of the same issue for the purposes of, among other things, offsetting losses and

other shortfalls with respect to the related underlying pool of assets. In addition, in the case of some Collateral Debt Securities, no distributions of principal will generally be made with respect to any class until the aggregate principal balances of the corresponding senior classes of securities have been reduced to zero. As a result, the subordinate classes are more sensitive to risk of loss and write-downs than senior classes of such securities.

Structured Finance Securities

Most of the Collateral Debt Securities will consist of Structured Finance Securities. There can be significant credit risks associated with investing in Structured Finance Securities. The structure of a Structured Finance Security and the terms of the investors' interest in the underlying collateral can vary widely depending on the type of collateral, the wishes of investors and the use of credit enhancements. Although the basic elements of Structured Finance Securities are generally similar, individual transactions can differ markedly in both structure and execution. Important determinants of the risk associated with holding Structured Finance Securities include the process by which principal and interest collections on the underlying collateral are allocated and distributed to investors, how credit losses affect the issuing vehicle and the return to investors in such Structured Finance Securities, whether collateral represents a fixed set of specific assets or accounts, whether the underlying collateral assets are revolving or closed-end, the extent to which credit support is provided to the issuing vehicle and the extent to which the entity that is the actual source of the collateral assets is obliged to provide support to the issuing vehicle or to the investors in such Structured Finance Securities.

Holders of Structured Finance Securities bear various risks, including credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and tax and legal risks. In addition, concentrations of Structured Finance Securities of a particular type, as well as concentrations of Structured Finance Securities issued or guaranteed by affiliated obligors, serviced by the same servicer or backed by underlying collateral located in a specific geographic region, may subject the Notes to additional risk.

A significant portion of the Mortgaged Property will consist of Structured Finance Securities that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. In addition, many of the transactions have structural features that divert payments of interest and/or principal to more senior classes when the delinquency or loss experience of the pool exceeds certain levels. As a result, such securities have a higher risk of loss as a result of delinquencies or losses on the underlying assets. In certain circumstances, payments of interest may be reduced or eliminated for one or more payment dates. Additionally, as a result of cash flow being diverted to payments of principal on more senior classes, the expected average life of such securities may lengthen. Subordinated Structured Finance Securities generally do not have the right to call a default or vote on remedies following a default unless more senior securities have been paid in full. As a result, a shortfall in payments to subordinate investors in Structured Finance Securities will generally not result in a default being declared on the transaction and the transaction will not be restructured or unwound. Furthermore, because subordinated Structured Finance Securities may represent a relatively small percentage of all securities secured by the same asset pool, the impact of a relatively small loss on the overall pool may be substantial on the holders of such subordinate securities.

CDOs

A proportion of the Collateral Debt Securities will consist of CDOs. CDOs generally are limited recourse obligations of the issuer thereof payable solely from the collateral debt securities of such issuer (***CDO Collateral***) or proceeds thereof. Consequently, holders of CDOs must rely solely on distributions on the underlying CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the underlying CDO Collateral are insufficient to make payments on the CDOs, no other assets will be available for the payment of such deficiency and following realisation of the CDOs, the obligations of such issuer to pay such deficiency shall be extinguished.

The CDO Collateral is subject to various risks, including credit, liquidity and interest rate risks. Such assets may consist of high yield debt securities, loans, Structured Finance Securities and other debt instruments, generally rated below investment grade (or of equivalent credit quality). High yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower rating of high yield securities and below investment grade loans reflects a greater possibility

that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal or interest. Such investments may be speculative.

Issuers of CDOs may acquire interests in loans and other debt obligations by way of sale, assumption, transfer or participation. The purchaser of a transfer typically succeeds to all the rights and, in some cases, the obligations of the transferring institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the transferring institution.

Purchasers of loans are predominantly commercial banks, investment funds, mutual funds and investment banks. As secondary market trading volumes increase, new loans are frequently adopting standardised documentation to facilitate loan trading which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customised nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high yield debt securities market.

In purchasing participations, an issuer of CDOs will usually have a contractual relationship only with the selling institution, and not the borrower. The issuer generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The issuer may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of the insolvency of the selling institution, the issuer may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the issuer may be subject to the credit risk of the selling institution as well as that of the borrower.

CDOs are subject to interest rate risk. The CDO Collateral of an issuer of CDOs may bear interest at a fixed (floating) rate while the CDOs issued by such issuer may bear interest at a floating (fixed) rate. As a result, there could be a floating or fixed rate or basis mismatch between such CDOs and CDO Collateral which bears interest at a fixed rate (**Fixed Rate Assets**), and there may be a timing mismatch between the CDOs and assets that are not Fixed Rate Assets (**Floating Rate Assets**) as the interest rate on such Floating Rate Assets may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the CDOs. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability to make payments on the CDOs.

Synthetic Credit-Linked Securities

With respect to Synthetic Credit-Linked Securities, the Issuer will usually have a contractual relationship with the issuer of the Synthetic Credit-Linked Security only, and not with the Reference Obligor of the underlying Reference Obligation. The Issuer generally will have no right to directly enforce compliance by the Reference Obligor with the terms of the Reference Obligation nor any rights of set-off against the Reference Obligor, nor have any voting rights with respect to the Reference Obligation. The Issuer will not directly benefit from any collateral supporting the Reference Obligation and will not have the benefit of the remedies that would normally be available to a holder of such Reference Obligation. In addition, in the event of the insolvency of the issuer of the Synthetic Credit-Linked Security and if the relevant Synthetic Credit-Linked Security is not collateralised, the Issuer will be treated as a general creditor of such issuer, and will not have any claim with respect to the Reference Obligation. Consequently, the Issuer will be subject to the credit risk of the issuer of the Synthetic Credit-Linked Security as well as that of the Reference Obligor. As a result, concentrations of Synthetic Credit-Linked Securities from any one issuer of Synthetic Credit-Linked Securities may subject the Notes to an additional degree of risk with respect to defaults by such issuer as well as by the Reference Obligor.

While the Issuer expects that the returns on a Synthetic Credit-Linked Security will generally reflect those of the related Reference Obligation, as a result of the terms of the Synthetic Credit-Linked Security and the assumption of the credit risk of the applicable issuer of the Synthetic Credit-Linked Security, a Synthetic Credit-Linked Security may have a different expected return, a different (and potentially greater) probability of default, a different (and potentially greater) expected loss characteristic following a default, and a different (and

potentially lower) expected recovery following default. Additionally, when compared to the Reference Obligation, the terms of a Synthetic Credit-Linked Security may provide for different maturity dates, payment dates, interest rates, interest rate references, credit exposures, or other credit or non-credit related characteristics. A Synthetic Credit-Linked Security may also involve leveraged exposure to the related Reference Obligation. Upon default on a Reference Obligation, or in certain circumstances, default or other actions by the Reference Obligor, the terms of the relevant Synthetic Credit-Linked Security may permit or require the issuer of the Synthetic Credit-Linked Security to satisfy its obligations under the Synthetic Credit-Linked Security by delivering to the Issuer a Reference Obligation or an amount equal to the then current market value of a Reference Obligation.

Deferral of Interest

Collateral Debt Securities may not pay current interest in cash such that all or a part of a Collateral Debt Security's interest may be deferred or capitalised and added to principal or paid by the issuance of a further obligation. Accordingly, the Issuer will be exposed to the risk of deferred interest collections.

Counterparty Risk

The Issuer will be exposed to the credit risk of the relevant counterparty with respect to any payments due to it under the Hedge Agreement and the Liquidity Facility Agreement. The Issuer will depend upon the Hedge Counterparty and the Liquidity Facility Provider to perform their respective obligations under any Collateral Hedge Swaps or the Liquidity Facility Agreement, as the case may be. If the Hedge Counterparty or the Liquidity Facility Provider defaults or becomes unable to perform its obligations under the Collateral Hedge Swaps or the Liquidity Facility Agreement, as the case may be, due to insolvency or otherwise, the Issuer may not receive payments it would otherwise be entitled to from the Hedge Counterparty or the Liquidity Facility Provider.

Insolvency of Obligors under Collateral Debt Securities

The Collateral Debt Securities may be subject to various laws enacted for the protection of creditors in the jurisdictions of incorporation of the obligors thereunder and, if different, the jurisdictions from which the obligors conduct their business and in which they hold their assets, which may adversely affect such obligors' abilities to make, or the Issuer's ability to obtain, payment on a full or timely basis. These insolvency considerations will differ depending on the country in which each obligor or its assets is located and may differ depending on the legal status of the obligor.

Minimum Investment Amount

The Issuer has entered into or intends to enter into agreements to purchase a substantial portion of the Portfolio on or prior to the Closing Date. The prices paid for such Collateral Debt Securities will reflect the market value of such Collateral Debt Securities on the date the Issuer purchased or purchases or committed or commits to purchase such obligations, which may be greater or less than their market value on the Closing Date or the date of settlement of the applicable trade, if later. In addition, although such obligations satisfied or are expected to satisfy the Eligibility Criteria at the time of the purchase on the applicable trade date, it is possible that such obligations may no longer satisfy such Eligibility Criteria on the Closing Date due to intervening events.

Pursuant to the Collateral Management Agreement to be entered into on the Closing Date, the Collateral Manager will use its reasonable efforts to invest in Collateral Debt Securities on behalf of the Issuer up to an Aggregate Principal Balance equal to or greater than the Minimum Investment Amount on or before the Ramp-Up Effective Date. The Collateral Manager's ability to do so will depend on a number of factors beyond the Collateral Manager's control including the condition of certain financial markets, general economic conditions and international political events and there can therefore be no assurance that such result will be achieved. To the extent it is not possible to purchase such Collateral Debt Securities, the level of income receivable by the Issuer on the Mortgaged Property and the weighted average lives of the Notes may be adversely affected. The Collateral Manager shall request that the Rating Agencies confirm the ratings assigned to the Rated Notes within 20 days after the Ramp-Up Effective Date. Failure to satisfy the Portfolio Criteria as a result of any inability to acquire Collateral Debt Securities may result in the Rating Agencies not confirming the ratings assigned to the Rated Notes. If the Rating Withdrawal occurs and is continuing on the first Payment Date

falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the Priorities of Payment, until the Rating Agencies confirm that each such rating is reinstated.

Collateral Manager

Pursuant to the Collateral Management Agreement, the Collateral Manager will be responsible for managing and servicing the Collateral Debt Securities and Eligible Investments, including executing the acquisition and disposal of Collateral Debt Securities and Eligible Investments on behalf of the Issuer, subject to compliance with the applicable provisions of the Trust Deed and the Collateral Management Agreement. See *Description of Portfolio and Other Mortgaged Property* and *The Collateral Management Agreement*. In undertaking this role, the Collateral Manager may review such available public information relating to the obligors of Collateral Debt Securities as it considers appropriate in its absolute discretion. Such review may not include due diligence of the kind common in relation to a primary securities offering.

The performance of any investment in the Notes will be dependent on, *inter alia*, the ability of the Collateral Manager to manage and service the Collateral Debt Securities and the performance of the Collateral Manager of its obligations under the Collateral Management Agreement. Although the Collateral Manager will be required, pursuant to the terms of the Collateral Management Agreement, to maintain such equipment, materials and expertise, and employ such professional and other personnel, as shall be necessary to perform the services thereunder, the Collateral Manager will not be required to devote all of its time to such affairs and may continue to advise other investment funds and accounts or provide other management and advisory services to other funds or accounts in the future.

Mortgaged Property Reinvestment Provisions

During the Reinvestment Period, subject to certain conditions, the Collateral Manager may dispose of Tradeable Securities and use the Sale Proceeds thereof to acquire substitute Collateral Debt Securities. See *Description of Portfolio and Other Mortgaged Property – Acquisition and Disposal of Collateral Debt Securities and Eligible Investments*. The earnings with respect to such substitute Collateral Debt Securities will depend on, among other factors, reinvestment rates available at the time and on the availability of investments satisfying the Eligibility Criteria and the Portfolio Criteria and acceptable to the Collateral Manager. The need to satisfy such Eligibility Criteria and the Portfolio Criteria and identify acceptable investments may require the purchase by or on behalf of the Issuer, based on the recommendation of the Collateral Manager, of substitute Collateral Debt Securities with a lower yield than those initially acquired or require that such Sale Proceeds be maintained temporarily in cash or Eligible Investments, which may reduce the yield on the Mortgaged Property. Further, issuers of Collateral Debt Securities may be more likely to exercise any rights they may have to redeem such obligations when interest rates or spreads are declining. The impact, including any adverse impact, of such disposal or potential reinvestment on the holders of the Subordinated Notes will be magnified by the leveraged nature of the Subordinated Notes.

Interest Rate Risk

The Senior Notes and the Mezzanine Notes will bear interest at floating rates based on EURIBOR. However, the amount or proportion of the Collateral Debt Securities securing the Notes that bear interest at floating rates based on EURIBOR may not correspond to the amount or proportion of the Notes that bear interest on such basis, and there will be no requirement as to the amount or proportion of the Collateral Debt Securities securing the Notes that must bear interest on a particular basis, save that the Portfolio Criteria provide that the Aggregate Principal Balance of all fixed rate Collateral Debt Securities that are not the subject of a Collateral Interest Rate Swap will be not more than 5 per cent. of the Minimum Investment Amount.

In addition, any payments of principal or interest received in respect of Collateral Debt Securities and not otherwise reinvested during any Reinvestment Period in Collateral Debt Securities may be reinvested in Eligible Investments until shortly before the next Payment Date or Revolving Note Payment Date, as the case may be. There is no requirement that such Eligible Investments bear interest on a particular basis, and the interest rates available for such Eligible Investments are inherently uncertain. As a result of these factors, it is expected that there will be a fixed/floating rate mismatch and/or a floating rate basis mismatch between the Notes and the

underlying Collateral Debt Securities and Eligible Investments. Such mismatch may be material and may change from time to time as the composition of the related Collateral Debt Securities and Eligible Investments change and as the Notes of various Classes are repaid. As a result of such mismatches, changes in the level of EURIBOR could adversely affect the ability to make payments on the Notes.

There can be no assurance that the Collateral Debt Securities and Eligible Investments securing the Notes will in all circumstances generate sufficient Interest Proceeds to make timely payments of interest on the Notes or that any particular levels of return will be generated on the Subordinated Notes.

Currency Risk

The Portfolio Criteria provides that the Aggregate Principal Balance of all Non-Euro Obligations will be not more than 10 per cent. of the Minimum Investment Amount and the Issuer is obliged to enter into a Collateral Currency Swap in relation to each such Collateral Debt Security. The percentage of the Portfolio that is comprised of these types of obligations may increase or decrease over the life of the Notes within the limits set by the Portfolio Criteria.

It may be necessary for the Issuer to make substantial up-front payments in order to enter into Collateral Currency Swaps on the terms required by the Collateral Management Agreement, and the Issuer's ongoing payment obligations under such Collateral Currency Swaps (including any termination payments) may be significant.

Defaults, trading and other events increase the risk of a mismatch between the Collateral Currency Swaps and the Non-Euro Obligations which may result in losses. In addition, the Collateral Manager may be limited at the time of reinvestment in the choice of Collateral Debt Securities to acquire on behalf of the Issuer because of the cost of such hedging and due to restrictions in the Collateral Management Agreement with respect to such hedging.

Changes in Tax Law

Payments made under the Collateral Debt Securities may, under current applicable law, be subject to withholding tax and, where relevant, only net interest proceeds receivable have been assumed in the cash flow analysis for the Notes. Where payments under the Collateral Debt Securities are not subject to withholding tax at the time of acquisition by the Issuer this is generally as a consequence of the Issuer being able to take advantage of a double taxation treaty between Ireland and the jurisdiction from which the relevant payment is made or the current applicable law in the jurisdiction of the relevant obligor. There can be no assurance that, as a result of any change in any applicable law, rule or regulation or interpretation thereof, the payments on the Collateral Debt Securities might not in the future become subject to withholding tax or increased withholding rates. In the event that any or greater withholding tax should become applicable to payments on the Collateral Debt Securities, such tax would reduce the amounts available to make payments on the Notes. There can be no assurance that remaining payments on the Collateral Debt Securities would be sufficient to make timely payments of interest, principal on the Stated Maturity and other amounts payable in respect of the Notes of each Class.

Risks Relating To The Notes

Limited Recourse Obligations

The Notes will be limited recourse obligations of the Issuer and will be payable solely from amounts received in respect of the Collateral Debt Securities and other Mortgaged Property securing the Notes. Payments on the Notes both prior to and following enforcement of the security over the Mortgaged Property will be subordinated to the prior payment of certain fees and expenses of, or payable by, the Issuer and to payment of principal, interest and with respect to the Class A1 Revolving Notes and Class A1 Delayed Draw Notes, accrued commitment fees, on prior ranking Classes of Notes and certain other required amounts to other creditors ranking senior.

None of the Notes Placement Agent, the Trustee, the Collateral Manager, the Collateral Administrator, the Custodian or any of their Affiliates or any other person or entity (other than the Issuer) will be obligated to make

payments on the Notes. Consequently, the Noteholders must rely solely on distributions on the Collateral Debt Securities and other Mortgaged Property securing the Notes for the payment of principal and interest. There can be no assurance that the distributions on the Collateral Debt Securities and other Mortgaged Property securing the Notes will be sufficient to make payments on any Class of Notes after making payments on more senior Classes of Notes and certain other required amounts to other creditors ranking senior to or *pari passu* with such Class.

If distributions on such Collateral Debt Securities and other Mortgaged Property are insufficient to make payments on the Notes, no other assets will be available for payment of the shortfall and, following realisation of the security over the Mortgaged Property and the application of the proceeds thereof in accordance with the Priorities of Payments, the obligations of the Issuer to pay such shortfall will be extinguished.

In addition, only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, the Couponholders or of any of the other Secured Parties under the Trust Deed, the Euroclear Pledge Agreement, the Notes and the Coupons and no Noteholder, Couponholder or other Secured Party is entitled to proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time and such failure or neglect is continuing, in which case, a Noteholder duly authorised by holders of not less than 10 per cent. in aggregate of the Aggregate Principal Amount Outstanding of the Controlling Class may take such action as the Trustee has failed to perform, including, without limitation, giving an Enforcement Notice in accordance with Condition 10 and enforcing the security over the Mortgaged Property in place of the Trustee in accordance with Condition 11.

Subordination Generally

Save to the extent provided otherwise in the Conditions, payments of interest and commitment fees in respect of the Class A1 Notes will rank senior in right of payment to payments of interest in respect of each other Class of Notes, payments of interest in respect of the Class A2 Notes will rank senior in right of payment to payments of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes, payments of interest in respect of the Class B Notes will rank senior in right of payment to payments of interest in respect of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, payments of interest in respect of the Class C Notes will rank senior in right of payment to payments of interest in respect of the Class D Notes and the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes and the Class B Notes, payments of interest in respect of the Class D Notes will rank senior in right of payment to payments of interest in respect of the Subordinated Notes but subordinated in right of payment to payments of interest and commitment fees in respect of the Class A1 Notes and payments of interest in respect of the Class A2 Notes, the Class B Notes and the Class C Notes and, lastly, payment of interest in respect of the Subordinated Notes will be subordinated in right of payment to payment of interest and commitment fees in respect all other Classes of Notes.

Save to the extent provided otherwise in the Conditions, the repayment of principal of the Class A1 Notes will rank senior in right of payment to the repayment of principal of each other Class of Notes, the repayment of principal of the Class A2 Notes will rank senior in right of payment to the repayment of principal of the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the repayment of principal of the Class B Notes will rank senior in right of payment to the repayment of principal of the Class C Notes, the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes and the Class A2 Notes, the repayment of principal of the Class C Notes will rank senior in right of payment to the repayment of principal of the Class D Notes and the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes and the Class B Notes, the repayment of principal of the Class D Notes will rank senior in right of payment to the repayment of principal of the Subordinated Notes but subordinated in right of payment to the repayment of principal of the Class A1 Notes, the Class A2 Notes, the Class B Notes and the Class C Notes and lastly, the repayment of principal of the Subordinated Notes will be subordinated in right to repayment of principal of all other Classes of Notes.

The risk of delays in payments or ultimate non-payment of principal and/or interest will be borne disproportionately by the holders of the Subordinated Notes as compared to the Notes of each other Class, and as among the holders of the other Classes of Notes will be borne disproportionately by the holders of more junior Classes of Notes as compared to the more senior Classes of Notes.

In addition, to the extent described herein, payments of interest on the Mezzanine Notes may be deferred to the extent there are not sufficient Interest Proceeds and/or Principal Proceeds available to pay such interest in accordance with the Priorities of Payments and such deferral of interest will not constitute an Event of Default under the Notes at any time whilst any more senior Classes of Notes remain Outstanding. Any such deferral would increase the effects of the subordination of the Subordinated Notes and of the Mezzanine Notes.

Conflicts between Classes

The holders of specified Classes of Notes Outstanding (generally the Controlling Class) at a given time will be entitled to determine the remedies to be exercised under the Conditions if an Event of Default occurs thereunder and to exercise certain other voting rights. Such remedies, or actions taken pursuant to such voting rights, could be adverse to the interests of the holders of the Classes of Notes not entitled to vote, and the holders of the Notes of a given Class entitled to vote at any time will have no obligation to consider the effect of any such vote on the holders of any other Classes of Notes.

The Trust Deed will provide that in the event of any conflict of interest between the holders of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class, each representing, as appropriate, (a) less than the Relevant Percentage or (b) less than the Majority or (c) less than any other percentage as set out in the relevant Transaction Document or in the Conditions of the Aggregate Principal Amount Outstanding of the Controlling Class, the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class.

The Class A1 Revolving Notes and the Class A1 Delayed Draw Notes

Under the terms of the Class A1 Notes Purchase Agreement to be entered into on or prior to the Closing Date, the Issuer may, subject to certain conditions (including that each Class A1 Delayed Draw Notes Commitment Amount less any amounts which the Class A1 Delayed Draw Noteholder has failed to pay to the Issuer pursuant to a Funding Request has been reduced to zero), at any time during the Reinvestment Period, make one or more Funding Requests to the Class A1 Revolving Noteholder. Under the terms of the Class A1 Notes Purchase Agreement, the Issuer may, subject to certain conditions, at any time prior to the Delayed Draw Notes Final Funding Date, make one or more Funding Requests to the Class A1 Delayed Draw Noteholder. On the Delayed Draw Notes Final Funding Date, the Class A1 Delayed Draw Noteholder will be required to pay to the Uninvested Proceeds Account the Delayed Draw Notes Commitment Amount. The Issuer will be exposed to credit risk in respect of the Class A1 Revolving Noteholder and the Class A1 Delayed Draw Noteholder with respect to any Funding required to be made to the Issuer by such Noteholders. The Issuer will depend upon the Class A1 Revolving Noteholder and the Class A1 Delayed Draw Noteholder to perform their respective obligations under the Class A1 Notes Purchase Agreement. If the Class A1 Revolving Noteholder and/or the Class A1 Delayed Draw Noteholder default or become unable to perform their obligations under the Class A1 Notes Purchase Agreement, due to insolvency or otherwise, the Issuer may not receive payments to which it would otherwise be entitled which may affect the ability of the Issuer to invest in Collateral Debt Securities.

The entitlements of Noteholders in respect of the exercise of remedies under the Conditions if an Event of Default occurs thereunder and the exercise of certain other voting rights will be determined by reference to the Principal Amount Outstanding of the relevant Class of Notes held by the relevant Noteholders. For the purposes of calculating the Principal Amount Outstanding in respect of a Class A1 Revolving Note during the Reinvestment Period or in respect of a Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, account will be taken not only of the outstanding amount of each Funding in respect of the Class A1 Revolving Note or Class A1 Delayed Draw Note, as the case may be, but also of the Class A1 Revolving Notes Commitment Amount in respect of the Class A1 Revolving Note and the Class A1 Delayed Draw Notes Commitment Amount in respect of such Class A1 Delayed Draw Note, as the case may be, which amount may

not have been funded by the relevant Class A1 Revolving Noteholder or Class A1 Delayed Draw Noteholder, as the case may be.

Interest Proceeds and Principal Proceeds may be applied on Revolving Note Payment Dates to the payment of accrued and unpaid interest on the Class A1 Revolving Notes or any Funding relating thereto and, in the event that the Revolving Note Repayment Conditions are satisfied, to redeem the Class A1 Revolving Notes on a *pro rata* basis, in each case, subject to and in accordance with the Priorities of Payments. This may be detrimental to the holders of each other Class of Notes and the holders of the Class A1 Delayed Draw Notes and the Class A1 Term Notes, payments in respect of which are made on Payment Dates only and subject to and in accordance with the Priorities of Payments.

Mandatory Redemption of the Notes upon Breach of Coverage Tests

In certain circumstances, including breach of Coverage Tests, Interest Proceeds, Principal Proceeds and Uninvested Proceeds may be applied in redemption of the Notes in accordance with the Priorities of Payments to the extent required to cause any Coverage Test so breached to be satisfied if recalculated following such redemption (in the case of the Interest Coverage Rate Test, had such amounts been so applied on the previous Payment Date). This could result in an elimination, deferral or reduction of interest and/or principal payments made to the holders of the Notes, and, in the case of application of Principal Proceeds in redemption of the Notes during the Reinvestment Period rather than in reinvestment in Collateral Debt Securities, may also increase the leverage ratio of the Subordinated Notes to the Mortgaged Property which could adversely impact the level of the returns to the holders of the Subordinated Notes and will affect the average life of the Notes redeemed to satisfy the Coverage Tests.

Volatility of Subordinated Notes

The Subordinated Notes represent a leveraged investment in the underlying Collateral Debt Securities. It is therefore anticipated that changes in the market value of the Subordinated Notes will be greater than changes in the market value of the underlying Collateral Debt Securities, the obligations comprising which are subject to the credit, liquidity, interest rate, currency exchange rate, tax, legal and other risks discussed elsewhere herein.

Future Ratings of the Rated Notes Not Assured and Limited in Scope

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of “Aaa” by Moody's, “AAA” by S&P and “AAA” by Fitch, each of the Class A2 Notes receives a rating of “AAA” by S&P and “AAA” by Fitch, each of the Class B Notes receives a rating of at least “AA” by S&P and “AA” by Fitch, each of the Class C Notes receives a rating of at least “A” by S&P and “A” by Fitch and each of the Class D Notes receives a rating of at least “BBB” by S&P and “BBB” by Fitch. A rating will not be sought for the Subordinated Notes.

The ratings of the Senior Notes by Fitch and S&P will address the timely payment of interest when due and the ultimate repayment of principal. The rating of the Class A1 Notes by Moody's will address the expected loss to holders of the Class A1 Notes by the legal maturity date and that the structure allows for the timely payment of interest on the Class A1 Notes. The ratings of the Mezzanine Notes will address the ultimate (rather than the timely) payment of interest and the ultimate repayment of principal.

A credit rating is not a recommendation to buy, sell or hold the Rated Notes, inasmuch as such rating does not comment as to value or suitability for a particular investor. There is no assurance that a rating will remain for any given period of time or that the rating will not be lowered or withdrawn entirely by a Rating Agency if, in its judgment, circumstances in the future so warrant. In the event that a rating initially assigned to the Rated Notes is subsequently lowered for any reason, no person or entity is obliged to provide any additional support or credit enhancement with respect to any such Rated Notes and the market value of such Notes is likely to be adversely affected.

There can be no assurance that each of the relevant Rating Agencies will confirm, within 20 days after the Ramp-Up Effective Date, that it has not reduced or withdrawn the ratings assigned on the Closing Date on any of the Rated Notes nor that such period will be sufficient to permit a partial realisation of the Portfolio in order to prevent a Rating Withdrawal occurring. If the Rating Withdrawal occurs and is continuing on the first

Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the Priorities of Payment, until the Rating Agencies confirm that each such rating is reinstated. The Notes therefore bear the risk of early redemption in whole or in part in such circumstances resulting in potential reinvestment risk for the holders of such Notes.

Limited Liquidity and Restrictions on Transfer

Although there is currently a market for notes representing collateralised debt obligations similar to the Notes, currently no market exists for the Notes themselves. While the Notes Placement Agent may make a market in the Notes upon their respective issuance, it is under no obligation to do so. In addition, there can be no assurance that any secondary market will provide the holders of any such Class of Notes with liquidity of investment or will continue for the life of such Notes. Consequently, a purchaser must be prepared to hold such Notes for an indefinite period of time and potentially until their Stated Maturity. The Notes are subject to certain transfer restrictions and can be transferred only to certain transferees under certain circumstances. Such restrictions on the transfer of the Notes may further limit their liquidity.

No Gross-Up

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

Security

Clearing Systems: The Collateral Debt Securities which are securities will be held directly or indirectly through the Custodian. The Custodian will hold such assets which can be cleared through Euroclear through LaSalle National Bank Association in a pledged account with Euroclear (the ***Euroclear Pledged Account***) unless the Trustee otherwise consents and will hold the other securities comprising the Portfolio which can be so cleared (i) through its accounts with Clearstream, Luxembourg or DTC or (ii) through its sub-custodians who will in turn hold such assets both directly and through any appropriate clearing system. Those assets held in clearing systems will not be held in special purpose accounts and will be fungible with other securities from the same issue held in the same accounts on behalf of the other customers of the Custodian, its sub-custodian or, in the case of the Euroclear Pledged Account, LaSalle National Bank Association, as the case may be. The Trust Deed will provide, *inter alia*, for a charge expressed to be a first fixed charge over the Portfolio to be created under English law on the Closing Date but, subject as mentioned below, may take effect as a security interest over the right of the Issuer to require delivery of such assets or equivalent from the Custodian in accordance with the terms of the Agency Agreement which may expose the Secured Parties to the insolvency of the Custodian or its sub-custodian.

The Collateral Debt Securities which are securities held by the Custodian through LaSalle National Bank Association in the Euroclear Pledged Account will be the subject of a commercial pledge under Belgian law created by the Issuer pursuant to the Euroclear Pledge Agreement on the Closing Date. The effect of this security interest will be to enable the Trustee, on enforcement, to sell the securities in the Euroclear Pledged Account. The Euroclear Pledge Agreement will not entitle the Trustee to require delivery of the relevant securities from the depositary or depositaries that have physical custody of such securities or allow the Trustee to dispose of such securities directly.

In any event, the charge to be created pursuant to the Trust Deed and the security to be created by the Euroclear Pledge Agreement may be insufficient or ineffective, particularly in the event of any insolvency or liquidation of the Custodian or any sub-custodian that has priority over the right of the Issuer to require delivery of such assets from the Custodian in accordance with the terms of the Agency Agreement. In addition, custody and clearance risks may be associated with assets comprising the Portfolio that do not clear through Euroclear or Clearstream, Luxembourg. There is a risk, for example, that such securities could be counterfeit, or subject to a defect in title or claims to ownership by other parties.

Any risk of loss arising from any insufficiency or ineffectiveness of the security for the Notes or the custody and clearance risks which may be associated with assets comprising the Portfolio must be borne by the Noteholders

without recourse to the Issuer, the Trustee, the Notes Placement Agent, the Collateral Manager, the Collateral Administrator, the Custodian or any other party.

Fixed Security: Although the security constituted by the Trust Deed over the Mortgaged Property held from time to time, including the security over the Portfolio and over the Accounts, is expressed to take effect as a fixed charge, it may (as a result of the substitutions of Collateral Debt Securities or Eligible Investments contemplated by the Collateral Management Agreement and the payments to be made from the Accounts in accordance with the Conditions and the Trust Deed) take effect as a floating charge which would rank after a subsequently created fixed charge and any creditors preferred by law.

Average Life and Prepayment Considerations

The Stated Maturity of the Class A Notes and the Class B Notes is the Payment Date falling in November 2054 and the Stated Maturity of the Class C Notes, the Class D Notes and Subordinated Notes is the Payment Date falling in November 2095.

However, the principal of the Notes of each Class is expected to be repaid in full prior to its Stated Maturity by a date on or around 12 years from the Closing Date.

Average life refers to the average amount of time that will elapse from the date of delivery of a security until each euro in Principal Amount Outstanding of such security has been repaid to the investor. The average lives of the Notes will be determined by the amount, timing and frequency of principal payments, which are dependent upon, among other things, the amount of payments received at or in advance of the scheduled maturity of the Collateral Debt Securities (whether through sale, maturity, redemption, default or other liquidation or disposition). The actual average lives and actual maturities of the Notes will be affected by the financial condition of the obligors of the underlying Collateral Debt Securities and the characteristics of such securities, including the existence and frequency of exercise of any optional or mandatory redemption features, the prevailing level of interest rates, the redemption price, the actual default rate, the actual level of recoveries on any Defaulted Securities and the timing of defaults and recoveries, and the frequency of tender or exchange offers for such Collateral Debt Securities. Any disposition of a Collateral Debt Security may change the composition and characteristics of the Portfolio and the rate of payment thereon, and, accordingly, may affect the actual average lives of the Notes. The rate of and timing of future defaults and the amount and timing of any cash realisation from Defaulted Securities also will affect the maturity and average lives of the Notes. The ability of the Collateral Manager, acting on behalf of the Issuer, subject to compliance with the applicable provisions of the Collateral Management Agreement, to reinvest any Principal Proceeds and such decisions of the Collateral Manager regarding whether or not to reinvest such proceeds will also affect the average lives of the Notes. Further, the average lives of the Notes will also be affected by the exercise of any of the optional or mandatory redemption provisions contained in Condition 7.

Use of Proceeds

The Issuer will use the proceeds of the issue of the Notes received by it on the Closing Date for, *inter alia*, payment of certain fees and expenses payable by the Issuer on the Closing Date including an upfront placement fee to the Notes Placement Agent in an amount equal to €3,220,000. The Notes Placement Agent has agreed with third parties who have assisted in the distribution of the Notes to pay to such third parties certain fees.

As a consequence of the payment of the fees and expenses payable on or around the Closing Date by the Issuer, the assets of the Issuer will initially be significantly lower than the liabilities of the Issuer as of the Closing Date and, therefore, were the assets of the Issuer to be liquidated immediately after the Closing Date, the Subordinated Notes investors would suffer a loss of not less than €4,500,000.

Certain Conflicts Of Interest

Various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Collateral Manager and/or its Affiliates.

The Collateral Manager and/or its Affiliates and their clients may invest for funds or accounts other than on behalf of the Issuer in securities that may otherwise qualify as Collateral Debt Securities or Eligible

Investments. Such investments may be the same as or different from those made on behalf of the Issuer. In making such investments, neither the Collateral Manager nor any of its Affiliates shall have any duty to act in any way that is favourable to the interests of the Issuer or the holders of any Notes. In particular, but without prejudice to the foregoing, neither the Collateral Manager nor any of its Affiliates have any affirmative obligation to offer any investments to the Issuer or to inform the Issuer of any investments before offering any investments to other funds or accounts that the Collateral Manager and/or any of its Affiliates manage or advise. The Collateral Manager and any of its Affiliates may engage in negotiations leading to the restructuring of investments held for their own account or for the account of others. If such investments are also held by the Issuer, in entering into such negotiations, neither the Collateral Manager nor any of its Affiliates will have any duty to act in any way which is favourable to the interests of the Issuer or the holders of the Notes.

In the event the Collateral Manager, subject to compliance with the applicable provisions of the Collateral Management Agreement, determines that the Issuer and some other client should purchase or sell the same securities at the same time, the Collateral Manager anticipates that such purchases or sales will be allocated in a manner believed by the Collateral Manager to be equitable to each purchaser or seller. Nevertheless, under some circumstances, such allocation may adversely affect the Issuer with respect to the price or size of the securities positions obtainable or saleable. Moreover, it is possible, due to differing investment objectives or other reasons, that the Collateral Manager may purchase securities of an issuer for one client and sell such securities for another client. The Collateral Manager may arrange purchases or sales of securities between the Issuer and any other client of the Collateral Manager to the extent permitted by applicable law and the applicable provisions of the Collateral Management Agreement. The Collateral Manager and its Affiliates may invest in securities that are within the investment objectives of the Issuer. The Collateral Manager and its Affiliates may also invest in securities through different entities, which may have similar or identical investment objectives as the Issuer.

The Collateral Manager, the Trustee, the Collateral Administrator and their respective Affiliates may have economic interests in or other relationships with issuers in whose obligations or securities the Issuer may invest. In particular, such persons may make and/or hold an investment in an issuer's securities that may be *pari passu*, senior or junior in ranking to an investment in such issuer's securities made and/or held by the Issuer or in which partners, security-holders, Officers, directors, agents or employees of such persons serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in restrictions on transactions in such securities by the Issuer and otherwise create conflicts of interest for the Issuer. In such instances, the Collateral Manager and its Affiliates may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to the Issuer's investments.

Although the Officers and employees of the Collateral Manager will devote as much time to the Issuer as the Collateral Manager deems appropriate, such Officers and employees may have conflicts in allocating their time and services among the Issuer and the Collateral Manager's other accounts and businesses. In addition, the Collateral Manager, in connection with its other business activities, may acquire material non-public confidential information that may restrict the Collateral Manager from purchasing securities or selling securities for itself or its clients (including the Issuer) or otherwise using such information for the benefit of its clients or itself.

The Collateral Manager and the Collateral Administrator may serve as a manager of limited partnerships or other companies organised to issue collateralised debt obligations of a type similar to the Notes.

So long as the Collateral Manager satisfies its duties and obligations to the Issuer under the Collateral Management Agreement and applicable law, the Issuer will authorise and consent to the Collateral Manager from time to time selling assets to the Issuer or purchasing assets from the Issuer as broker both for the Issuer and another account on the other side of the transaction advised by the Collateral Manager or any of its Affiliates, in which case the Collateral Manager will act as broker for, receive commission and have a potentially conflicting division of loyalties and responsibilities regarding, one or both parties to such transactions. Although the Affiliates of the Collateral Manager anticipate that the commissions, mark-ups and mark-downs charged by such Affiliates will generally be competitive, the Collateral Manager may from time to time have interests in such transactions that are adverse to those of the Issuer, such as an interest in obtaining favourable commission rates, mark-ups and mark-downs.

There will not be any limitation or restriction on the Collateral Manager, the Collateral Administrator or any of their respective Affiliates with regard to acting as collateral manager or adviser (or in a similar role) to other parties or persons. This and other future activities of the Collateral Manager, the Collateral Administrator and/or their respective Affiliates may give rise to additional conflicts of interest.

Projections, Forecasts And Estimates

Any projections, forecasts and estimates contained herein are not purely historical in nature, but are forward looking statements and are subject to certain assumptions and to uncertainties as to circumstances and events that have not yet taken place and are subject to material variation. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate and there can be no assurance that any projected or forecasted results will be attained. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates or currency exchange rates, market, financial or legal uncertainties, the general availability of liquidity, differences in the actual allocation of the Collateral Debt Securities among asset categories from those assumed, the price at which the Collateral Debt Securities are actually purchased by the Issuer, any defaults on the Collateral Debt Securities, the timing of any such defaults and subsequent recoveries, the timing of acquisitions of the Collateral Debt Securities, mismatches between the timing of accrual and receipt of Interest Proceeds from the Collateral Debt Securities and the effectiveness of the Hedge Agreement, among others. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Collateral Manager, the Collateral Administrator, the Trustee, the Notes Placement Agent, or any of their respective Affiliates or any other person or entity of the results that will actually be achieved by the Issuer.

None of the Issuer, the Collateral Manager, the Collateral Administrator, the Trustee, the Notes Placement Agent and their respective Affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

FORM OF THE GLOBAL BEARER NOTES

Each Global Bearer Note contains provisions that apply to the relevant Class of Bearer Notes represented by such Global Bearer Note, some of which modify the effect of the Conditions of the relevant Class of Bearer Notes set out in this Offering Memorandum. The following is a summary of those provisions:

Payments

Payments of principal and interest in respect of Bearer Notes represented by a Global Bearer Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Bearer Notes, surrender of such Global Bearer Note to or to the order of the Principal Paying Agent. The Issuer will procure that the aggregate principal amount of the Global Bearer Note will be decreased in respect of each such payment of principal.

Notices

So long as any Bearer Notes are represented by a Global Bearer Note and such Global Bearer Note is held by a common depository as custodian on behalf of a Clearing System, notices to the holders of such Bearer Notes may be given by delivery of the relevant notice to that Clearing System for communication by it to entitled account holders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of such Global Bearer Note, except that so long as any of the Bearer Notes are listed on the Official List of the Irish Stock Exchange and the rules of such exchange so require, notices shall be forwarded to the Companies Announcement Office of the Irish Stock Exchange no later than the date of despatch of such notice to holders of Notes.

Issuer's Option

Any option of the Issuer provided for in the Conditions in respect of the Bearer Notes whilst represented by a Global Bearer Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in, and containing the information required by, the Conditions except that the notice shall not be required to contain the serial numbers of Definitive Bearer Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Definitive Bearer Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Bearer Notes which are represented by a Global Bearer Note, the rights of account holders with a clearing system in respect of such Bearer Notes will be governed by the standard procedures of Euroclear or Clearstream, Luxembourg (as the case may be).

Noteholder's Options

Any option of the Noteholders provided for in the Conditions in respect of the Bearer Notes whilst represented by a Global Bearer Note shall be exercised by the holder delivering to the Principal Paying Agent, within the time limits relating to the deposit of Definitive Bearer Notes with a Paying Agent, a duly completed Redemption Notice which shall state the principal amount of Bearer Notes in respect of which the option is exercised except that the notice shall not be required to contain the serial numbers of the Definitive Bearer Notes representing such Bearer Notes.

Cancellation

Cancellation of any Bearer Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Bearer Note.

CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes (the **Conditions**), substantially in the form in which they will appear in the Trust Deed and be incorporated by reference into each Registered Note and each Global Bearer Note and be endorsed on each Definitive Bearer Note.*

The issue of €30,000,000 Class A1 Senior Secured Floating Rate Revolving Notes due 2054 (the **Class A1 Revolving Notes**), €81,000,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054 (the **Class A1 Delayed Draw Notes**), €107,500,000 Class A1 Senior Secured Floating Rate Term Notes due 2054 (the **Class A1 Term Notes** and, together with the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes, the **Class A1 Notes**), €27,500,000 Class A2 Senior Secured Floating Rate Notes due 2054 (the **Class A2 Notes** and, together with the Class A1 Notes, the **Class A Notes**), €15,000,000 Class B Senior Secured Floating Rate Notes due 2054 (the **Class B Notes** and, together with the Class A Notes, the **Senior Notes**), €12,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2095 (the **Class C Notes**), €10,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2095 (the **Class D Notes** and, together with the Class C Notes, the **Mezzanine Notes**) and €19,320,000 Subordinated Notes due 2095 (the **Subordinated Notes** and, together with the Senior Notes and the Mezzanine Notes, the **Notes**) of STANTON MBS I p.l.c. (the **Issuer**) was authorised by a resolution of the Board of Directors of the Issuer dated 21 October, 2004. The Notes are constituted by a trust deed (the **Trust Deed**) dated the Closing Date between, *inter alios*, the Issuer and ABN AMRO Trustees Limited in its capacity as trustee (the **Trustee**, which expression shall include all persons from time to time being the trustee or trustees under the Trust Deed) for the Noteholders, the Couponholders and the Talonholders. Each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes are separately referred to herein as a **Class** and with respect to the Class A1 Notes, any reference to a Class of Bearer Notes, shall be construed as a reference to the Class A1 Term Notes and the Class A1 Delayed Draw Notes while in bearer form and any reference to a Class of Registered Notes shall be construed as a reference to the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes while in registered form. References to the Class A1 Notes shall be construed as references to the Class A1 Term Notes, the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes taken together as a single class unless the context requires otherwise.

The expressions **Class A1 Revolving Notes**, **Class A1 Delayed Draw Notes**, **Class A1 Term Notes**, **Class A2 Notes**, **Class B Notes**, **Class C Notes**, **Class D Notes**, **Subordinated Notes** and **Notes** shall, unless the context otherwise requires, include any further Notes of the relevant Class issued pursuant to Condition 16.

These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. The following agreements (together with the Trust Deed, the **Transaction Documents**) have been entered into in relation to the Notes:

- (a) an agency agreement to be dated the Closing Date (the **Agency Agreement**) between, *inter alios*, the Issuer, ABN AMRO Bank N.V., London Branch as principal paying agent (the **Principal Paying Agent**, which term shall include any successor or substitute principal paying agent appointed pursuant to the terms of the Agency Agreement), NCB Stockbrokers Limited as paying agent in Ireland (the **Irish Paying Agent**, which term shall include any successor or substitute Irish paying agent appointed pursuant to the terms of the Agency Agreement) (together with the Principal Paying Agent and any other Paying Agent appointed pursuant to the terms of the Agency Agreement, the **Paying Agents**), LaSalle Bank National Association as registrar (the **Registrar**, which term shall include any additional or successor or substitute registrar appointed pursuant to the Agency Agreement), ABN AMRO Bank N.V., London Branch as account bank (the **Account Bank**, which term shall include any successor or substitute account bank appointed pursuant to the terms of the Agency Agreement), as calculation agent (the **Calculation Agent**, which term shall include any successor or substitute calculation agent appointed pursuant to the terms of the Agency Agreement) and as custodian (the **Custodian**, which term shall include any successor or substitute custodian appointed pursuant to the terms of the Agency Agreement and, together with the Paying Agents, the Registrar, the Account Bank and the Calculation Agent and each of their permitted successors and assigns, the **Agents** and **Agent** means any of them) and the Trustee;

- (b) a collateral management agreement to be dated the Closing Date (the **Collateral Management Agreement**) between, *inter alios*, the Issuer, the Trustee and UNIQA Alternative Investments GmbH (the **Collateral Manager**, which term shall include any successor or substitute collateral manager appointed pursuant to the terms of the Collateral Management Agreement);
- (c) a collateral administration agreement to be dated the Closing Date (the **Collateral Administration Agreement**) between the Issuer, the Trustee, the Collateral Manager and ABN AMRO Bank N.V., London Branch as collateral administrator (the **Collateral Administrator**, which term shall include any successor or substitute collateral administrator appointed pursuant to the terms of the Collateral Administration Agreement);
- (d) a 1992 ISDA Master Agreement (Multicurrency-Cross Border) (as published by the International Swaps and Derivatives Association, Inc.) (including the schedule thereto and any credit support deed relating thereto), (the **Hedge Agreement**) to be dated the Closing Date between the Issuer, the Trustee and Canadian Imperial Bank of Commerce as the hedge counterparty (the **Hedge Counterparty**, which term shall include any successor or substitute hedge counterparty appointed pursuant to the terms of the Hedge Agreement) pursuant to which the parties may from time to time enter into certain transaction confirmations which will supplement and form part of the Hedge Agreement, including in relation to (i) collateral interest rate swaps (each a **Collateral Interest Rate Swap**), (ii) collateral currency swaps (each a **Collateral Currency Swap**), and (iii) credit default swaps (each a **Credit Default Swap** and, together with each Collateral Interest Rate Swap and each Collateral Currency Swap, a **Collateral Hedge Swap** and together the **Collateral Hedge Swaps**);
- (e) a liquidity facility agreement to be dated the Closing Date (the **Liquidity Facility Agreement**) between the Issuer, the Trustee, the Collateral Administrator and Canadian Imperial Bank of Commerce as the liquidity facility provider (the **Liquidity Facility Provider**, which term shall include any successor or substitute liquidity facility provider appointed pursuant to the terms of the Liquidity Facility Agreement);
- (f) a notes placement agreement (the **Notes Placement Agreement**) to be entered into between the Issuer and Canadian Imperial Bank of Commerce as notes placement agent (the **Notes Placement Agent**) on or prior to the Closing Date;
- (g) a Class A1 Notes purchase agreement (the **Class A1 Notes Purchase Agreement**) to be entered into between the Issuer, the Trustee and the initial purchaser of the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes (the **Class A1 Notes Purchaser**) on or prior to the Closing Date;
- (h) a Euroclear pledge agreement to be dated the Closing Date (the **Euroclear Pledge Agreement**) between, *inter alios*, the Issuer and the Trustee;
- (i) a collateral acquisition agreement (the **Collateral Acquisition Agreement**) to be entered into between the Issuer, Canadian Imperial Bank of Commerce (the **Seller**) and the Trustee on or prior to the Closing Date;
- (j) a tax representation agreement (the **Tax Representation Agreement**) to be entered into between the Issuer and PriceWaterhouseCoopers LLP on or prior to the Closing Date;
- (k) an auditor engagement letter (the **Auditor Engagement Letter**) to be entered into between the Issuer and PriceWaterhouseCoopers LLP (the **Auditor**) on or prior to the Closing Date;
- (l) a corporate services agreement (the **Corporate Services Agreement**) to be entered into between the Issuer, the Trustee and Structured Finance Management (Ireland) Limited (the **Corporate Services Provider** which term shall include any successor or substitute corporate services provider appointed pursuant to the terms of the Corporate Services Agreement) on or prior to the Closing Date; and
- (m) a master interpretation and construction schedule to be dated the Closing Date (the **Master Interpretation and Construction Schedule**) signed for the purpose of identification by, *inter alios*, the Issuer and the Trustee.

Copies of the Transaction Documents are available for inspection on reasonable notice during usual business hours at the registered office of the Issuer and at the specified office of the Irish Paying Agent for the time being (presently at 3 George's Dock, International Financial Services Centre, Dublin 1). The Noteholders and the Couponholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of, the Transaction Documents. The Trustee has for itself and for the benefit of the other Secured Parties, including the Agents, the Collateral Manager, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider, the Notes Placement Agent, the holders of the Class A1 Revolving Notes (the **Class A1 Revolving Noteholders**), the holders of the Class A1 Delayed Draw Notes (the **Class A1 Delayed Draw Noteholders**), the holders of the Class A1 Term Notes (the **Class A1 Term Noteholders** and, together with the Class A1 Revolving Noteholders and the Class A1 Delayed Draw Noteholders, the **Class A1 Noteholders**), the holders of the Class A2 Notes (the **Class A2 Noteholders**, and together with the Class A1 Noteholders, the **Class A Noteholders**), the holders of the Class B Notes (the **Class B Noteholders** and, together with the Class A Noteholders, the **Senior Noteholders**), the holders of the Class C Notes (the **Class C Noteholders**), the holders of the Class D Notes (the **Class D Noteholders** and, together with the Class C Noteholders, the **Mezzanine Noteholders**), the holders of the Subordinated Notes (the **Subordinated Noteholders**, and together with the Senior Noteholders and the Mezzanine Noteholders, the **Noteholders**) and the Couponholders, the benefit of the security interests described below to secure sums due to each such party under the applicable Transaction Documents.

1. Definitions

For the purposes of these Conditions:

Account(s) means any of the Interest Collection Account, the Principal Collection Account, the Expense Account, the Payment Account, the Uninvested Proceeds Account, the Reserved Collateral Management Fee Account, the Liquidity Downgrade Drawing Account and each Currency Account;

Accountholder has the meaning given to that term in Condition 2(e);

Administrative Expenses means amounts due and payable (which shall be applied on a *pro rata* basis) (i) to the Agents pursuant to the Agency Agreement but excluding any amounts payable in respect of the Notes; (ii) to the Collateral Administrator pursuant to the Collateral Administration Agreement; (iii) to the independent accountants, independent tax representatives and counsel of the Issuer and any agents of the Issuer not expressly provided for in the definition of Agents; (iv) to any Rating Agency in connection with any rating or monitoring of the Rated Notes or in connection with any request to assign a confidential credit estimate to any of the Collateral Debt Securities, for its fees and expenses; (v) to the Corporate Services Provider pursuant to the Corporate Services Agreement; (vi) to the Collateral Manager pursuant to the Collateral Management Agreement, but excluding any Collateral Management Fees; (vii) to any Person in respect of any governmental fee or charge (excluding, for the avoidance of doubt, any taxes payable to any tax authority); (viii) any fees payable to any broker in consideration of brokerage services provided to the Issuer or the Collateral Manager, any loan settlement costs or any other reasonable or customary expenses in each case incurred in connection with the acquisition or disposal of a Collateral Debt Security; (ix) to any other Person in respect of any other fees or expenses permitted under these Conditions and the documents delivered pursuant to or in connection with the Notes or the sale thereof and any other fees or indemnities due under any Transaction Document or expenses incurred by the Issuer while performing its obligations under the Transaction Documents, in each case, including any value added tax due and payable in respect thereof;

Administrative Expenses Cap means an amount calculated on a rolling twelve month basis equal to the sum of €150,000 and the amount of any Administrative Expenses referred to in items (i), (ii) and (iv) of the definition of **Administrative Expenses** payable by the Issuer;

Aggregate Class A1 Funded Amount means the sum of the aggregate Class A1 Funded Amount in respect of each Class A1 Term Note, the aggregate Class A1 Funded Amount in respect of each Class A1 Revolving Note and the aggregate Class A1 Funded Amount in respect of each Class A1 Delayed Draw Note;

Aggregate Principal Amount Outstanding means, in respect of a Class of Notes, the aggregate of all Principal Amounts Outstanding of all Notes of that Class;

Aggregate Principal Balance means, in relation to the Collateral Debt Securities and/or the Eligible Investments, the aggregate of the Principal Balance of all the Collateral Debt Securities and/or Eligible Investments;

Annual Subordinated Note Cap means, in respect of any Payment Date, an amount which, in addition to the prior payments of interest on the Subordinated Notes made since the Closing Date (calculated on an actual/360 basis) gives an internal rate of return of 15 per cent. per annum on the Aggregate Principal Amount Outstanding of the Subordinated Notes;

Auction Call Date means the Payment Date falling in November 2016;

Authorised Officer means (a) with respect to the Issuer, any Officer who is authorised to act for the Issuer in respect of a particular matter and whose acts are binding upon the Issuer with respect to such matter; (b) with respect to the Collateral Manager, any Officer or agent of the Collateral Manager who is authorised to act for the Collateral Manager in respect of a particular matter and whose acts are binding upon the Collateral Manager with respect to such matter; and (c) with respect to the Trustee or any other bank or trust company acting as trustee of an express trust or as custodian, a Trust Officer;

Bearer Notes means the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Subordinated Notes and, from (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes;

Board of Directors means, in respect of an entity, the directors of such entity duly appointed and acting together;

Business Day has the meaning given to that term in Condition 8(d);

CDO means a security issued as part of a securitisation of a portfolio of (a) loans or (b) debt securities or (c) asset-backed securities, as determined by the Collateral Manager, acting in a reasonable manner;

Certificate has the meaning given to that term in Condition 2(e);

Class A1 Consolidation Date means the Ramp-Up Effective Date or, if such date is not a Payment Date, the following Payment Date;

Class A1 Delayed Draw Notes Commitment means, in respect of a Class A1 Delayed Draw Note from (and including) the Closing Date to (but excluding) the Ramp-Up Effective Date, an amount equal to €81,000,000; and at any time from (and including) the Ramp-Up Effective Date, the Class A1 Funded Amount in respect of such Class A1 Delayed Draw Note at that time;

Class A1 Delayed Draw Notes Commitment Amount means, in respect of a Class A1 Delayed Draw Note on any day, the excess (if any) of the Class A1 Delayed Draw Notes Commitment in respect of such Class A1 Delayed Draw Note over the Class A1 Funded Amount in respect of such Class A1 Delayed Draw Note on that day;

Class A1 Delayed Draw Notes Commitment Fee means, in respect of a Class A1 Delayed Draw Noteholder and an Interest Period, the fee payable in arrear to such Class A1 Delayed Draw Noteholder in respect of each Class A1 Delayed Draw Note held by it in accordance with the terms of the Class A1 Notes Purchase Agreement being the amount accrued in respect of that Interest Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Delayed Draw Notes Commitment Amount during such Interest Period on the basis of the actual number of days in that Interest Period and a year of 360 days;

Class A1 Funded Amount means (a) in respect of a Class A1 Term Note, the principal amount Outstanding of such Class A1 Term Note, (b) in respect of a Class A1 Revolving Note (i) during the Reinvestment Period, the aggregate amount of each outstanding Funding in respect of such Class A1 Revolving Note; and (ii) after the Reinvestment Period, the principal amount Outstanding of such Class A1 Revolving Note, and (c) in respect of a Class A1 Delayed Draw Note (i) on or prior to the Ramp-Up Effective Date, the aggregate amount of each

outstanding Funding in respect of such Class A1 Delayed Draw Note; and (ii) after the Ramp-Up Effective Date, the principal amount Outstanding of such Class A1 Delayed Draw Note;

Class A1 Margin means 0.37 per cent. per annum;

Class A1 Rate of Interest means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class A1 Margin as determined pursuant to Condition 6(e);

Class A1 Revolving Notes Commitment means, in respect of a Class A1 Revolving Note at any time from (and including) the Closing Date to (but excluding) the Ramp-Up Effective Date, €30,000,000; and at any time from (and including) the Ramp-Up Effective Date to (but excluding) the last day of the Reinvestment Period, an amount equal to the aggregate Principal Amount Outstanding of the Class A1 Term Notes and the Class A1 Delayed Draw Notes at that time multiplied by the Class A1 Revolving Notes Commitment Percentage; and at any time from (and including) the last day of the Reinvestment Period, the Class A1 Funded Amount in respect of such Class A1 Revolving Note at that time;

Class A1 Revolving Notes Commitment Amount means, in respect of a Class A1 Revolving Note on any day, the excess (if any) of the Class A1 Revolving Notes Commitment in respect of such Class A1 Revolving Note over the Class A1 Funded Amount in respect of such Class A1 Revolving Note on that day;

Class A1 Revolving Notes Commitment Fee means, in respect of a Class A1 Revolving Noteholder and an Interest Period, the fee payable in arrear to such Class A1 Revolving Noteholder in respect of each Class A1 Revolving Note held by it in accordance with the terms of the Class A1 Notes Purchase Agreement being, in respect of an Interest Period during which no Revolving Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Revolving Noteholder, the amount accrued in respect of that Interest Period at an annualised fixed rate of 0.20 per cent. calculated on the average daily Class A1 Revolving Notes Commitment Amount during such Interest Period on the basis of the actual number of days in that Interest Period and a year of 360 days and, in respect of an Interest Period during which a Revolving Note Funding Event of Default has occurred or subsisted in respect of such Class A1 Revolving Noteholder, zero;

Class A1 Revolving Notes Commitment Percentage means 16 per cent.;

Class A2 Margin means 0.60 per cent. per annum;

Class A2 Rate of Interest means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class A2 Margin as determined pursuant to Condition 6(e);

Class B Coverage Tests means each of the Class B Interest Coverage Ratio Test and the Class B Overcollateralisation Ratio Test;

Class B Interest Coverage Ratio means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing:

- (a) the Interest Proceeds in respect of the related Due Period minus any premium payable by the Issuer in respect of each Credit Default Swap in respect of the related Due Period provided however that, in each case, "Due Period" for these purposes shall be deemed to be the period from and including the day falling six months prior to such Measurement Date to but excluding such Measurement Date by;
- (b) the sum of each amount referred to in paragraphs (A) to (G) of the Interest Proceeds Priority of Payments that has been paid or is payable on (i) if the Measurement Date is a day falling after a Determination Date but prior to the Payment Date to which the Due Period ending on that Determination Date relates, that Payment Date and the preceding Payment Date, and (ii) otherwise, the two previous Payment Dates;

The **Class B Interest Coverage Ratio Test** shall be satisfied on any Measurement Date on which any Class B Note remains Outstanding, if the Class B Interest Coverage Ratio on such Measurement Date is equal to or greater than 115 per cent.;

Class B Margin means 0.78 per cent. per annum;

Class B Overcollateralisation Ratio means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of the Class A2 Notes and the Class B Notes;

The **Class B Overcollateralisation Ratio Test** shall be satisfied on any Measurement Date on which any Class B Note remains Outstanding, if the Class B Overcollateralisation Ratio on such Measurement Date is equal to or greater than 112.30 per cent.;

Class B Rate of Interest means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class B Margin as determined pursuant to Condition 6(e);

Class C Coverage Tests means each of the Class C Interest Coverage Ratio Test and the Class C Overcollateralisation Ratio Test;

Class C Deferred Interest has the meaning given to that term in Condition 6(c)(i);

Class C Interest Coverage Ratio means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing:

- (a) the Interest Proceeds in respect of the related Due Period minus any premium payable by the Issuer in respect of each Credit Default Swap in respect of the related Due Period provided however that, in each case, "Due Period" for these purposes shall be deemed to be the period from and including the day falling six months prior to such Measurement Date to but excluding such Measurement Date by;
- (b) the sum of each amount referred to in paragraphs (A) to (G), (I) and (J) of the Interest Proceeds Priority of Payments that has been paid or is payable on (i) if the Measurement Date is a day falling after a Determination Date but prior to the Payment Date to which the Due Period ending on that Determination Date relates, that Payment Date and the preceding Payment Date, and (ii) otherwise, the two previous Payment Dates;

The **Class C Interest Coverage Ratio Test** shall be satisfied on any Measurement Date on which any Class C Note remains Outstanding if the Class C Interest Coverage Ratio on such Measurement Date is equal to or greater than 111 per cent.;

Class C Margin means 1.45 per cent. per annum;

Class C Overcollateralisation Ratio means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of the Class A2 Notes, the Class B Notes and Class C Notes;

The **Class C Overcollateralisation Ratio Test** shall be satisfied on any Measurement Date on which any Class C Note remains Outstanding, if the Class C Overcollateralisation Ratio on such Measurement Date is equal to or greater than 107.70 per cent.;

Class C Rate of Interest means, in respect of an Interest Period, the sum of EURIBOR for that Interest period and the Class C Margin as determined pursuant to Condition 6(e);

Class D Coverage Tests means each of the Class D Interest Coverage Ratio Test and the Class D Overcollateralisation Ratio Test;

Class D Deferred Interest has the meaning given to that term in Condition 6(c)(ii);

Class D Interest Coverage Ratio means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing:

- (a) the Interest Proceeds in respect of the related Due Period minus any premium payable by the Issuer in respect of each Credit Default Swap in respect of the related Due Period provided however that, in each case, “Due Period” for these purposes shall be deemed to be the period from and including the day falling six months prior to such Measurement Date to but excluding such Measurement Date by;
- (b) the sum of each amount referred to in paragraphs (A) to (G), (I), (J), (L) and (M) of the Interest Proceeds Priority of Payments that has been paid or is payable on (i) if the Measurement Date is a day falling after a Determination Date but prior to the Payment Date to which the Due Period ending on that Determination Date relates, that Payment Date and the preceding Payment Date, and (ii) otherwise, the two previous Payment Dates;

The **Class D Interest Coverage Ratio Test** shall be satisfied on any Measurement Date on which any Class D Note remains Outstanding if the Class D Interest Coverage Ratio on such Measurement Date is equal to or greater than 107 per cent.;

Class D Margin means 2.40 per cent. per annum;

Class D Overcollateralisation Ratio means, as of any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of the Class A2 Notes, the Class B Notes, Class C Notes and Class D Notes;

The **Class D Overcollateralisation Ratio Test** shall be satisfied on any Measurement Date on which any Class D Note remains Outstanding, if the Class D Overcollateralisation Ratio on such Measurement Date is equal to or greater than 104.8 per cent.;

Class D Rate of Interest means, in respect of an Interest Period, the sum of EURIBOR for that Interest Period and the Class D Margin as determined pursuant to Condition 6(e);

Clearing System means, where the context admits, any or all of Euroclear and Clearstream, Luxembourg and any other clearing system approved by the Issuer, the Trustee, the Custodian, the Principal Paying Agent, the Collateral Manager and the Collateral Administrator;

Clearstream, Luxembourg means Clearstream Banking, société anonyme;

Closing Date means 4 November, 2004 or such other date as agreed between the Issuer and the Notes Placement Agent;

Collateral Debt Security means any security (other than any Eligible Investment) acquired by the Issuer from time to time under the terms of the Collateral Management Agreement;

Collateral Management Fee means the Senior Collateral Management Fee, the Subordinated Collateral Management Fee and the Reserved Collateral Management Fee;

Collateral Quality Tests means the criteria specified in Schedule 4 to the Collateral Management Agreement;

Collateral Tax Event has the meaning given to that term in Condition 7(i);

Common Depositary means HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee for HSBC Bank plc as common depositary for Euroclear and Clearstream, Luxembourg;

Controlling Class means the Class A1 Notes or, following the redemption and payment in full of the Class A1 Notes, the Class A2 Notes or, following the redemption and payment in full of the Class A Notes, the Class B Notes, or following the redemption and payment in full of the Senior Notes, the Class C Notes, or following the redemption and payment in full of the Senior Notes and the Class C Notes, the Class D Notes, or following the redemption and payment in full of the Senior Notes and the Mezzanine Notes, the Subordinated Notes;

Couponholders means the holders from time to time of the Coupons;

Coupons means the bearer interest coupons in or substantially in the form set out in Schedule 5 to the Trust Deed and for the time being outstanding or, where the context so requires, a specific number of them and includes (where applicable) the Talons in respect of such Coupons;

Coupon Sheet has the meaning given to that term in Condition 8(f);

Coverage Tests means each of the tests set out in Schedule 5 to the Collateral Management Agreement;

Currency Account means each account designated as a Currency Account with the Account Bank and established in the name of the Issuer and any replacement account for each such account;

Defaulted Security means, as of any date of determination, any Collateral Debt Security or, as the context requires, any other security included in the Portfolio or any security which the Issuer may purchase as to which:

- (a) there has occurred and is continuing (i) a default with respect to the payment of principal thereof or interest thereon without giving effect to the passage of any applicable notice or grace period; provided that no such default shall be deemed to have occurred if the Collateral Manager certifies to the Trustee in writing that the related obligor has made payment on such security, but due to a systems failure or error on the part of the related obligor or paying agent, such payment was not forwarded to the holder of such security, or (ii) a default with respect to such security which in the reasonable judgement of the Collateral Manager may result in a default described in sub-paragraph (i) above;
- (b) if it ranks *pari passu* with, or subordinate to, Other Indebtedness of the related obligor, there has occurred and is continuing a default with respect to the payment of principal of or interest on any such Other Indebtedness; provided that no such default shall be deemed to have occurred (i) prior to the passage of any applicable notice or grace period or (ii) if current interest payments on such Other Indebtedness have resumed in cash or (iii) if the Rating Agency Condition is satisfied with respect to such default;
- (c) there has occurred or been initiated any bankruptcy, insolvency, receivership or similar event in connection with the obligor of such Collateral Debt Security or security, or there has been proposed or effected any distressed exchange or other debt restructuring where the obligor of such Collateral Debt Security or security has offered the holders of such Collateral Debt Security or security a new security or package of securities that, in the reasonable judgment of the Collateral Manager, either (i) amounts to a diminished financial obligation or (ii) has the purpose of helping the obligor to avoid default; or
- (d) a public rating of “D” or “SD” by S&P or “Ca” or “C” by Moody’s or “D” by Fitch has been accorded;

Deferred Interest PIK Obligation means a PIK Obligation with respect to which rated interest has been deferred or capitalised (either in part or in whole) for (i) where such PIK Obligation is rated “Baa3” or above by Moody’s, two consecutive payment dates or (ii) where such PIK Obligation is rated “Ba1” or below by Moody’s, the lesser of (a) one payment date, and (b) three months; provided that, any such PIK Obligation shall remain a Deferred Interest PIK Obligation only until such time as payment of rated interest on such PIK Obligation has resumed and all deferred or capitalised interest has been paid in accordance with the terms of such PIK Obligation;

Definitive Bearer Note means, in respect of each Class of Bearer Notes, each bearer note issued or to be issued in definitive form for that Class of Bearer Notes in or substantially in the form set out in Schedule 4 to the Trust Deed;

Delayed Draw Note Rate of Interest means, in respect of a Funding Period, the sum of EURIBOR for that Funding Period and the Class A1 Margin as determined pursuant to Condition 6(e);

Delayed Draw Notes Final Funding Date means the date falling 50 days prior to the Payment Date falling in November 2005 or, if such date is not a Business Day, the Business Day preceding such date;

Determination Date means the last day of each Due Period;

Directors means the persons who are appointed as directors of the Issuer from time to time;

Due Period means, with respect to any Payment Date, the period from (but excluding) the fifth Business Day prior to the preceding Payment Date (or, the Closing Date, in the case of the Due Period relating to the first Payment Date) to (and including) the fifth Business Day prior to such Payment Date (or, in the case of the Due Period applicable to the Payment Date relating to the Stated Maturity (or, if earlier, the Redemption Date) of any Note, such Payment Date);

Eligible Currency means the currencies of Australia, Austria, Belgium, Canada, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United States of America or the United Kingdom provided that such country's long-term sovereign debt obligations are rated at least "Aa2" by Moody's (or "Aa3" in the case of Italy) and such country has been assigned a foreign currency issuer credit rating of "AAA" by S&P and "AAA" by Fitch;

Eligible Investments include any euro denominated security or asset that matures and is one or more of the following securities or assets:

- (a) cash deposited with an institution rated at least "A-1+" or "AAA" by S&P and "F-1+" by Fitch and (i) "Aa3" and "P-1" by Moody's if both a long term and a short term rating by Moody's is available, or (ii) if only a long term rating by Moody's is available, "Aaa";
- (b) direct obligations of, and obligations the timely payment of principal of and interest on which is fully and expressly guaranteed by, a Qualifying Foreign Country or any agency or instrumentality of a Qualifying Foreign Country the obligations of which are expressly backed by the full faith and credit of a Qualifying Foreign Country;
- (c) demand and time deposits in certificates of deposit of, or bankers' acceptances payable within 183 days of issuance by, any depository institution or trust company incorporated under the laws of a Qualifying Foreign Country and subject to supervision and examination by governmental banking authorities so long as the commercial paper and/or the debt obligations of such depository institution or trust company (or, in the case of the principal depository institution in a holding company system, the commercial paper or debt obligations of such holding company) at the time of such investment or contractual commitment providing for such investment have a credit rating of not less than "P-1" by Moody's, "F-1+" by Fitch and "A-1+" or "AAA" by S&P;
- (d) unleveraged repurchase obligations with respect to (i) any security described in clause (b) above or (ii) any other security issued or guaranteed by an agency or instrumentality of a Qualifying Foreign Country (in each case without regard to the stated maturity of such security), in either case entered into with a depository institution or trust company (acting as principal) described in clause (c) above or entered into with a corporation (acting as principal) whose long-term credit rating is not less than "AA-" by Fitch and "AAA" by S&P or whose short-term credit rating is not less than "F-1+" by Fitch and "A-1+" by S&P and (i) "Aa3" and "P-1" by Moody's if both a long term and a short term rating by Moody's is available, or (ii) if only a long term rating by Moody's is available, "Aaa";
- (e) debt securities (other than mortgage-backed securities) bearing interest or sold at a discount issued by any corporation incorporated under the laws of a Qualifying Foreign Country or any state thereof that have a credit rating of not less than "AA-" by Fitch and "A-1+" or "AAA" by S&P and (i) "Aa3" and "P-1" by Moody's if both a long term and a short term rating by Moody's is available, or (ii) if only a long term rating by Moody's is available, "Aaa";
- (f) commercial paper or other short-term obligations with a maturity of not more than 183 days from the date of issuance and having at the time of such investment a short term credit rating of "P-1" by Moody's, "F-1+" by Fitch and "A-1+" or "AAA" by S&P;
- (g) reinvestment agreements issued by any bank (if treated as a deposit by such bank) or reinvestment agreements issued by any insurance company or other corporation or entity organised under the laws of a Qualifying Foreign Country (if treated by the issuer thereof as debt for tax purposes), in each case,

the issuer of which has a short-term credit rating of not less than “P-1” by Moody’s, “F-1+” by Fitch and “A-1+” or “AAA” by S&P; and

- (h) any money market fund or similar investment vehicle having at the time of investment therein a rating assigned by Moody’s of at least “Aaa” and “MR1+”, and a rating assigned by Fitch of at least “AAA” and “V1+” and by S&P of at least “A-1+” or “AAA”,

provided that (x) the mere ownership of any such investment described in paragraphs (a) to (h) above will not subject the Issuer to net income tax in any jurisdiction where it would not otherwise be subject to tax (y) no amount earned by the Issuer with respect to such investment will be subject to withholding tax, and (z) no payments of stamp duty, transfer taxes or registration taxes will be imposed in connection with the acquisition of such security by the Issuer and, in each case, the Eligible Investment shall have a stated maturity (giving effect to any applicable grace period) (i) no later than the Business Day immediately preceding the Determination Date of the Due Period in which the date of investment occurs or, (ii) in the case of Eligible Investments representing amounts required to be disbursed in accordance with Condition 3(b) on a Revolving Note Payment Date, no later than the Business Day immediately preceding the relevant Revolving Note Determination Date. Eligible Investments may not include any interest-only security, any security purchased at a price in excess of 100 per cent. of the par value thereof or any security the repayment of which is subject to material non-credit related risk as determined in the sole judgment of the Collateral Manager and, provided further that, in the case of commercial paper, short-term debt obligations or securities with a maturity of longer than 91 days, the issuer thereof must also have at the time of such investment a long-term credit rating of not less than “Aa3” by Moody’s, “AA-” by Fitch and “AAA” by S&P;

Enforcement Notice has the meaning given to that term in Condition 10(b)(i);

Enforcement Priority of Payments has the meaning given to that term in Condition 11(b);

EURIBOR means the rate determined in accordance with paragraphs (A), (B), (C), or (D), as the case may be, of Condition 6(e)(i);

Euroclear means Euroclear Bank S.A/N.V as operator of Euroclear System;

Event of Default has the meaning given to that term in Condition 10(a);

Event of Default Overcollateralisation Ratio means, on any Measurement Date, the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance on such Measurement Date by the sum of the Aggregate Class A1 Funded Amount and the Aggregate Principal Amount Outstanding of the Class A2 Notes;

Exchange Date means, with respect to a Bearer Note, the first day following the expiry of forty days after the date of issue of such Bearer Note;

Exchange Event has the meaning given to that term in Condition 2(g);

Expense Account means the account designated the Expense Account with the Account Bank and established in the name of the Issuer with account number 40191648 and any replacement account for such account;

Extraordinary Resolution means, in relation to any Class of Noteholders, (i) a resolution passed at a meeting of such Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority of at least the Relevant Percentage of the votes cast, or (ii) a resolution in writing signed by or on behalf of Noteholders of such Class holding in the aggregate not less than the Relevant Percentage of the Aggregate Principal Amount Outstanding of the Notes of such Class for the time being Outstanding;

Final Payment Date means the Redemption Date for the final Class of Notes Outstanding;

Fitch means Fitch Ratings Ltd. or any successor thereto;

Funding means, in relation to each Class A1 Revolving Note or each Class A1 Delayed Draw Note, as the case may be, each separate amount made available to the Issuer at any time by the Class A1 Revolving Noteholder in respect of such Class A1 Revolving Note or the Class A1 Delayed Draw Noteholder in respect of such Class A1 Delayed Draw Note, as the case may be, subject to and in accordance with the terms of the Class A1 Notes Purchase Agreement to the extent not repaid subject to and in accordance with the relevant Priorities of Payments;

Funding Date means the day on which a Funding is made available to the Issuer in accordance with the Class A1 Notes Purchase Agreement;

Funding Period means, in respect of a Funding relating to a Class A1 Delayed Draw Note up to (but excluding) the Class A1 Consolidation Date, each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Funding Period shall be the period from (and including) the Funding Date relating to that Funding to (but excluding) the next following Payment Date and the last Funding Period shall end on (but exclude) the Class A1 Consolidation Date or the Redemption Date in respect of that Class A1 Delayed Draw Note (if earlier);

Funding Request means, in relation to the Class A1 Revolving Notes or the Class A1 Delayed Draw Notes, a request made by the Collateral Manager (on the Issuer's behalf), to the Class A1 Revolving Noteholder or the Class A1 Delayed Draw Noteholder, as the case may be, in the form set out in Schedule 1 to the Class A1 Notes Purchase Agreement, to make a Funding available to the Issuer in respect of each Class A1 Revolving Note or each Class A1 Delayed Draw Note, as the case may be, subject to and in accordance with the terms of the Class A1 Notes Purchase Agreement;

Global Bearer Notes means the Temporary Global Bearer Notes and the Permanent Global Bearer Notes for each Class of Bearer Notes or, where the context so requires, any of them;

Insolvency Official means, in respect of any company, a liquidator, provisional liquidator, examiner, administrator (whether appointed by the court or otherwise), administrative receiver, receiver or manager, nominee, supervisor, trustee in bankruptcy, conservator, guardian or other similar official in respect of such company or in respect of all (or substantially all) of the company's assets or in respect of any arrangement or composition with creditors;

Insolvency Proceedings means the winding-up, dissolution, company voluntary arrangement, examinership or administration of a company or corporation and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such company or corporation is incorporated or of any jurisdiction in which such company or corporation carries on business including the seeking of liquidation, winding-up, reorganisation, dissolution, examinership, administration, arrangement, adjustment, protection or relief from creditors or the appointment of an Insolvency Official;

Interest Amount means, on each Payment Date or Revolving Note Payment Date, as the case may be, the amount of interest payable in respect of the Notes of any Class or any Funding in respect thereof indicated for any Interest Period, Revolving Note Interest Period or Funding Period, as the case may be, being:

- (a) in the case of each of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes and the Class D Notes or any Funding in respect thereof, as the case may be, the amount calculated by the Calculation Agent as soon as practicable after 11.00 a.m. (London time) on the relevant Interest Determination Date in accordance with Condition 6(e)(ii); and
- (b) in the case of the Subordinated Notes, the amount calculated as provided in Condition 6(f);

Interest Collection Account means the account designated the Interest Collection Account with the Account Bank and established in the name of the Issuer with account number 40191613 and any replacement account for such account;

Interest Determination Date means: in respect of an Interest Period, the second TARGET Day before the beginning of that Interest Period; in respect of a Revolving Note Interest Period, the second TARGET Day

before the beginning of that Revolving Note Interest Period; and, in respect of a Funding Period, the second TARGET Day before the beginning of that Funding Period;

The **Interest Diversion Test** shall be satisfied on any Measurement Date if the Class D Overcollateralisation Ratio on such Measurement Date is equal to or greater than 105 per cent.;

Interest Period means, in respect of a Note, each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Interest Period shall be the period from (and including) (a) in respect of a Note other than a Class A1 Delayed Draw Note or a Class A1 Revolving Note, the Closing Date, (b) in the case of a Class A1 Revolving Note, the last day of the Reinvestment Period, and (c) in the case of a Class A1 Delayed Draw Note, the Class A1 Consolidation Date and the last Interest Period shall end on (but exclude) the earlier of the Stated Maturity or the Redemption Date, in each case, in respect of that Note;

Interest Proceeds means, with respect to any Due Period, the sum (without duplication) of (1) all payments of interest (including, for the avoidance of doubt, deferred interest received on securities which are not Non-Performing Securities) received in cash by the Issuer during the related Due Period on the Collateral Debt Securities and Eligible Investments (other than any interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds, interest on Non-Performing Securities and interest in respect of Non-Euro Obligations); (2) all accrued interest received in cash by the Issuer during the related Due Period with respect to Collateral Debt Securities or Eligible Investments sold by the Issuer (other than any interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds, interest on Non-Performing Securities and interest in respect of Non-Euro Obligations); (3) all payments of interest on amounts on deposit in the Accounts (other than the Reserved Collateral Management Fee Account); (4) all payments of principal received in cash by the Issuer during the related Due Period on Eligible Investments to the extent such Eligible Investments were acquired with Interest Proceeds; (5) if the Issuer has entered into a Collateral Hedge Swap, all net amounts, if any, payable to the Issuer by the Hedge Counterparty under such a Collateral Hedge Swap on or prior to the Determination Date falling at the end of such Due Period (other than amounts described in clause (7) of the definition of Principal Proceeds); (6) in respect of the final Due Period, to the extent such amounts represent other categories of Interest Proceeds, all amounts standing to the credit of each Currency Account on the Business Day prior to any Redemption Date on which the Notes are to be redeemed in whole, to the extent such amounts are not subject to the terms of a Collateral Currency Swap, after conversion into euro by the Issuer following consultation with the Collateral Manager; (7) all payments of interest and principal received in cash by the Issuer during the related Due Period on any Collateral Debt Security with a rating by Moody's, S&P or Fitch which addresses return of principal only, if the sum of cash received by the Issuer since acquiring such Collateral Debt Security exceeds its original Principal Balance; and, provided that, in no event shall Interest Proceeds include (i) the €40,000 of capital contributed to the Issuer by the owners of the Issuer's ordinary shares and (ii) any distributions received in cash by the Issuer in respect of any Non-Performing Security;

Interest Proceeds Priority of Payments has the meaning given to that term in Condition 3(b)(i);

Investment Company Act means the U.S. Investment Company Act of 1940, as amended;

Ireland means the Republic of Ireland;

Irish Stock Exchange means the Irish Stock Exchange Limited;

Junior Class of Covered Notes means:

- (a) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is greater than €283,000,000, the Subordinated Notes;
- (b) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investment is equal to or lower than €283,000,000 but greater than €273,000,000, the Class D Notes.
- (c) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is equal to or lower than €273,000,000 but greater than €261,000,000, the Class C Notes;

- (d) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is equal to or lower than €261,000,000 but greater than €246,000,000, the Class B Notes;
- (e) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is equal to or lower than €246,000,000 but greater than €218,500,000, the Class A2 Notes; and
- (f) on any day on which the Aggregate Principal Balance of all the Collateral Debt Securities and Eligible Investments is equal to or lower than €218,500,000, the Class A1 Notes;

Liquidity Downgrade Drawing means a drawing made under the Liquidity Facility Agreement and required under the terms of the Liquidity Facility Agreement to be deposited to the Liquidity Downgrade Drawing Account;

Liquidity Downgrade Drawing Account means an account opened in the name of the Issuer with the Account Bank for the deposit of a Liquidity Downgrade Drawing;

Liquidity Drawing means an advance made to the Issuer pursuant to the Liquidity Facility Agreement for the purpose of making payments in accordance with Condition 3(b)(i) (and for the purpose of these Conditions shall not include a drawing made to fund the purchase of a Collateral Debt Security);

Lowest Recovery Rate means, in relation to a Collateral Debt Security falling in (a)(v) of the definition of Net Portfolio Collateral Balance, the Recovery Rate assigned by the Rating Agency whose rating of such Collateral Debt Security caused the latter to be included in (a)(v) of the definition of Net Portfolio Collateral Balance and, if more than one Rating Agency's rating would have such effect, the lowest Recovery Rate assigned by such Rating Agencies to the relevant Collateral Debt Security;

Majority means with respect to any Class of Notes, the holders of more than 50 per cent. of the Aggregate Principal Amount Outstanding of the Notes of such Class of Notes, as the case may be;

Market Value means in respect of an asset, the mid-market value of such asset (excluding accrued interest) as determined by the Collateral Manager after requesting at least two indicative bid and offer valuations from market participants, provided however that (i) if at least two valuations are obtained, the mid-market value shall be the average of such valuations, (ii) if only one valuation is obtained, the mid-market value shall be such valuation and (iii) if no such valuation is obtained, the Collateral Manager shall determine such mid-market value in good faith and in a commercially reasonable manner;

Measurement Date means each of the following: (i) any date on which the Issuer acquires or disposes of any Collateral Debt Security (provided that such date falls after the date on which the first Monthly Report is delivered), (ii) any date on which a Collateral Debt Security becomes a Defaulted Security, (iii) each date as of which a Monthly Report is prepared by the Collateral Administrator under the Collateral Administration Agreement, (iv) each Determination Date, (v) each Revolving Note Determination Date, (vi) each date on which a request for a Liquidity Drawing is made, (vii) each date on which it is proposed that the Issuer enters into a Credit Default Swap, (viii) each Test Date, (ix) each date in respect of which the Class B Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test or the Class D Overcollateralisation Ratio Test, is to be recalculated pursuant to Condition 7(b), and (x) with reasonable notice to the Issuer, the Collateral Administrator and the Trustee, any other Business Day that any holder or holders of Notes representing more than the Majority of the Aggregate Principal Amount Outstanding of any Class of Notes requests be a Measurement Date; provided that, if any such date would otherwise fall on a day that is not a Business Day, the relevant Measurement Date will be the first following day that is a Business Day;

Minimum Investment Amount means €298,500,000 except for the purpose of determining compliance with the Portfolio Criteria, for which purpose **Minimum Investment Amount** means €300,000,000;

Modification means:

- (a) the exchange or substitution for the Notes of the relevant Class, or the conversion of the Notes of the relevant Class into, shares, bonds or other obligations or securities of the Issuer or any other entity;

- (b) the modification of any provision relating to the timing and/or circumstances of redemption of the Notes of the relevant Class at maturity or otherwise (including the circumstances in which payments on the Notes may be accelerated);
- (c) the modification of the timing and/or determination of the amount of interest, principal or other amounts payable in respect of the Notes of the relevant Class or the Coupons from time to time except where any such modification is, in the opinion of the Trustee, bound to result in an increase in such amount;
- (d) the adjustment of the Aggregate Principal Amount Outstanding of the Notes of the relevant Class other than in connection with an issue of Further Notes pursuant to Condition 16 or as contemplated by Condition 2(h);
- (e) the alteration of the currency of payment of the Notes of the relevant Class or any other amounts payable under the Priorities of Payments;
- (f) any change in the Priorities of Payments or in the calculation or determination of any amounts payable thereunder including, without limitation, the Collateral Management Fees;
- (g) the alteration of the provisions concerning the quorum required at any meeting of Noteholders of the relevant Class or the majority required to pass an Extraordinary Resolution or any other provision of these Conditions or of the other Transaction Documents which requires the written consent, the written instructions or the written directions of the holders of a certain percentage of the Aggregate Principal Amount Outstanding of the Notes of any Class;
- (h) the modification of any provision relating to any security over the Mortgaged Property constituted by the Trust Deed and/or the Euroclear Pledge Agreement except as contemplated by these Conditions and the Trust Deed and/or the Euroclear Pledge Agreement;
- (i) amending this provision;

Monthly Report has the meaning given to that term in Clause 4 of the Collateral Administration Agreement;

Moody's means Moody's Investors Service, Inc. and any successor thereto;

Mortgaged Property has the meaning given to that term in Condition 4(a);

Net Portfolio Collateral Balance means, on any Measurement Date, without duplication, an amount equal to the sum of:

- (a) the Aggregate Principal Balance of Collateral Debt Securities (excluding (i) any Collateral Debt Security that is a Defaulted Security or a Deferred Interest PIK Obligation or a Collateral Debt Security that is on such Measurement Date having the interest thereon deferred or any Collateral Debt Security that the Collateral Manager reasonably believes is a Defaulted Security or a Deferred Interest PIK Obligation, (ii) the portion of the Principal Balance of each Collateral Debt Security which is expected to be payable after the Stated Maturity of the Class A Notes, (iii) any PIK Obligation that fails the over collateralisation ratio test expressly applicable to such PIK Obligation under the Underlying Instrument therefor at the time of purchase, (iv) any Collateral Debt Security whose purchase price was less than 90 per cent. of par, (v) any Collateral Debt Security publicly rated "B3" or below by Moody's or "B-" or below by S&P or "B-" or below by Fitch; (vi) any Collateral Debt Security publicly rated "B2" by Moody's or "B" by S&P or "B" by Fitch; and (vii) any Collateral Debt Security rated "B1" by Moody's or "B+" by S&P or "B+" by Fitch);
- (b) with respect to any Collateral Debt Security that is excluded in paragraph (a)(iv) above, the Market Value of such Collateral Debt Security;
- (c) all cash and the Principal Balance of Eligible Investments constituting or purchased with Principal Proceeds, Uninvested Proceeds or amounts standing to the credit of the Principal Collection Account;

- (d) with respect to any Collateral Debt Security that is excluded in paragraphs (a)(i) or (a)(ii) or (a)(iii) above, the lesser of (1) the Market Value of such Collateral Debt Security and (2) the lowest Recovery Rate assigned by the Rating Agencies to such Collateral Debt Security multiplied by the par amount of such Collateral Debt Security;
- (e) with respect to any Collateral Debt Security that is excluded in paragraph (a)(v) above, the lesser of (1) the Market Value of such Collateral Debt Security and (2) the applicable Lowest Recovery Rate of such Collateral Debt Security multiplied by the par amount of such Collateral Debt Security;
- (f) in respect of any Collateral Debt Security that is excluded in paragraph (a)(vi) above, 70 per cent. of the par amount of such Collateral Debt Security; and
- (g) in respect of any Collateral Debt Security that is excluded in paragraph (a)(vii) above, for the first €15,000,000 of such Collateral Debt Securities, 92.5 per cent. of the par amount of such Collateral Debt Securities and for the balance of such Collateral Debt Securities, 85 per cent. of the par amount of such Collateral Debt Securities;

For purposes of calculating the Net Portfolio Collateral Balance, only public ratings shall be taken into account.

If a Collateral Debt Security has a rating that falls in more than one of (v), (vi) and (vii) of paragraph (a) above, (v) shall prevail over (vi) and (vii), and (vi) shall prevail over (vii).

Non-Call Period means the period from (and including) the Closing Date to (but excluding) the Payment Date falling in November 2009;

Non-Euro Obligation means a Collateral Debt Security denominated in an Eligible Currency other than euro;

Non-Performing Security means (a) a Defaulted Security; and (b) any Deferred Interest PIK Obligation;

Note Tax Event has the meaning given to that term in Condition 7(i);

Officer means, with respect to any company, the chairman of the Board of Directors, any director, the president, any vice president, the secretary, an assistant secretary, the treasurer, an assistant treasurer of such company, any managing member, managing partner or managing director (*Geschaefsfuehrer*) thereof or any person to whom the rights and powers of the management thereof are delegated; and with respect to any bank or trust company or Trust Corporation acting as trustee of an express trust or as custodian (and including the Trustee), any Trust Officer;

Other Indebtedness means, for the purposes of a Defaulted Security, any other indebtedness of the obligor of the relevant Collateral Debt Securities which is in excess of Euro 1,000,000 or its equivalent in any other currency;

Outstanding means in relation to the Notes of a Class or any subdivision thereof as of any date of determination all of the Notes of such Class issued other than:

- (a) those Notes of the relevant Class which have been redeemed pursuant to the Conditions;
- (b) those Notes of the relevant Class in respect of which the Redemption Date has occurred and the redemption moneys (including all interest due and payable in respect thereof, and any interest payable under the relevant Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relevant Noteholders in accordance with Condition 15) and remain available for payment against presentation of the relevant Notes;
- (c) those Notes of the relevant Class which have become void in accordance with Condition 12; and

- (d) Notes of the relevant Class represented by any Global Bearer Note of the relevant Class to the extent that such Global Bearer Note shall have been exchanged for Definitive Bearer Notes of the relevant Class pursuant to its provisions;

Payment Account means the account designated the Payment Account with the Account Bank and established in the name of the Issuer with account number 40191656 and any replacement account for such account;

Payment Date has the meaning given to that term in Condition 6(a)(i);

Permanent Global Bearer Note means, in respect of each Class of Bearer Notes, the permanent global bearer note for that Class of Bearer Notes in or substantially in the form set out in Schedule 3 to the Trust Deed;

Person means an individual, company, corporation (including a business trust), partnership, limited liability company, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof;

PIK Obligation means any CDO that by its terms provides for the ultimate payment of rated interest payments, but permits certain of such payments to be deferred or capitalised as additional principal thereof or provides for the issue of securities that are identical (other than as to the date of issuance and any matters consequential thereon) in place of payments of interest in cash;

Placement Instalment means (a) the €3,600,000 fee payable to the Notes Placement Agent in four equal instalments of €900,000 each on the Payment Date falling in November in 2005, 2006, 2007 and 2008 provided that each such instalment shall become immediately due and payable on the Final Payment Date, in each case, in accordance with the terms of the Notes Placement Agreement and (b) the fee payable to the Notes Placement Agent on each Payment Date falling during the Reinvestment Period in an amount equal to €200 per Funding made available in respect of the Class A1 Revolving Notes during the Due Period relating to that Payment Date in accordance with the terms of the Class A1 Notes Purchase Agreement;

Portfolio means the Collateral Debt Securities and Eligible Investments held by or on behalf of the Issuer from time to time;

Portfolio Criteria means the Portfolio Criteria set out in the Collateral Management Agreement;

Post-Reinvestment Period Principal Proceeds Priority of Payments has the meaning given to that term in Condition 3(b)(iii);

Potential Event of Default means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default;

Presentation Date has the meaning given to that term in Condition 8(e);

Principal Amount Outstanding means, in respect of a Note of any Class (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes), the principal amount Outstanding of such Note; in respect of a Class A1 Revolving Note during the Reinvestment Period, the sum of the aggregate amount of each outstanding Funding in respect of such Class A1 Revolving Note and the Class A1 Revolving Notes Commitment Amount in respect of such Class A1 Revolving Note; in respect of a Class A1 Revolving Note after the Reinvestment Period, the principal amount Outstanding of such Class A1 Revolving Note; in respect of a Class A1 Delayed Draw Note prior to the Class A1 Consolidation Date, the sum of the aggregate amount of each outstanding Funding in respect of such Class A1 Delayed Draw Note and the Class A1 Delayed Draw Notes Commitment Amount in respect of such Class A1 Delayed Draw Note; and in respect of a Class A1 Delayed Draw Note on and after the Class A1 Consolidation Date, the principal amount Outstanding of such Class A1 Delayed Draw Note;

Principal Balance means, with respect to any Collateral Debt Security or Eligible Investment held by the Issuer, as of any date of determination, the outstanding principal amount of such Collateral Debt Security or Eligible Investment;

Principal Collection Account means the account designated the Principal Collection Account with the Account Bank and established in the name of the Issuer with account number 40191621 and any replacement account for such account;

Principal Proceeds means, with respect to any Due Period, the sum (without duplication) of (1) all payments of principal (including prepayments) received in cash by the Issuer during the related Due Period on the Collateral Debt Securities and the Eligible Investments other than any payments of principal received on Eligible Investments to the extent such Eligible Investments were acquired with Interest Proceeds and any payments of principal in respect of Non-Euro Obligations; (2) all payments of interest received in cash by the Issuer during the related Due Period on the Collateral Debt Securities or the Eligible Investments to the extent such payments constitute proceeds from interest accrued on Collateral Debt Securities or Eligible Investments to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds; (3) all amendment and waiver fees, all late payment fees, and all other fees and commissions received in cash by the Issuer during the related Due Period in connection with the Collateral Debt Securities and the Eligible Investments, (4) with respect to the Due Period corresponding to the Payment Date on which the last day of the Reinvestment Period occurs, any Uninvested Proceeds on deposit in the Uninvested Proceeds Account on the last day of the Reinvestment Period; (5) all Sale Proceeds received by the Issuer during the related Due Period; (6) all payments of interest and principal received in cash by the Issuer during the related Due Period on any Collateral Debt Security with a rating by Moody's, S&P or Fitch which addresses return of principal only up to an amount such that the sum of cash received since purchasing such Collateral Debt Security is equal to its original Principal Balance; (7) if the Issuer has entered into a Collateral Hedge Swap, all amounts received by the Issuer from the Hedge Counterparty in connection with a reduction in the notional amount of a Collateral Interest Rate Swap or a Collateral Currency Swap and all amounts received by the Issuer in respect of a Credit Default Swap; (8) any other amounts (including any proceeds from the termination of the Hedge Agreement (if any) net of the costs of entering into a replacement Hedge Agreement) received by the Issuer during the related Due Period which are not included in the definition of Interest Proceeds; (9) all amounts on deposit in the Principal Collection Account, Expense Account and Reserved Collateral Management Fee Account on the Business Day prior to the Final Payment Date; (10) all brokerage fees and commissions received by the Collateral Manager, as a broker for the Issuer and third party as part of the purchase price of the relevant Collateral Debt Security, as provided in the Collateral Management Agreement; (11) any distributions received in cash by the Issuer in respect of any Non-Performing Security (including in connection with any sale thereof); and (12) in the respect of the final Due Period, to the extent such amounts represent other categories of Principal Proceeds, all amounts standing to the credit of each Currency Account on the Business Day prior to any Redemption Date on which the Notes are to be redeemed in whole, to the extent such amounts are not subject to the terms of a Collateral Currency Swap, after conversion into euro by the Issuer following consultation with the Collateral Manager provided however that, in no event shall Principal Proceeds include the €40,000 of capital contributed to the Issuer by the owners of the Issuer's ordinary shares;

Principal Proceeds Priority of Payments has the meaning given to that term in Condition 3(b)(iv);

Priorities of Payments means (a) prior to enforcement of the security over the Mortgaged Property, the Interest Proceeds Priority of Payments, the Reinvestment Period Principal Proceeds Priority of Payments, the Post-Reinvestment Period Principal Proceeds Priority of Payments and the Reinvestment Period Revolving Note Principal Proceeds Priority of Payments, and (b) following enforcement of the security over the Mortgaged Property, the Enforcement Priority of Payments;

Priority Hedge Termination Event means any event under the Hedge Agreement, which results in the termination of any transactions under that Hedge Agreement due to an Event of Default or an Additional Termination Event (both as defined in the Hedge Agreement) for which the Hedge Counterparty is the Defaulting Party or the Affected Party (as defined in the Hedge Agreement);

Proceedings has the meaning given to that term in Condition 19(b);

Qualifying Foreign Country means (i) Australia, Belgium, Bermuda, Canada, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United States of America or the United Kingdom; provided, that such country's long-term sovereign debt obligations are rated at least "Aa2" by Moody's (or "Aa3" in the case of Italy), at least "A+" by Fitch and such country has been assigned a foreign currency issuer credit rating of "AAA" by S&P, and (ii) the Bahamas, the

Cayman Islands, the Channel Islands, the Netherlands Antilles or any jurisdiction generally imposing no or nominal taxes on the income of the companies located therein;

Ramp-Up Effective Date means the earliest of (a) the Payment Date falling in November 2005 and (b) the date on which the Aggregate Principal Balance of all Collateral Debt Securities is at least equal to 98 per cent. of the Minimum Investment Amount;

Rated Notes means the Senior Notes and the Mezzanine Notes;

Rating Agencies means Moody's, S&P and Fitch, and **Rating Agency** means any of them or, if at any time Moody's, S&P or Fitch ceases to provide rating services with respect to asset-backed securities, any other internationally recognised investment rating agency selected by the Issuer and reasonably satisfactory to the Trustee. If at any time Moody's, S&P or Fitch ceases to be a Rating Agency, references to rating categories of Moody's, S&P or Fitch, as the case may be, in the Transaction Documents, where applicable, shall be deemed instead to be references to the equivalent categories of such other rating agency as of the most recent date on which such other rating agency and Moody's, S&P or Fitch published ratings for the type of security in respect of which such alternative rating agency is used;

Rating Agency Condition means, with respect to any action taken or to be taken under the Collateral Management Agreement, the Trust Deed, the Hedge Agreement, the Liquidity Facility Agreement or otherwise as provided in the Conditions or any other Transaction Document a condition that is satisfied when Moody's, S&P and Fitch have confirmed (in writing) to the Issuer that an immediate withdrawal, reduction or other adverse action with respect to any then current rating of any of the Notes rated by it will not occur as a result of such action;

Rating Withdrawal means (i) any downgrading, withdrawal or non-affirmation by any of the Rating Agencies within 20 days after the Ramp-Up Effective Date of the ratings assigned to any of the Rated Notes on the Closing Date, or (ii) any breach of the Eligibility Criteria or Portfolio Criteria is subsisting on the Ramp-Up Effective Date and the downgrading, withdrawal or non-affirmation by Moody's on the Ramp-Up Effective Date of the rating assigned by it to the Class A1 Notes on the Closing Date;

Receiver means a receiver, trustee, administrator, custodian, conservator or other similar official appointed in relation to the Issuer (whether appointed pursuant to the Trust Deed, pursuant to any statute, by a court or otherwise);

Record Date means, with respect to any Payment Date or Revolving Note Payment Date, the day falling 5 Business Days prior to that Payment Date or Revolving Note Payment Date, as the case may be;

Recovery Rate means the recovery rates assigned by Moody's, S&P or Fitch for the purposes of the Collateral Quality Tests;

Redemption Date means each date specified for a redemption of the Notes of a Class pursuant to Condition 7 or the date on which the Notes of such Class are accelerated pursuant to Condition 10, or, in each case, if such day is not a Business Day the next following Business Day;

Redemption Notice means a duly completed Redemption Notice in the form set out in Schedule 2 to the Agency Agreement;

Redemption Price means, when used with respect to:

- (a) any Senior Note (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) or any Mezzanine Note, 100 per cent. of the Principal Amount Outstanding of that Senior Note or Mezzanine Note, as the case may be, in each case together with interest accrued thereon to the date of redemption;
- (b) any Class A1 Revolving Note or any Class A1 Delayed Draw Note, the Class A1 Funded Amount in respect of that Class A1 Revolving Note or Class A1 Delayed Draw Note, as the case may be; and

- (c) any Subordinated Note, the *pro rata* share (if any) of the aggregate proceeds of liquidation of the Mortgaged Property or realisation of the security remaining following application thereof in accordance with the Priorities of Payments;

Reference Banks has the meaning given to that term in Condition 6(e)(i);

Register has the meaning given to that term in Condition 2(f);

Registered Notes means the Class A1 Revolving Notes and, prior to the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes;

Regulation S means Regulation S under the Securities Act;

Reinvestment Period means the period from (and including) the Closing Date to (but excluding) the Payment Date falling in November, 2009;

Reinvestment Period Principal Proceeds Priority of Payments has the meaning given to that term in Condition 3(b)(ii);

Reinvestment Period Revolving Note Principal Proceeds Priority of Payments has the meaning given to that term in Condition 3(b)(iv);

Relevant Date means the date on which payment of principal and interest in respect of the Notes of any Class first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders of the relevant Class or Classes in accordance with Condition 15;

Relevant Duration means, subject to Condition 6(e)(D), in respect of the calculation of EURIBOR for the purposes of calculating the Class A1 Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and the Class D Rate of Interest, three months; and in respect of the calculation of EURIBOR for the purposes of calculating the Revolving Note Rate of Interest, one month;

Relevant Percentage means, if the Controlling Class is the Class A1 Notes, 50 per cent. and, otherwise, 66 $\frac{2}{3}$ per cent.;

Required Rating means:

- (a) for the Account Bank, a short term unsecured, unsubordinated and unguaranteed debt rating of at least “P-1” by Moody’s, “A-1+” by S&P and “F1” by Fitch and a long term unsecured, unsubordinated and unguaranteed debt rating of at least “Aa3” by Moody’s;
- (b) for the Custodian, a short term unsecured, unsubordinated and unguaranteed debt rating of at least “P-1” by Moody’s, “A-1” by S&P and “F1” by Fitch and a long term unsecured, unsubordinated and unguaranteed debt rating of at least “A2” by Moody’s;
- (c) for the Hedge Counterparty, a substitute counterparty under the Hedge Agreement or a Swap Guarantor (as defined in the Hedge Agreement), as the case may be, such rating by each of S&P, Moody’s and Fitch which does not trigger a Rating Downgrade Event (as defined in the Hedge Agreement);
- (d) for the Liquidity Facility Provider, a short term unsecured, unsubordinated and unguaranteed debt rating of at least “P-1” by Moody’s, “A-1” by S&P and “F1” by Fitch;

Reserved Collateral Management Fee means the fee payable to the Collateral Manager on the Final Payment Date pursuant to the Collateral Management Agreement equal to the amount available for distribution under the Post-Reinvestment Period Principal Proceeds Priority of Payments on that Payment Date less the amounts payable under paragraphs (A) to (M) thereof on that Payment Date (inclusive of value added tax);

Reserved Collateral Management Fee Account means the account designated the Reserved Collateral Management Fee Account with the Account Bank and established in the name of the Issuer with account number 40191672 and any replacement account for such account;

Revolving Note Determination Date means the last day of each Revolving Note Due Period;

Revolving Note Due Period means, with respect to any Revolving Note Payment Date, the period from (but excluding) the fifth Business Day prior to the preceding Revolving Note Payment Date (or, the Closing Date, in the case of the Revolving Note Due Period relating to the first Revolving Note Payment Date) to (and including) the fifth Business Day prior to such Revolving Note Payment Date (or, in the case of the Revolving Note Due Period applicable to the Revolving Note Payment Date relating to the Redemption Date of any Class A1 Revolving Note, such Revolving Note Payment Date);

Revolving Note Funding Event of Default means, in respect of a Class A1 Revolving Noteholder, the failure of such Class A1 Revolving Noteholder to make available a Funding in respect of the Class A1 Revolving Notes held by such Class A1 Revolving Noteholder in accordance with the terms of a Funding Request;

Revolving Note Interest Period means, in respect of a Funding relating to a Class A1 Revolving Note during the Reinvestment Period, each period from (and including) a Revolving Note Payment Date to (but excluding) the next Revolving Note Payment Date provided that the first Revolving Note Interest Period shall be the period from (and including) the Funding Date relating to that Funding to (but excluding) the next following Revolving Note Payment Date and the last Revolving Note Interest Period shall end on (but exclude) the last day of the Reinvestment Period or the Redemption Date in respect of that Class A1 Revolving Note (if earlier);

Revolving Note Payment Date has the meaning given to that term in Condition 6(a)(ii);

Revolving Note Rate of Interest means, in respect of a Revolving Note Interest Period, the sum of EURIBOR for that Revolving Note Interest Period and the Class A1 Margin as determined pursuant to Condition 6(e);

Revolving Note Repayment Amount means, in respect of a Revolving Note Repayment Date, the amount to be repaid in respect of the Class A1 Revolving Notes as set out in the relevant Revolving Note Repayment Notice;

The **Revolving Note Repayment Conditions** shall be satisfied on any Revolving Note Determination Date if (a) no Funding Request has been made in respect of the Class A1 Revolving Notes during the Revolving Note Due Period ending on that Revolving Note Determination Date, (b) the Collateral Manager, in its discretion acting on behalf of the Issuer, has given at least 2 Business Days notice to the Class A1 Revolving Noteholders in the form of a Revolving Note Repayment Notice of the amount to be repaid in respect of the Class A1 Revolving Notes on the next following Revolving Note Payment Date, such amount being no less than €1,000,000, and (c) in respect of a Revolving Note Determination Date which is also a Determination Date, the amount standing to the credit of the Principal Collection Account is at least equal to the amount required to be applied by the Issuer in accordance with items (A) and (B) of the Reinvestment Period Principal Proceeds Priority of Payments on the immediately following Revolving Note Payment Date; and in respect of a Revolving Note Determination Date which is not also a Determination Date, the amount standing to the credit of the Principal Collection Account is at least equal to the amount required to be applied by the Issuer in accordance with items (A) and (B) of the Reinvestment Period Revolving Note Principal Proceeds Priority of Payments on the immediately following Revolving Note Payment Date;

Revolving Note Repayment Notice means a notice in, or substantially in, the form set out in Schedule 12 to the Collateral Management Agreement;

S&P means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies and any successor thereto;

Sale Proceeds means all proceeds received as a result of sales of any part of the Portfolio pursuant to the Collateral Management Agreement, net of any out-of-pocket expenses, sales or transfer taxes of the Collateral Manager or the Trustee in connection with any such sale;

Secured Parties means the Trustee, the Noteholders, the Couponholders, the Agents, the Collateral Manager, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider and the Notes Placement Agent, each being a **Secured Party**;

Securities Act means the U.S. Securities Act of 1933, as amended;

Senior Collateral Management Fee means the fee payable to the Collateral Manager on each Payment Date pursuant to the Collateral Management Agreement equal to 0.1 per cent. per annum of the average daily Aggregate Principal Balance of all the Collateral Debt Securities during the Due Period preceding such Payment Date plus any value added tax imposed, levied or assessed thereon and payable by the Collateral Manager, as such fee may be amended with the approval of the Controlling Class and subject to satisfaction of the Rating Agency Condition, if a successor Collateral Manager is appointed;

shortfall has the meaning given to that term in Condition 4(b);

Stated Maturity means in respect of the Senior Notes, the Payment Date falling in November 2054, and in respect of the Mezzanine Notes and the Subordinated Notes, the Payment Date falling in November 2095;

Subordinated Collateral Management Fee means the fee payable to the Collateral Manager on each Payment Date pursuant to the Collateral Management Agreement equal to 0.250 per cent. per annum of the average daily Aggregate Principal Balance of all the Collateral Debt Securities during the Due Period preceding such Payment Date plus any value added tax imposed, levied or assessed thereon and payable by the Collateral Manager;

Subordinated Note Hurdle Return Amount means the amount of all cash flows that would need to have been received by the Subordinated Noteholders in respect of the Subordinated Notes such that the Subordinated Noteholders would obtain an internal rate of return equal to 7.75 per cent. per annum as determined by the Collateral Administrator;

Talonholders means the holders from time to time of the Talons;

Talons means the bearer talons in or substantially in the form set out in Schedule 6 to the Trust Deed and exchangeable in accordance with the Conditions for further Coupons and/or talons or, where the context so requires, a specific number of them;

TARGET has the meaning given to that term in Condition 8(d);

TARGET Day has the meaning given to that term in Condition 8(d);

Temporary Global Bearer Note means, in respect of each Class of Bearer Notes, the temporary global bearer note for that Class of Bearer Notes in or substantially in the form set out in Schedule 2 to the Trust Deed;

Test Date means each of (i) the date falling six months following the Closing Date or, if such date is not a Business Day, the following Business Day and (ii) the date falling three months following the date in (i) or if such a day is not a Business Day, the following Business Day;

Total Redemption Amount has the meaning given to that term in Condition 7(j);

Transaction Creditors means each of the Secured Parties and any other Person to whom the Issuer owes any obligation or amount from time to time;

Transfer Certificate means a certificate of transfer in the form set out in Part B of Schedule 9 to the Trust Deed duly executed by the transferor;

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 of England and Wales or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

Trust Officer means, when used with respect to a bank or trust company or Trust Corporation acting as a trustee of an express trust or a custodian (and including the Trustee) any officer authorised to act for and on behalf of such trustee, including any vice president, assistant vice president or other officer of such trustee customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred at the corporate trust office because of such person's knowledge of and familiarity with the particular subject;

Underlying Instrument means the trust deed, indenture or any other agreement pursuant to which the Collateral Debt Securities have been issued or created and each other agreement that governs the terms of the obligations represented by such Collateral Debt Securities or of which the holders of such Collateral Debt Securities are beneficiaries;

Uninvested Proceeds means, at any time, the net proceeds received by the Issuer from the issuance of the Notes or in respect of Fundings, in each case, standing to the credit of the Uninvested Proceeds Account;

Uninvested Proceeds Account means the account designated the Uninvested Proceeds Account with the Account Bank and established in the name of the Issuer with account number 40191664 and any replacement account for such account; and

Withholding Tax Event has the meaning given to that term in Condition 7(i).

2. Form, Denomination, Funding Requests, Title, Transfer, Registration and Exchange of Notes

(a) Form

Each Class of Bearer Notes (other than the Class A1 Delayed Draw Notes before the Class A1 Consolidation Date) will be issued in bearer form and will initially be represented by interests in a Temporary Global Bearer Note, without Coupons or Talons attached, which will be deposited with a common depository for Euroclear and Clearstream, Luxembourg on or about the Closing Date. Interests in each Temporary Global Bearer Note are exchangeable on and after the Exchange Date, upon certification of non-U.S. beneficial ownership, for interests in a Permanent Global Bearer Note, without Coupons or Talons attached, representing the same Class of Bearer Notes. The Class A1 Delayed Draw Notes will be issued in definitive registered form and on the Class A1 Consolidation Date exchanged for interests in a Permanent Global Bearer Note or, if Definitive Bearer Notes have been issued in respect of the Class A1 Term Notes, Definitive Bearer Notes, in each case subject to and in accordance with Condition 2(h).

Save in limited circumstances, Definitive Bearer Notes will not be issued in exchange for the Global Bearer Notes. In the event that Definitive Bearer Notes are so issued, a Definitive Bearer Note in bearer form will be issued to each Noteholder in respect of such Noteholder's holding of Bearer Notes. Each such Definitive Bearer Note will be serially numbered and will have Coupons and, if applicable, Talons attached.

Each Class of Registered Notes will be issued in definitive registered form. Each Registered Note will have an identifying number which will be recorded in the Register.

(b) Denomination

Each Class of Notes (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) will be issued in minimum denominations of €500,000 and integral multiples of €1,000 above that amount.

The Class A1 Revolving Notes will be issued initially in a single denomination of €30,000,000. With effect from the Payment Date falling on or after the expiry of the Reinvestment Period, the Class A1 Revolving Notes will be subdivided into minimum denominations of €500,000 and integral multiples of €1,000 above that amount.

The Class A1 Delayed Draw Notes will be issued in a single denomination of €81,000,000. Following the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be subdivided into minimum denominations of €500,000 and integral multiples of €1,000 above that amount and be treated by the Issuer as identical in all respects as the Class A1 Term Notes.

Each Note (other than each Class A1 Revolving Note and each Class A1 Delayed Draw Note) will be issued on the Closing Date fully paid up. Each Class A1 Revolving Note and each Class A1 Delayed Draw Note will be issued on the Closing Date paid up as to €1.

(c) *Funding Requests - Delayed Draw Notes*

The holder for the time being of the Class A1 Delayed Draw Note agrees to pay to the Issuer the amounts from time to time specified in any Funding Request up to an aggregate amount not exceeding the Class A1 Delayed Draw Notes Commitment on the terms and subject to the conditions set out in the Class A1 Notes Purchase Agreement.

If on the Delayed Draw Notes Final Funding Date the Class A1 Delayed Draw Notes Commitment Amount is greater than zero and on that date conditions (ii) and (iii) below are satisfied, the Class A1 Delayed Draw Noteholder shall pay to the Issuer's Uninvested Proceeds Account an amount in cleared funds equal to the Class A1 Delayed Draw Notes Commitment Amount. Such payment shall be treated as a Funding for all purposes until the Class A1 Consolidation Date.

The Collateral Manager (acting on behalf of the Issuer) shall be entitled at any time to instruct the Collateral Administrator to issue one or more Funding Requests to the holder for the time being of the Class A1 Delayed Draw Note for the purpose of using the proceeds thereof to purchase Collateral Debt Securities provided that, at the time of giving such instructions to make any such Funding Request, the following conditions are satisfied:

- (i) the Delayed Draw Notes Final Funding Date has not occurred;
- (ii) no Event of Default or Potential Event of Default is continuing;
- (iii) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the relevant Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Notes or the Class A1 Revolving Notes);
- (iv) the sum of the cash in the Principal Collection Account and the Uninvested Proceeds Account does not exceed €10 million.

For the avoidance of doubt, all instructions and related correspondence between the Collateral Manager and the Collateral Administrator in respect of the Funding Requests to Class A1 Delayed Draw Noteholders must be sent by email only. Such correspondence must only be filed electronically and no physical record or print out shall be made in the Republic of Austria.

No Funding requested in respect of the Class A1 Delayed Draw Notes shall exceed the Class A1 Delayed Draw Notes Commitment Amount or be for an amount less than €500,000 and any Funding in excess thereof shall be in integral multiples of €500,000. Each Funding Request shall be substantially in the form set out in Schedule 1 to the Class A1 Notes Purchase Agreement, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Collateral Manager and signed by the Collateral Administrator acting on behalf of the Issuer. All Funding Requests shall be copied to the Trustee. On the fifth Business Day after receipt of a Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Notes Purchase Agreement, the Class A1 Delayed Draw Noteholder shall pay the amount specified in such Funding Request to the Uninvested Proceeds Account in cleared funds.

In consideration of the Class A1 Delayed Draw Noteholder's commitment, on each Payment Date up to (and including) the Class A1 Consolidation Date, the Issuer shall pay to the Class A1 Delayed Draw Noteholder the Class A1 Delayed Draw Notes Commitment Fee.

(d) *Funding Requests - Revolving Notes*

The holder for the time being of the Class A1 Revolving Note agrees to pay to the Issuer the amounts from time to time specified in any Funding Request up to an aggregate amount not exceeding the Class A1 Revolving Notes Commitment on the terms and subject to the conditions set out in the Class A1 Notes Purchase Agreement.

The Collateral Manager (acting on behalf of the Issuer) shall be entitled at any time to instruct the Collateral Administrator to issue one or more Funding Requests to the holder for the time being of the Class A1 Revolving Note for the purpose of using the proceeds thereof to purchase Collateral Debt Securities provided that, at the time of giving such instructions to make any such Funding Request, the following conditions are satisfied:

- (i) no Event of Default or Potential Event of Default is continuing;
- (ii) the Reinvestment Period has not terminated and will not have terminated within 5 Business Days;
- (iii) (A) the Class A1 Delayed Draw Notes Commitment Amount less (B) the aggregate of all amounts which the Class A1 Delayed Draw Noteholder, in breach of its obligations to the Issuer, has failed to pay pursuant to a Funding Request is equal to zero;
- (iv) the Collateral Manager, acting in a commercially reasonable manner, determines that the Coverage Tests are satisfied and will continue to be satisfied upon the Issuer's receipt of the relevant Funding (after taking account of any Funding requested but not yet made at that time in respect of the Class A1 Delayed Draw Notes or the Class A1 Revolving Notes); and
- (v) the sum of the cash in the Principal Collection Account and the Uninvested Proceeds Account does not exceed €10 million.

For the avoidance of doubt, all instructions and related correspondence between the Collateral Manager and the Collateral Administrator in respect of the Funding Requests to Class A1 Revolving Noteholders must be sent by email only. Such correspondence must only be filed electronically and no physical record or print out shall be made in the Republic of Austria.

No Funding requested in respect of the Class A1 Revolving Notes shall exceed the Class A1 Revolving Notes Commitment Amount or be for an amount less than €1 million and any Funding in excess thereof shall be in integral multiples of €1 million. Each Funding Request shall be substantially in the form set out in Schedule 1 to Class A1 Notes Purchase Agreement, duly completed, specifying the amount of the Funding required and the other matters referred to therein in accordance with the instructions of the Collateral Manager, and signed by the Collateral Administrator acting on behalf of the Issuer. All Funding Requests shall be copied to the Trustee. On the fifth Business Day after receipt of a Funding Request duly completed and delivered in accordance with the provisions of the Class A1 Notes Purchase Agreement, the Class A1 Revolving Noteholder shall pay the amount specified in such Funding Request to the Uninvested Proceeds Account in cleared funds.

In consideration of the Class A1 Revolving Noteholder's commitment, on each Payment Date up to (and including) the Payment Date following the expiry of the Reinvestment Period, the Issuer shall pay to the Class A1 Revolving Noteholder the Class A1 Revolving Notes Commitment Fee.

Pursuant to the Class A1 Notes Purchase Agreement, each of the Class A1 Delayed Draw Noteholder and the Class A1 Revolving Noteholder shall indemnify and hold harmless the Issuer, its agents and directors in respect of any liability, damages, cost, loss or expense (including, without limitation, legal fees, costs and expenses) incurred as a result of a failure by it to pay an amount to the Issuer pursuant to

the provisions of the Class A1 Notes Purchase Agreement. The Issuer shall not be obliged to take any action in respect of a failure by any Noteholder to provide a Funding as required pursuant to a Funding Request.

(e) *Title and Transfer*

Title to the Global Bearer Notes will pass by delivery. The holder of any Global Bearer Note may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Trustee and the Paying Agents as the absolute owner of that Global Bearer Note for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Trustee and the Paying Agents shall be liable for treating such person as the holder.

For as long as the relevant Notes are held in Euroclear or Clearstream, interests in a Global Bearer Note will be shown on, and transfers thereof will only be effected through, the records maintained by Euroclear or Clearstream, Luxembourg, as the case may be, and their respective participants, and in accordance with the rules and procedures of Euroclear and Clearstream, Luxembourg from time to time. For so long as any of the Bearer Notes are represented by a Global Bearer Note held on behalf of Euroclear or Clearstream, Luxembourg (as the case may be), each person (other than another Clearing System) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular principal amount of such Bearer Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the principal amount of such Bearer Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such principal amount of such Bearer Notes (and references to **holding of Notes** shall be construed accordingly) for all purposes other than with respect to payments of principal or interest on such principal amount of such Bearer Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the Common Depository as bearer of the Global Bearer Notes. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Common Depository as bearer of the Global Bearer Notes.

Title to the Definitive Bearer Notes, Coupons and Talons will pass by delivery. The holder of any Definitive Bearer Note, Coupon or Talon may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times, by all persons and for all purposes, including the making of any payments in respect of the Definitive Bearer Notes, as the absolute owner of that Definitive Bearer Note, Coupon or Talon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for treating such holder as absolute owner of that Definitive Bearer Note. Each Couponholder and Talonholder (whether or not the Coupon or Talon is attached to the relevant Definitive Bearer Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Definitive Bearer Note.

Subject as provided below, title to the Registered Notes will pass by registration in the Register. The person shown in the Register as the registered holder of any Registered Note may (except as ordered by a court of competent jurisdiction or otherwise required by law) be treated at all times by the Issuer, the Trustee and the Paying Agents as the absolute owner of that Registered Note for the purposes of making payments thereon (regardless of any notice of ownership, trust or other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and none of the Issuer, the Trustee and the Paying Agents shall be liable for treating such person as the holder.

Registered Notes may, subject to the provisions of the Trust Deed and of the Agency Agreement, be transferred by the registered holder by delivery of a duly completed and signed Transfer Certificate (such Transfer Certificate being available from the specified office of the Registrar) and upon compliance with such reasonable requirements as the Issuer and the Registrar may prescribe without charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer and surrender by the transferor of the relevant Certificate. No transfer of a Class A1 Delayed Draw Note may be registered in the name of a holder unless the Issuer first receives a certification of

such holder's non-U.S. beneficial ownership. No transfer of a Registered Note shall be recognised by the Issuer unless entered on the Register. The Registrar will within 14 days of any duly made request to register the transfer of a Registered Note and surrender by the transferor of the relevant Certificate enter the transferee in the Register and procure the authentication and delivery by the Principal Paying Agent of a Registered Note certificate (a *Certificate*) to the transferee (and, in the case of transfer of part only of a Registered Note, a Certificate for the untransferred balance to the transferor) at the specified office of the Registrar, or (at the risk and, if mailed at the request of the transferee or, as appropriate, the transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, the transferor) mail the Certificate to such address as the transferee (or, as appropriate, the transferor) may request or, alternatively, in the case of transfers effected through the Irish Stock Exchange, deliver the Certificate in accordance with the normal procedures and systems of such exchange.

Prior to the expiry of the Reinvestment Period, it is a condition to the registration of any potential transferee as holder of the Class A1 Revolving Notes that the transferee, the Class A1 Revolving Noteholder, the Issuer and the Trustee sign the Transfer Certificate pursuant to which the new Class A1 Revolving Noteholder assumes all the obligations of the transferor under the Class A1 Notes Purchase Agreement. At any one time during the Reinvestment Period, there may not be more than one holder of the Class A1 Revolving Notes.

Prior to the Class A1 Consolidation Date, it is a condition to the registration of any potential transferee as holder of the Class A1 Delayed Draw Notes that the transferee, the Class A1 Delayed Draw Noteholder, the Issuer and the Trustee sign the Transfer Certificate pursuant to which the new Class A1 Delayed Draw Noteholder assumes all the obligations of the transferor under the Class A1 Notes Purchase Agreement. At any one time up to (and including) the Class A1 Consolidation Date, there may not be more than one holder of the Class A1 Delayed Draw Notes.

(f) *Registration*

The Issuer will cause to be kept a register (the *Register*) on which shall be entered the names and addresses of the holders from time to time of the Registered Notes, together with the particulars of the Registered Notes held by them and of all transfers of Registered Notes. The Register shall be kept at the specified office of the Registrar so long as such specified office is outside the United Kingdom or at such other location outside the United Kingdom as the Issuer, the Registrar and the Trustee may agree. The Issuer reserves the right, with the approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and to appoint another Registrar. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof. Notice of such variation or termination of appointment and any change in the specified office of the Registrar shall be given to the Noteholders in accordance with Condition 15.

No Noteholder may require the transfer of a Registered Note to be registered during the period of 15 days ending on the due date for redemption (in full) of the Registered Notes or during the period from (and including) the Record Date to (and including) any Payment Date and, in respect of the Class A1 Revolving Notes, any Revolving Note Payment Date.

(g) *Exchange of Interests in Global Bearer Notes for Definitive Bearer Notes*

Interests in a Global Bearer Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes only upon the occurrence of an Exchange Event. Such Definitive Bearer Notes will be serially numbered and in bearer form with Coupons and Talons attached on issue. The Definitive Bearer Notes, Coupons and Talons will be security printed in accordance with applicable legal and stock exchange requirements and shall be endorsed with these Conditions. For these purposes, *Exchange Event* means that (i) the Issuer has been notified by the Trustee or any Agent that either Euroclear or Clearstream, Luxembourg, as the case may be, has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative clearing system acceptable to the Trustee is available or (ii) the Issuer becomes subject to a

Withholding Tax Event as provided for in Condition 7(i) which would not be required were the Definitive Bearer Notes issued in exchange for interests in a Global Bearer Note and a certificate to such effect is given by the Issuer to the Trustee.

(h) *Consolidation of the Class A1 Delayed Draw Notes and the Class A1 Term Notes*

On the Class A1 Consolidation Date, (a) if the Class A1 Term Notes are then represented by a Global Bearer Note, the Principal Paying Agent shall mark-up the aggregate Principal Amount Outstanding of the Global Bearer Note representing both the Class A1 Term Notes and the Class A1 Delayed Draw Notes by an amount equal to the aggregate Principal Amount Outstanding of the Class A1 Delayed Draw Notes recorded in the Register on that date but prior to the Registrar making the entries in the Register referred to in paragraph (c) below, (b) if Definitive Bearer Notes have then been issued in respect of the Class A1 Term Notes, the Principal Paying Agent shall deliver to the Class A1 Delayed Draw Noteholders Definitive Bearer Notes in respect of the Class A1 Delayed Draw Notes in an aggregate amount equal to the aggregate Principal Amount Outstanding of the Class A1 Delayed Draw Notes recorded in the Register on that date but prior to the Registrar making the entries in the Register referred to in paragraph (c) below, and (c) the Registrar, at the same time the Principal Paying Agent marks-up the aggregate Principal Amount Outstanding of the Global Bearer Note representing both the Class A1 Term Notes and the Class A1 Delayed Draw Notes or delivers to the Class A1 Delayed Draw Noteholders Definitive Bearer Notes in respect of the Class A1 Delayed Draw Notes as contemplated by paragraphs (a) and (b) above, shall write down the principal amount of the Class A1 Delayed Draw Notes recorded in the Register to zero and require the Class A1 Delayed Draw Noteholders to surrender the relevant Certificates. Accordingly, on the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be consolidated with, and be treated by the Issuer as identical in all respects as, the Class A1 Term Notes.

3. Status

(a) *Status*

The Notes of each Class and the Coupons constitute direct, general, secured, unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 4(b). The Notes of each Class and the Coupons are secured in the manner described in Condition 4 and, within each Class, the Notes shall at all times rank *pari passu* and without any preference amongst themselves. The Notes and the Coupons are constituted by the Trust Deed and secured by the Trust Deed and the Euroclear Pledge Agreement. Each Class of Notes and the Coupons are secured by the same security.

(b) *Pre-Enforcement Priorities of Payments*

(i) *Application of Interest Proceeds on Payment Dates*

On the Business Day prior to each Payment Date, (a) Interest Proceeds held in the Interest Collection Account on the related Determination Date shall be transferred to, (b) only if payments are due under paragraphs (H), (K), (N) or (O) below on the relevant Payment Date, the Uninvested Proceeds held in the Uninvested Proceeds Account on the related Determination Date shall be transferred to, and (c) solely for the purpose of making the payments referred to in paragraphs (A) to (G) (inclusive) below and, up to (and including) the Payment Date falling in November 2005, paragraphs (I), (J), (L) and (M) below any Liquidity Drawing made available to the Issuer on that Business Day in accordance with the terms of the Liquidity Facility Agreement shall be deposited into, the Payment Account and, in each such case, on such Payment Date, will be applied in the following order of priority (the ***Interest Proceeds Priority of Payments***):

- (A) to the payment, on a *pari passu* and *pro rata* basis, of (i) taxes owing by the Issuer to any tax authority, if any, including any value added tax payable in respect of the Collateral Management Fee or the Placement Instalment (payable by the Issuer to the relevant tax authority and not to any other Person), and (ii) the fees or other

remuneration and indemnity payments (if any) payable to the Trustee and any costs, charges, liabilities and expenses incurred by it for which it is entitled to be reimbursed or indemnified under the Trust Deed (together with any interest and any value added tax thereon);

- (B) to the payment, on a *pari passu* and *pro rata* basis, of (i) any Administrative Expenses up to an amount not exceeding the Administrative Expenses Cap, and (ii) any Placement Instalment payable to the Notes Placement Agent under the Notes Placement Agreement or the Class A1 Notes Purchase Agreement;
- (C) to the payment, on a *pari passu* and *pro rata* basis, of (i) all amounts due to the Hedge Counterparty under any Collateral Hedge Swap to the extent not paid out of the relevant Currency Account during the preceding Due Period, or if the Hedge Agreement has been terminated (in whole or in part), all amounts due as a result of the termination (or partial termination) of such Hedge Agreement other than amounts due as a result of a Priority Hedge Termination Event and (ii) all amounts due to the Liquidity Facility Provider under the Liquidity Facility Agreement;
- (D) to the payment of the Senior Collateral Management Fee due in respect of the relevant Due Period and any accrued but unpaid Senior Collateral Management Fee in respect of previous Due Periods;
- (E) to the payment, on a *pari passu* and *pro rata* basis, of (i) the accrued and unpaid interest on the Class A1 Notes or any Funding relating thereto, (ii) the accrued and unpaid Class A1 Revolving Notes Commitment Fee, and (iii) the accrued and unpaid Class A1 Delayed Draw Notes Commitment Fee;
- (F) to the payment of the accrued and unpaid interest on the Class A2 Notes;
- (G) to the payment of the accrued and unpaid interest on the Class B Notes;
- (H) in respect of any Payment Date falling on or after the Ramp-Up Effective Date, if any of the Class B Coverage Tests is not satisfied on the relevant Determination Date, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis, in the case of the Class B Overcollateralisation Ratio Test, to the extent necessary to cause the Class B Overcollateralisation Ratio Test to be satisfied and, in the case of the Class B Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class B Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the previous Payment Date;
- (I) to the payment of accrued and unpaid interest on the Class C Notes (other than Class C Deferred Interest);
- (J) to the payment of accrued and unpaid Class C Deferred Interest and interest on such Class C Deferred Interest under the Class C Notes;
- (K) in respect of any Payment Date falling on or after the Ramp-Up Effective Date, if any of the Class C Coverage Tests is not satisfied on the relevant Determination Date, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis, in the case of the Class C Overcollateralisation Ratio Test, to the extent necessary to cause the Class C Overcollateralisation Ratio Test to be satisfied and, in the case of the Class C Interest

Coverage Ratio Test, to the extent of the amount that would have caused the Class C Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the previous Payment Date;

- (L) to the payment of accrued and unpaid interest on the Class D Notes (other than Class D Deferred Interest);
- (M) to the payment of accrued and unpaid Class D Deferred Interest and interest on such Class D Deferred Interest under the Class D Notes;
- (N) in respect of any Payment Date falling on or after the Ramp-Up Effective Date, if any of the Class D Coverage Tests is not satisfied on the relevant Determination Date, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, in the case of the Class D Overcollateralisation Ratio Test, to the extent necessary to cause the Class D Overcollateralisation Ratio Test to be satisfied and, in the case of the Class D Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class D Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the previous Payment Date;
- (O) in the event of the occurrence of the Rating Withdrawal, unless each Rating Agency has confirmed in writing that each such rating has been reinstated, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, in each case, until fully redeemed or, if earlier, until the Rating Agencies confirm that each such rating is reinstated;
- (P) to the payment of the Subordinated Collateral Management Fee due in respect of the relevant Due Period and any accrued but unpaid Subordinated Collateral Management Fee in respect of previous Due Periods;
- (Q) to the payment, on a *pari passu* and *pro rata* basis, of (i) any Administrative Expenses to the extent not paid under paragraph (B)(i), and (ii) in respect of any Payment Date other than the Final Payment Date, to the payment to the Expense Account of such an amount that the amount on deposit in the Expense Account (after giving effect to such deposit), together with the amount paid on that Payment Date under paragraph (B)(i), will equal the Administrative Expenses Cap;
- (R) to the payment of all amounts due to the Hedge Counterparty under the Hedge Agreement pursuant to an early termination (or partial termination) of the Hedge Agreement as a result of a Priority Hedge Termination Event;
- (S) if the Interest Diversion Test is not satisfied, 50 per cent. of the remaining Interest Proceeds shall, to the extent necessary to cause the Interest Diversion Test to be satisfied, be deposited into the Principal Collection Account to be used for the purchase of additional Collateral Debt Securities;
- (T) at the direction in writing by the holders of 100 per cent. of the Aggregate Principal Amount Outstanding of the Subordinated Notes, such amount of the remaining

Interest Proceeds as is specified in such direction shall be deposited into the Principal Collection Account to be used for the purchase of additional Collateral Debt Securities;

- (U) 20 per cent. of the remaining Interest Proceeds shall be deposited into the Reserved Collateral Management Fee Account to be applied on the Final Payment Date as Principal Proceeds subject to and in accordance with the Post-Reinvestment Period Principal Proceeds Priority of Payments;
- (V) to the payment of an Interest Amount on the Subordinated Notes but only until the Annual Subordinated Note Cap has been reached; and
- (W) once the Annual Subordinated Note Cap has been reached, the remaining Interest Proceeds shall be deposited into the Principal Collection Account for the purchase of additional Collateral Debt Securities.

(ii) *Application of Interest Proceeds on Revolving Note Payment Dates*

On the Business Day prior to each Revolving Note Payment Date which is not a Payment Date and which falls during the Reinvestment Period, subject to no Enforcement Notice being outstanding on such day and the Coverage Tests being satisfied on the preceding Revolving Note Determination Date, Interest Proceeds held in the Interest Collection Account on the related Revolving Note Determination Date shall be transferred to, and any Liquidity Drawing made available to the Issuer in respect of the Revolving Note Payment Date in accordance with the terms of the Liquidity Facility Agreement shall be deposited into, the Payment Account in an amount necessary to pay, and, on such Revolving Note Payment Date, will be applied to the payment of, accrued and unpaid interest on the Class A1 Revolving Notes or any Funding relating thereto.

(iii) *Application of Principal Proceeds on Payment Dates*

On the Business Day prior to each Payment Date falling before the end of the Reinvestment Period, Principal Proceeds held in the Principal Collection Account on the related Determination Date shall be transferred to the Payment Account and, on such Payment Date, will be applied in the following order of priority (the ***Reinvestment Period Principal Proceeds Priority of Payments***):

- (A) to the payment of amounts referred to in paragraphs (A) to (P) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder; and
- (B) (i) in the event that the Revolving Note Repayment Conditions are satisfied, to redeem the Class A1 Revolving Notes on a *pro rata* basis in an amount not less than €1,000,000 and not exceeding the Revolving Note Repayment Amount provided that a principal amount of €1 for each Class A1 Revolving Note shall be kept outstanding until the earlier of the last day of the Reinvestment Period and the date on which all Class A1 Notes are redeemed in full; or (ii) in the event that the Revolving Note Repayment Conditions are not satisfied, to be retained in the Principal Collection Account pending reinvestment in additional Collateral Debt Securities at a later date.

On the Business Day prior to each Payment Date falling after the end of the Reinvestment Period, Principal Proceeds held in the Principal Collection Account on the related Determination Date (and, in respect of the Final Payment Date, amounts (if any remaining) held in the Reserved Collateral Management Fee Account on the Business Day preceding the Final Payment Date) shall be transferred to the Payment Account and, on such Payment Date, will be applied in the following order of priority (the ***Post-Reinvestment Period Principal Proceeds Priority of Payments***):

- (A) to the payment of amounts referred to in paragraphs (A) to (E) of the Interest Proceeds Priority of Payments, but only to the extent not paid in full thereunder;
- (B) to redeem the Class A1 Notes on a *pro rata* basis until the Class A1 Notes have been redeemed in full;
- (C) to the payment of the accrued and unpaid interest on the Class A2 Notes;
- (D) to redeem the Class A2 Notes on a *pro rata* basis until the Class A2 Notes have been redeemed in full;
- (E) to the payment of the accrued and unpaid interest on the Class B Notes;
- (F) to redeem the Class B Notes on a *pro rata* basis until the Class B Notes have been redeemed in full;
- (G) to the payment of the accrued and unpaid interest on the Class C Notes (including any Class C Deferred Interest);
- (H) to redeem the Class C Notes on a *pro rata* basis until the Class C Notes have been redeemed in full;
- (I) to the payment of the accrued and unpaid interest on the Class D Notes (including any Class D Deferred Interest);
- (J) to redeem the Class D Notes on a *pro rata* basis until the Class D Notes have been redeemed in full;
- (K) to the payment of amounts referred to in paragraphs (P), (Q) and (R) of the Interest Proceeds Priority of Payments but only to the extent not paid in full thereunder;
- (L) to redeem the Subordinated Notes on a *pro rata* basis to an accumulated amount equal to 100 per cent. of the Principal Amount Outstanding of each Subordinated Note minus €1 (one euro) or until the Subordinated Note Hurdle Return Amount has been reached (if earlier);
- (M) to the payment of an Interest Amount on the Subordinated Notes until the Subordinated Note Hurdle Return Amount has been reached;
- (N) on the Final Payment Date only, to pay the Collateral Manager the Reserved Collateral Management Fee;
- (O) to first redeem the Subordinated Notes on a *pro rata* basis to an accumulated amount (together with all amounts paid under (L)) above equal to 100 per cent. of the Principal Amount Outstanding of each Subordinated Note minus, on each date other than the Final Payment Date, €1 (one euro);
- (P) to the payment of accrued and unpaid interest on the Subordinated Notes; and
- (Q) the balance, if any, to the Issuer.

(iv) *Application of Principal Proceeds on Revolving Note Payment Dates*

On the Business Day prior to each Revolving Note Payment Date which is not a Payment Date and which falls during the Reinvestment Period, subject to no Enforcement Notice being outstanding on such day and the Coverage Tests being satisfied on the preceding Revolving Note Determination Date, Principal Proceeds held in the Principal Collection Account on the related Revolving Note Determination Date shall be transferred to the Payment Account to the

extent necessary to pay the amounts referred to below and, on such Revolving Note Payment Date, will be applied in the following order of priority (the ***Reinvestment Period Revolving Note Principal Proceeds Priority of Payments*** and, together with the Reinvestment Period Principal Proceeds Priority of Payments and the Post-Reinvestment Period Principal Proceeds Priority of Payments, the ***Principal Proceeds Priority of Payments***):

- (A) to the payment of amounts referred to in Condition 3(b)(ii) but only to the extent not paid in full thereunder; and
- (B) in the event that the Revolving Note Repayment Conditions are satisfied, to redeem the Class A1 Revolving Notes on a *pro rata* basis in an amount not less than €1,000,000 and not exceeding the Revolving Note Repayment Amount provided that a principal amount of €1 for each Class A1 Revolving Note shall be kept outstanding until the earlier of the last day of the Reinvestment Period and the date on which all Class A1 Notes are redeemed in full.

(c) *Payments to be made outside the United States*

In the case of all Notes other than the Class A1 Revolving Notes, the Paying Agents shall make all payments on the Notes only outside the United States and its possessions, and shall make no payment of interest in respect of any Note represented by a Temporary Global Bearer Note unless the Issuer first receives a certification of non-U.S. beneficial ownership (substantially in the form set out in Exhibit 1 to Schedule 2 of the Trust Deed). In the case of the Class A1 Delayed Draw Notes, the Issuer shall receive a certification of non-U.S. beneficial ownership (substantially in the form set out in Exhibit 1 to Schedule 7 of the Trust Deed) prior to the delivery of any Class A1 Delayed Draw Note on the Closing Date.

(d) *Non-payment of Amounts*

Save in the case of non-payment in full of (i) the principal amount of any Class of Notes on any Redemption Date, and (ii) any interest due and payable in respect of the Senior Notes on any Payment Date or in respect of the Class A1 Revolving Notes on any Revolving Note Payment Date, so long as any Senior Notes are Outstanding, failure on the part of the Issuer to pay any of the amounts referred to in Condition 3(b), solely by reason of the fact that there are insufficient funds standing to the credit of the Interest Collection Account or the Principal Collection Account, as the case may be, shall not constitute an Event of Default pursuant to Condition 10.

(e) *Determination and Payment of Amounts*

The Collateral Administrator will, in consultation with the Account Bank and the Collateral Manager, on each Determination Date and each Revolving Note Determination Date calculate the amounts payable on the immediately following Payment Date or Revolving Note Payment Date, as the case may be, pursuant to Condition 3(b).

(f) *De Minimis Amounts*

The Collateral Administrator may, in consultation with the Collateral Manager, adjust the amounts required to be applied in payment of interest and/or principal on each Class of Notes from time to time pursuant to Condition 3(b) so that the amount to be so applied in respect of any Note is a whole amount, not involving any part of a euro.

(g) *Publication of Amounts*

The Collateral Administrator will cause details of the amounts of interest and principal to be paid, and any amounts of interest payable but not paid, the Principal Amount Outstanding and the amount of each outstanding Funding in respect of the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes on each Payment Date or Revolving Note Payment Date, as the case may be, in respect of the Notes to be notified to the Trustee, each Paying Agent, the Collateral Manager, the Registrar and, so

long as any of the Notes are listed on the Irish Stock Exchange, and the rules of that exchange so require, the Irish Stock Exchange, by no later than 11.00 a.m. (London time) on the Business Day following the applicable Determination Date or Revolving Note Determination Date, as the case may be, and the Principal Paying Agent shall procure that details of such amounts are notified to the Noteholders of each Class in accordance with Condition 15 as soon as possible after notification thereof to the Principal Paying Agent in accordance with the above but in no event later than (to the extent applicable) the second Business Day following the applicable Determination Date or Revolving Note Determination Date, as the case may be.

(h) *Notifications to be Final*

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition will (in the absence of manifest error) be binding on the Issuer, the Collateral Manager, the Collateral Administrator, the Trustee, the Paying Agents, the Registrar, all Noteholders and all Couponholders and (in the absence of manifest error as referred to above) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Collateral Manager or the Collateral Administrator in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

4. Security

(a) *Security*

Pursuant to the Trust Deed and the Euroclear Pledge Agreement, the obligations of the Issuer under the Notes and each Transaction Document are secured in favour of the Trustee for itself and the Secured Parties. Pursuant to the Euroclear Pledge Agreement, the Issuer shall pledge in favour of the Trustee all its entitlement to the cash and securities held in designated accounts with Euroclear as security for such obligations. The assets and rights in respect of which security is created under the Trust Deed and the Euroclear Pledge Agreement are together referred to as the *Mortgaged Property*.

All deeds, documents, assignments, instruments, bonds, notes, negotiable instruments, papers and any other instruments comprising, evidencing, representing and/or transferring to the Issuer the Portfolio will be deposited with or held by or on behalf of the Custodian until the security over such obligations is irrevocably discharged in accordance with the provisions of the Trust Deed. In the event that the short-term senior unsecured debt rating of the Custodian or the Account Bank is downgraded to below the Required Rating or withdrawn, the Issuer shall use reasonable endeavours to procure that a replacement Custodian or Account Bank, as the case may be, with the Required Rating and who is acceptable to the Trustee is appointed in accordance with the provisions of the Agency Agreement.

(b) *Limited Recourse*

If the net proceeds of realisation of the security constituted by the Trust Deed and the Euroclear Pledge Agreement upon enforcement thereof, in accordance with Condition 11 and the provisions of the Trust Deed and the Euroclear Pledge Agreement, are less than the aggregate amount payable in such circumstances by the Issuer in respect of the Notes or the Coupons and to the other Transaction Creditors (such negative amount being referred to herein as a *shortfall*), the obligations of the Issuer in respect of the Notes of each Class and the Coupons and its obligations to the other Transaction Creditors in such circumstances will be limited to such amount of the net proceeds which shall be applied in accordance with the Enforcement Priority of Payments. In such circumstances the other assets (if any) of the Issuer will not be available for payment of such shortfall which shall be borne by the Transaction Creditors in accordance with the Enforcement Priority of Payments (applied in reverse order), and the rights of the Transaction Creditors to receive any further amounts in respect of such obligations shall be extinguished and none of the Noteholders, the Couponholders or the other Transaction Creditors may take any further action to recover such amounts. None of the Transaction Creditors (nor any other person acting on behalf of any of them) shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any Insolvency Proceedings in connection with any obligations of the Issuer relating to the Notes of any Class, the Coupons, the Trust Deed or otherwise owed to the Transaction Creditors, save for lodging a claim in the liquidation of the

Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

No Noteholder or other Transaction Creditor shall be entitled to exercise or claim any right of set-off or combination or lien in respect of any obligation owed to it by the Issuer or take any security interest or guarantee or other assurance therefor or take or do or omit to take or do any act or thing to prejudice or impair in any way the subordination contemplated by the Conditions or any other Transaction Document (unless expressly provided for under the terms hereof or of any other Transaction Document).

No recourse under any obligation, covenant, or agreement of the Issuer contained in the Conditions or any other Transaction Document shall be had against any shareholder, officer, agent, employee or director of the Issuer, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the Notes and the other Transaction Documents are corporate obligations of the Issuer. No personal liability shall attach to or be incurred by the shareholders, officers, agents, employees or directors of the Issuer, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the Conditions or any other Transaction Document, or implied therefrom, and any and all personal liability for breaches by the Issuer of any such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent, employee or director is hereby deemed expressly waived by the Noteholders.

(c) *Only Trustee to Act*

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, the Couponholders or of any of the other Secured Parties under the Trust Deed, the Euroclear Pledge Agreement, the Notes and the Coupons and no Noteholder, Couponholder or other Secured Party is entitled to proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period of time and such failure or neglect is continuing, in which case, a Noteholder duly authorised by holders of not less than 10 per cent. in aggregate of the Aggregate Principal Amount Outstanding of the Controlling Class may take such action as the Trustee has failed to perform, including, without limitation, giving an Enforcement Notice in accordance with Condition 10 and enforcing the security over the Mortgaged Property in place of the Trustee in accordance with Condition 11.

5. Covenants of and Restrictions on the Issuer

As more fully described in the Trust Deed, for so long as any of the Notes remains Outstanding, save as contemplated in the Transaction Documents, the Issuer covenants to the Trustee for the benefit of the Secured Parties that it will not, without the prior written consent of the Trustee and prior written notice to the Rating Agencies:

- (a) sell, factor, discount, transfer, assign, lend or otherwise dispose of any of its right, title or interest in or to the assets comprising the Mortgaged Property, nor will it create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over the assets comprising the Mortgaged Property;
- (b) sell, factor, discount, transfer, assign, lend or otherwise dispose of, nor create or permit to be outstanding any mortgage, pledge, lien, charge, encumbrance or other security interest over, any of its other property or assets or any part thereof or interest therein;
- (c) engage in any business other than:
 - (i) acquiring, holding and disposing of the assets comprised in the Mortgaged Property;
 - (ii) issuing and performing its obligations under the Notes and the Coupons;

- (iii) entering into, exercising its rights and performing its obligations under or enforcing its rights under the Transaction Documents and the other agreements ancillary thereto; or
- (iv) performing any act incidental to or necessary in connection with any of the above;
- (d) amend any term or Condition of the Notes of any Class;
- (e) agree to any amendment to any provision of or grant any waiver or consent under any Transaction Document or any other agreement ancillary thereto;
- (f) incur any indebtedness for borrowed money;
- (g) amend its constitutional documents;
- (h) have any subsidiaries;
- (i) have any employees;
- (j) enter into any reconstruction, amalgamation, merger or consolidation;
- (k) convey or transfer all or a substantial part of its properties or assets (in one or a series of transactions) to any person;
- (l) issue any shares nor redeem or purchase any of its issued share capital;
- (m) release from or terminate the appointment of any parties under the Transaction Documents;
- (n) enter into any lease in respect of, or own, premises; or
- (o) permit or consent to any of the following occurring:
 - (i) its books and records being maintained with or co-mingled with those of any other person or entity;
 - (ii) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;
 - (iii) its assets or revenues being co-mingled with those of any other person or entity; or
 - (iv) its business being conducted other than in its own name;

and, in addition and without limitation to the above, the Issuer shall or shall procure that, with respect to itself:

- (A) separate financial statements in relation to its financial affairs are maintained;
- (B) all corporate formalities with respect to its affairs are observed;
- (C) separate stationery, invoices and cheques are used;
- (D) it always holds itself out as a separate entity; and
- (E) any known misunderstandings regarding its separate identity are corrected as soon as possible.

6. Interest

- (a) *Payment Dates*

(i) Senior Notes, Mezzanine Notes and Subordinated Notes

Each of the Senior Notes (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes), the Mezzanine Notes and the Subordinated Notes bears interest from (and including) the Closing Date and such interest will be payable quarterly in arrear, on 4 February, May, August and November in each year in euro, commencing on 4 February, 2005, unless such day is not a Business Day, in which case interest shall be payable on the next succeeding Business Day (each such date a **Payment Date**).

(ii) Class A1 Revolving Notes

During the Reinvestment Period, each Funding in respect of the Class A1 Revolving Notes bears interest from (and including) the Funding Date in respect of such Funding and such interest will be payable monthly in arrear on the fourth day of each month in euro, unless such day is not a Business Day, in which case interest shall be payable on the next succeeding Business Day (each such date a **Revolving Note Payment Date**).

After the Reinvestment Period, each of the Class A1 Revolving Notes bears interest from (and including) the last day of the Reinvestment Period and such interest will be payable quarterly in arrear on each Payment Date in euro.

(iii) Class A1 Delayed Draw Notes

Up to (but excluding) the Class A1 Consolidation Date, each Funding in respect of the Class A1 Delayed Draw Notes bears interest from (and including) the Funding Date in respect of such Funding and such interest will be payable quarterly in arrear on each Payment Date in euro.

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes shall be consolidated with, and be treated by the Issuer as identical in all respects as, the Class A1 Term Notes and interest shall be payable in respect thereof as provided in Condition 6(a)(i).

(b) *Interest Accrual*

(i) Interest in respect of the Senior Notes (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes), the Mezzanine Notes and the Subordinated Notes shall accrue in respect of each Interest Period.

(ii) During the Reinvestment Period, interest in respect of each Funding in respect of the Class A1 Revolving Notes shall accrue in respect of each Revolving Note Interest Period. After the Reinvestment Period, interest in respect of each of the Class A1 Revolving Notes shall accrue in respect of each Interest Period.

(iii) Up to (but excluding) the Class A1 Consolidation Date, interest in respect of each Funding in respect of the Class A1 Delayed Draw Notes shall accrue in respect of each Funding Period. From (and including) the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes shall be consolidated with, and shall be treated by the Issuer as identical in all respects as, the Class A1 Term Notes and shall accrue interest thereon as indicated in Condition 6(b)(i).

(iv) Each of the Notes will cease to bear interest from and including its due date for redemption unless, upon due presentation or request for payment, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition 6 (both before and after judgment) until, but excluding, whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Trustee or the Principal Paying Agent has notified the Noteholders of such Class of Notes in accordance with Condition 15 of receipt of all sums due in respect of all the Notes of such Class up to that

seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

(c) *Deferral of Interest*

(i) Class C Deferred Interest

For so long as any of the Senior Notes remain Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class C Notes to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments. An amount of interest equal to any such amount (the ***Class C Deferred Interest***) which has not been paid on any Payment Date shall be deferred and shall itself bear interest in accordance with these Conditions from, and including, such date to, but excluding, the date on which it is paid.

(ii) Class D Deferred Interest

For so long as any of the Senior Notes and the Class C Notes remain Outstanding, the Issuer shall, and shall only be obliged to, pay any Interest Amount payable in respect of the Class D Notes to the extent that there are Interest Proceeds or Principal Proceeds available for payment thereof in accordance with the Priorities of Payments. An amount of interest equal to any such amount (the ***Class D Deferred Interest***) which has not been paid on any Payment Date shall be deferred and shall itself bear interest in accordance with these Conditions from, and including, such date to, but excluding, the date on which it is paid.

(d) *Payment of Class C Deferred Interest and Class D Deferred Interest*

The Class C Deferred Interest and the Class D Deferred Interest shall only become payable by the Issuer in accordance with Conditions 3(b)(i) and 3(b)(iii) to the extent that Interest Proceeds or Principal Proceeds are available to make such payment in accordance with the Priorities of Payments.

(e) *Interest on the Senior Notes and the Mezzanine Notes*

(i) The rate of interest from time to time in respect of the Senior Notes (including any Funding in respect of the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) and the Mezzanine Notes will be determined by the Calculation Agent on the following basis:

(A) On the Interest Determination Date relating to an Interest Period, a Revolving Note Interest Period or a Funding Period, as the case may be, the Calculation Agent will determine the EURIBOR rate for euro deposits of the Relevant Duration as at 11.00 am (Brussels time) on the relevant Interest Determination Date. Such offered rate will be that which appears on the display designated as page 248 on the Telerate Monitor (or such other page or service as may replace it for the purpose of displaying EURIBOR rates).

(B) If the offered rate so appearing is replaced by the corresponding rates of more than one bank then paragraph (A) shall be applied, with any necessary consequential changes, to the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the rates (being at least two) which so appear, as determined by the Calculation Agent. If for any other reason such offered rate does not so appear, or if the relevant page is unavailable, the Calculation Agent will request each of four major banks in the Euro-zone interbank market acceptable to the Collateral Manager acting in each case through its London office (the ***Reference Banks***) to provide the Calculation Agent with its offered quotation to leading banks for Euro deposits in the Euro-zone interbank market for the Relevant Duration as at 11.00 am (Brussels time) on the Interest Determination Date in question and shall calculate the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point

(with 0.000005 being rounded upwards)) of such quotations (or of such of them, being at least two, as are so provided) for the Relevant Duration.

- (C) If on any Interest Determination Date one only or none of the Reference Banks provides such quotation, the Calculation Agent shall determine the arithmetic mean (rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 being rounded upwards)) of the euro lending rates which three major banks in the Euro-zone selected by the Calculation Agent and acceptable to the Collateral Manager are quoting, on the relevant Interest Determination Date, for loans in euro for the Relevant Duration to leading European banks.
- (D) If in respect of any Funding, the relevant Funding Date is a day other than a Revolving Note Payment Date (in the case of a Funding in respect of a Class A1 Revolving Note) or a Payment Date (in the case of a Funding in respect of a Class A1 Delayed Draw Note), and the number of days from (and including) the relevant Funding Date to (but excluding) the next Payment Date or Revolving Payment Date (as applicable) is not equal to the number of days in the Relevant Duration, then in respect of the first Funding Period only in respect of such Funding, the Calculation Agent shall calculate the straight line interpolation of two rates each as determined under paragraphs (A), (B) or (C) above, as the case may be, one such rate, instead of being calculated for the Relevant Duration, shall be calculated for a duration the next shorter than the Relevant Duration that is available to the Calculation Agent and the other such rate, instead of being calculated for the Relevant Duration, shall be calculated for a duration the next longer than the Relevant Duration that is available to the Calculation Agent and the resulting interpolated rate shall be the rate applicable to the first Funding Period.
- (E) The Class A1 Rate of Interest for such Interest Period shall be the aggregate of the Class A1 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, the Revolving Note Rate of Interest for such Revolving Note Interest Period shall be the aggregate of the Class A1 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B), (C) or (D) above, as the case may be, the Delayed Draw Note Rate of Interest for such Funding Period shall be the aggregate of the Class A1 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B), (C) or (D) above, as the case may be, the Class A2 Rate of Interest for such Interest Period shall be the aggregate of the Class A2 Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, the Class B Rate of Interest for such Interest Period shall be the aggregate of the Class B Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, the Class C Rate of Interest for such Interest Period shall be the aggregate of the Class C Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be and the Class D Rate of Interest for such Interest Period shall be the aggregate of the Class D Margin and the rate determined by the Calculation Agent in accordance with paragraph (A), (B) or (C) above, as the case may be, all as determined by the Calculation Agent.
- (ii) The Calculation Agent will, as soon as practicable after 11.00 am (London time) on each relevant Interest Determination Date, but in no event later than the second Business Day after such date, determine the Class A1 Rate of Interest, the Revolving Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and the Class D Rate of Interest and calculate the Interest Amount payable in respect of the Principal Amount Outstanding of each of the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes, (after the Reinvestment Period) the Class A1 Revolving Notes and (after the Class A1 Consolidation Date) the Class A1 Delayed Draw Notes for the relevant Interest Period and the Interest Amount payable in respect of each Funding in respect of each of (during the Reinvestment

Period) the Class A1 Revolving Notes and (prior to the Class A1 Consolidation Date) the Class A1 Delayed Draw Notes. The amount of interest payable in respect of each of the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, (after the Reinvestment Period) the Class A1 Revolving Notes, (after the Class A1 Consolidation Date) the Class A1 Delayed Draw Notes and the Mezzanine Notes in respect of each Principal Amount Outstanding thereof shall be calculated by applying the relevant rate of interest to an amount equal to the Principal Amount Outstanding of the relevant Note, multiplying the product by the number of days in the Interest Period in respect of which payment is being made divided by 360. The amount of interest payable in respect of each Funding in respect of the Class A1 Revolving Notes shall be calculated by applying the relevant rate of interest to the amount of the relevant Funding, multiplying the product by the number of days in the Revolving Note Interest Period in respect of such Funding divided by 360. The amount of interest payable in respect of each Funding in respect of the Class A1 Delayed Draw Notes shall be calculated by applying the relevant rate of interest to the amount of the relevant Funding, multiplying the product by the number of days in the Funding Period in respect of such Funding divided by 360.

(iii) The Issuer will procure that, so long as any Class A1 Note, Class A2 Note, Class B Note, Class C Note or Class D Note remains Outstanding:

(A) a Calculation Agent shall be appointed and maintained for the purposes of determining the interest rate and Interest Amount payable in respect of the Class A1 Notes, Class A2 Notes, Class B Notes, Class C Notes and/or Class D Notes and/or each Funding in respect of the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes, as applicable; and

(B) in the event that the Class A1 Rate of Interest, the Revolving Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and/or the Class D Rate of Interest is to be calculated by the Reference Banks, as the case may be, pursuant to paragraph (B) of Condition 6(e)(i), that the number of Reference Banks required pursuant to such Condition are appointed.

(f) *Interest on the Subordinated Notes*

On each Determination Date, the Collateral Administrator shall calculate the Interest Amount on each of the Subordinated Notes by applying the rate of interest applicable to the Subordinated Notes to an amount equal to the Principal Amount Outstanding of the relevant Subordinated Note on such Determination Date, multiplying the product by the number of days in the Interest Period (or such other period as may be relevant) in respect of which payment is being made divided by 360. The rate of interest applicable to the Subordinated Notes in respect of each Interest Period shall be calculated as follows:

$$R = (A/P) \times 100 \times \frac{360}{\text{days in the Interest Period}}$$

Where

“R” , in respect of any Interest Period, is the percentage rate per annum at which interest accrues on the Subordinated Notes;

“A” means, in respect of any Interest Period, an amount equal to the sum of:

(i) the lesser of (A) an amount equal to the amount of Interest Proceeds which would be required to be paid to the Subordinated Noteholders for the Annual Subordinated Note Cap to be reached and (B) an amount equal to the amount of Interest Proceeds standing to the credit of the Payment Account on the relevant Payment Date (before any payments have been made) less the aggregate of all amounts payable by the Issuer in accordance with the Interest

Proceeds Priority of Payments in priority to item (V) of the Interest Proceeds Priority of Payment; and

- (ii) the lesser of (A) an amount equal to the amount of Principal Proceeds which would be required to be paid to the Subordinated Noteholders for the Subordinated Note Hurdle Return Amount to be reached after taking into consideration amounts paid to the Subordinated Noteholders and referred to in (i) above and (B) an amount equal to the amount of Principal Proceeds standing to the credit of the Payment Account on the relevant Payment Date (before any payments have been made) less the aggregate of all amounts payable by the Issuer in accordance with Post Reinvestment Period Principal Proceeds Priority of Payments in priority to item (M) of Condition 3(b)(iii);
- (iii) an amount equal to the amount of Principal Proceeds standing to the credit of the Payment Account on the relevant Payment Date (before any payments have been made) less (1) the aggregate of all amounts payable by the Issuer in accordance with the Post Reinvestment Period Principal Proceeds Priority of Payments in priority to item (P) of Condition 3(b)(iii) and (2) €500;

“P” means the Aggregate Principal Amount Outstanding of the Subordinated Notes on the Determination Date.

Following the enforcement of the security over the Mortgaged Property, the Subordinated Notes shall continue to accrue interest on a daily basis in the period up to the date of the final distribution of the enforcement proceeds in accordance with the Enforcement Priority of Payments at a rate of interest calculated as provided above, *mutatis mutandis*, in respect of such period, where “A” means an amount equal to the amount of relevant proceeds standing to the credit of the Payment Account on the relevant distribution date (before any payments have been made) less (1) an amount equal to the aggregate of all amounts payable by the Issuer in accordance with the applicable Enforcement Priority of Payments in priority to item (iii) thereof and (2) €1,000.

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

The Calculation Agent will cause the Class A1 Rate of Interest, the Revolving Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class C Deferred Interest, the Class D Rate of Interest, the Class D Deferred Interest, the Interest Amount in respect of the minimum denomination of each of the Notes for each Interest Period, the Interest Amount in respect of each Funding in respect of each of the Class A1 Revolving Notes and each of the Class A1 Delayed Draw Notes and the applicable Payment Date or Revolving Note Payment Date, as the case may be, to be notified to the Issuer, the Collateral Administrator, the Collateral Manager, each Paying Agent, the Trustee, Euroclear, Clearstream, Luxembourg, and (so long as any of the Notes are listed on the Irish Stock Exchange) the Irish Stock Exchange as soon as possible after their determination but in no event later than the second Business Day thereafter, and the Principal Paying Agent shall cause each such rate, amount and date to be notified to the Noteholders of each Class in accordance with Condition 15 as soon as possible following notification to the Principal Paying Agent but in no event later than the third Business Day after such notification. The Interest Amounts, Payment Date and/or Revolving Note Payment Date, as the case may be, so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period and/or the Revolving Note Interest Period, as the case may be. If any of the Notes become due and payable under Condition 10, interest shall nevertheless continue to be calculated as previously by the Calculation Agent in accordance with this Condition but no publication of the applicable Interest Amounts shall be made unless the Trustee so requires.

(h) *Determination or Calculation by Trustee*

If the Calculation Agent does not at any time for any reason so determine the Class A1 Rate of Interest, the Revolving Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest, the Class C Deferred Interest, the

Class D Rate of Interest, the Class D Deferred Interest or calculate the Interest Amounts payable in respect of the Senior Notes and the Mezzanine Notes for an Interest Period or the Interest Amounts payable in respect of Fundings in respect of the Class A1 Revolving Notes or the Class A1 Delayed Draw Notes or the Interest Amounts in respect of the Subordinated Notes, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent and shall be binding on the Noteholders and the Couponholders. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it in its sole and absolute discretion shall deem fair and reasonable in all the circumstances and upon reliance on such persons as it has appointed for such purpose.

(i) *Notifications, etc to be Final*

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition, whether by the Reference Banks (or any of them), the Calculation Agent, the Collateral Administrator or the Trustee, will (in the absence of manifest error) be binding on the Issuer, the Reference Banks, the Trustee, the Agents, all Noteholders and all Couponholders and, if so binding, (in the absence of manifest error) no liability to the Issuer or the Noteholders of any Class or the Couponholders shall attach to the Reference Banks, the Calculation Agent, the Collateral Administrator or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions under this Condition.

7. Redemption and Purchase

(a) *Final Redemption*

Save to the extent previously redeemed and cancelled, the Notes of each Class will be redeemed at their applicable Redemption Price on the earlier of the Stated Maturity of such Notes and, after the end of the Reinvestment Period, the day on which the Aggregate Principal Balance of the Collateral Debt Securities is reduced to zero. Notes may not be redeemed other than in accordance with this Condition 7.

(b) *Mandatory Redemption upon Breach of Coverage Tests*

If any of the Class B Coverage Tests is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds and Uninvested Proceeds net of amounts payable pursuant to paragraphs (A) to (G) of the Interest Proceeds Priority of Payments will be used, in accordance with the Interest Proceeds Priorities of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis, until, in the case of the Class B Overcollateralisation Ratio Test, the Class B Overcollateralisation Ratio Test is satisfied if recalculated following such redemption and in the case of the Class B Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class B Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date and to the extent that either of such Class B Coverage Tests is not satisfied following the payment of such Interest Proceeds and Uninvested Proceeds, Principal Proceeds will be used, in accordance with the Principal Proceeds Priorities of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis, until, in the case of the Class B Overcollateralisation Ratio Test, the Class B Overcollateralisation Ratio Test is satisfied if recalculated following such redemption, and, in the case of the Class B Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class B Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date.

If any of the Class C Coverage Tests is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds and Uninvested Proceeds net of amounts payable pursuant

to paragraphs (A) to (J) of the Interest Proceeds Priority of Payments will be used, in accordance with the Interest Proceeds Priorities of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis, until, in the case of the Class C Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test is satisfied if recalculated following such redemption or, in the case of the Class C Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class C Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date and, to the extent that either of such Class C Coverage Tests is not satisfied following the payment of such Interest Proceeds and Uninvested Proceeds, Principal Proceeds will be used, in accordance with the Principal Proceeds Priorities of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis, until, in the case of the Class C Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test is satisfied if recalculated following such redemption and in the case of the Class C Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class C Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date.

If any of the Class D Coverage Tests is not satisfied on any Determination Date falling on or after the Ramp-Up Effective Date, Interest Proceeds and Uninvested Proceeds net of amounts payable pursuant to paragraphs (A) to (M) of the Interest Proceeds Priority of Payments will be used, in accordance with the Interest Proceeds Priorities of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, until, in the case of the Class D Overcollateralisation Ratio Test, the Class D Overcollateralisation Ratio Test is satisfied if recalculated following such redemption or, in the case of the Class D Interest Coverage Ratio Test, to the extent of the amount that would have caused the Class D Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date and, to the extent that either of such Class D Coverage Tests is not satisfied following the payment of such Interest Proceeds and Uninvested Proceeds, Principal Proceeds will be used, in accordance with the Principal Proceeds Priorities of Payment, to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, until, in the case of the Class D Overcollateralisation Ratio Test, the Class D Overcollateralisation Ratio Test is satisfied if recalculated following such redemption and in the case of the Class D Interest Coverage Ratio Test to the extent of the amount that would have caused the Class D Interest Coverage Ratio Test to be satisfied on the relevant Determination Date had such amount been so applied on the preceding Payment Date.

(c) *Mandatory Redemption upon Rating Withdrawal*

If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will, in accordance with the Priorities of Payment, be applied on each following Payment Date to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis, in each

case, until fully redeemed or, if earlier until the Rating Agencies confirm that each such rating is reinstated.

The Issuer covenants to procure that, within 2 days of the Ramp-Up Effective Date, the Collateral Manager on behalf of the Issuer requests the Rating Agencies to confirm such ratings.

(d) *Mandatory Redemption following expiry of the Reinvestment Period*

Following expiry of the Reinvestment Period, Principal Proceeds will, in accordance with the Post-Reinvestment Period Principal Proceeds Priority of Payments, be applied on each Payment Date to redeem the Class A1 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class A2 Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class B Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class C Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Class D Notes in whole or in part on a *pro rata* basis and, following redemption in full thereof, to redeem the Subordinated Notes in whole or in part on a *pro rata* basis.

(e) *Optional Redemption of Senior Notes and Mezzanine Notes*

Subject to Condition 7(j), on any Payment Date after the Non-Call Period, the Senior Notes and the Mezzanine Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66⅔ per cent. of the Aggregate Principal Amount Outstanding of the Junior Class of Covered Notes.

(f) *Optional Redemption of Subordinated Notes*

On any Payment Date on or after payment in full of the Senior Notes and the Mezzanine Notes, the Subordinated Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by the holders of not less than 66⅔ per cent. of the Aggregate Principal Amount Outstanding of the Subordinated Notes.

(g) *Optional Redemption of Notes*

Subject to Condition 7(j), on any Payment Date after the Auction Call Date, the Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date in a Redemption Notice given by any Noteholder (irrespective of the percentage of the Aggregate Principal Amount Outstanding of Notes held by such Noteholder).

(h) *Mandatory Redemption of Class A1 Revolving Notes*

Subject to the Revolving Note Repayment Conditions being satisfied, Principal Proceeds shall, in accordance with the relevant Priorities of Payments, be applied on each Payment Date during the Reinvestment Period and each Revolving Note Payment Date which is not a Payment Date to redeem the Class A1 Revolving Notes on a *pro rata* basis in an amount not less than €1,000,000 and not exceeding the Revolving Note Repayment Amount provided that a principal amount of €1 for each Class A1 Revolving Note shall be kept outstanding until the earlier of the last day of the Reinvestment Period and the date on which all Class A1 Notes are redeemed in full.

(i) *Optional Redemption Upon Withholding Tax Event*

Subject to Condition 7(j), on any Payment Date, the Notes shall be redeemed (in whole but not in part) by the Issuer at their applicable Redemption Price if the Issuer and the Trustee shall have received not less than 20 Business Days notice prior to such Payment Date (a) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Junior Class

of Covered Notes following the occurrence of a Collateral Tax Event or (b) in a Redemption Notice given by the holders of not less than 50 per cent. of the Aggregate Principal Amount Outstanding of the Controlling Class of Notes following the occurrence of a Note Tax Event.

A **Collateral Tax Event** is the introduction of a new, or any change in any tax, statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in payments due from the issuers or obligors of any Collateral Debt Securities representing in excess of 5 per cent. of the Aggregate Principal Balance becoming subject to the imposition of any withholding tax which withholding tax is not compensated for by a “gross-up” provision in the terms of the Collateral Debt Security that holds the holder completely harmless from the full amount of such withholding tax on an after tax basis.

A **Note Tax Event** is the introduction of a new, or any change in any tax, statute, treaty, regulation, rule, ruling, practice, procedure or judicial decision or interpretation (whether proposed, temporary or final) which results in (or would on the next Payment Date or Revolving Note Payment Date result in) any payment of principal or interest on the Senior Notes, the Mezzanine Notes and/or the Subordinated Notes becoming subject to any withholding tax.

A **Withholding Tax Event** means each of a Collateral Tax Event and a Note Tax Event.

(j) *Conditions to Optional Redemption*

The Issuer shall not redeem any Notes as contemplated by Conditions 7(e), 7(g) or 7(i), unless at least four Business Days before the proposed Redemption Date the Collateral Manager has provided the Trustee with evidence, in form satisfactory to the Trustee, that the Collateral Manager on behalf of the Issuer has entered into a binding agreement or agreements with a financial institution or institutions (i) whose short-term unsecured, unsubordinated and unguaranteed debt obligations have a credit rating of at least “P-1” by Moody’s, “A-1” by S&P and “F-1” by Fitch or (ii) if no such ratings are available in respect of which the Rating Agency Condition has been satisfied, to sell, not later than the Business Day immediately preceding the proposed Redemption Date, against payment of the purchase price in immediately available funds, all or part of the Collateral Debt Securities, the net proceeds of which, together with the Eligible Investments maturing on or prior to the Redemption Date, the aggregate balance standing to the credit of each of the Accounts and all other amounts to be received under the Hedge Agreement or from the Collateral Debt Securities on or prior to such Redemption Date shall be equal to or greater than the amounts payable under paragraphs (A) to (K) of the Post-Reinvestment Period Principal Proceeds Priority of Payments (the **Total Redemption Amount**).

(k) *Notice of Optional Redemption*

The Trustee shall, within two Business Days of receipt of a Redemption Notice, give notice to the Collateral Manager, the Collateral Administrator, the Hedge Counterparty, the Liquidity Facility Provider, each Agent and, so long as any of the Notes are listed on the Irish Stock Exchange and the rules of that exchange so requires, the Irish Stock Exchange (whereupon the Principal Paying Agent shall notify the Noteholders in accordance with Condition 15).

(l) *Mechanics of Redemption*

Following calculation by the Collateral Administrator of the applicable Total Redemption Amount in respect of Conditions 7(e), 7(g) or 7(i) the Collateral Administrator shall make such other calculations as it is required to make pursuant to the Collateral Administration Agreement and shall notify the Issuer, the Trustee, the Collateral Manager and each Paying Agent, whereupon the Principal Paying Agent shall notify the Noteholders (in accordance with Condition 15) of such amounts.

The Collateral Manager shall arrange for liquidation and/or realisation of the Portfolio on behalf of the Issuer in accordance with the Collateral Management Agreement. The Issuer shall deposit, or cause to be deposited, the funds required for an optional redemption of the Notes in accordance with this Condition in the Principal Collection Account on or before the Business Day prior to the Redemption Date. Principal Proceeds and Interest Proceeds received in connection with such redemption shall be

payable in accordance with the Post Reinvestment-Period Principal Proceeds Priority of Payments, as set out in Condition 3(b)(iii).

(m) *Purchase of Notes by the Issuer*

The Issuer may not purchase any of the Notes at any time.

(n) *Cancellation*

All Notes redeemed in full in accordance with this Condition will be cancelled, together with any unmatured Coupons and any Talons relating to them which are attached to them, and may not be reissued or resold.

All Class A1 Revolving Notes in respect of which there is no outstanding Funding as at the end of the Reinvestment Period will be cancelled and may not be reissued or resold.

8. Payments

(a) *Method of Payment*

Payments of principal in respect of the Bearer Notes will be made against presentation and (in the case of final redemption, provided that payment is made in full) surrender of the Bearer Notes at the specified office of any Paying Agent. Payments of interest in respect of the Bearer Notes will be made against presentation and (provided that payment is made in full) surrender of the relevant Coupons at the specified office of any Paying Agent. On the date on which any Bearer Note becomes due and payable in full, unmatured Coupons and Talons appertaining thereto (whether or not attached to such Bearer Note) shall become void and no payment or, as the case may be, exchange shall be made in respect thereof. If the due date for redemption for any Bearer Note is not a Payment Date, accrued interest will be paid only against presentation and surrender of the relevant Bearer Note.

Payments of principal and interest in respect of Registered Notes will be made by transfer to the account of the Noteholder details of which appear in the Register on the Record Date or by cheque mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and interest due on a Payment Date or a Revolving Note Payment Date in respect of Registered Notes will be paid to the holder shown on the Register on the Record Date.

Payments in respect of the Notes will be made in euro by cheque or, at the option of the Noteholder, by transfer to a euro account maintained by the payee.

(b) *Payments to be made outside the United States*

In the case of all Notes other than the Class A1 Revolving Notes, the Paying Agents shall make all payments on the Notes only outside the United States and its possessions, and shall make no payment of interest in respect of any Note represented by a Temporary Global Bearer Note unless the Issuer first receives a certification of non-U.S. beneficial ownership (substantially in the form set out in Exhibit 1 to Schedule 2 of the Trust Deed). In the case of the Class A1 Delayed Draw Notes, the Issuer shall receive a certification of non-U.S. beneficial ownership (substantially in the form set out in Exhibit 1 to Schedule 7 of the Trust Deed) prior to the delivery of any Class A1 Delayed Draw Note on the Closing Date.

(c) *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 9. No commission shall be charged to the Noteholders.

(d) *Business Days*

In these Conditions, a **Business Day** means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System (or, if such clearing system ceases to be operative, such other clearing system (if any) determined by the Trustee to be a suitable replacement) (**TARGET**) is open (a **TARGET Day**), and a day on which banks settle payments and are open for business in London, Vienna and Dublin or, if such TARGET Day is not a day on which banks settle payments and are open for business in London, Vienna and Dublin, the next succeeding TARGET Day on which banks settle payments and are open for business in London, Vienna and Dublin and, for the purposes of the definition of **Presentation Date**, a day on which commercial banks and foreign exchange markets settle payments in the relevant place of presentation.

(e) *Payments on Presentation Days*

A holder shall only be entitled to payment in respect of a Note on a Presentation Date and shall not, except as provided in Condition 6, be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 12):

- (i) is a Business Day;
- (ii) is or falls after the relevant due date or, if the due date is not or was not a Business Day in the place of the specified office of the relevant Paying Agent, is or falls after the next following Business Day which is a Business Day in the place of the specified office of the relevant Paying Agent; and
- (iii) is a day on which the account (if any) specified by the payee is open.

If a Bearer Note or a Coupon is presented for payment or a payment in respect of a Registered Note is requested at a time when, as a result of differences in time zones it is not practicable to transfer the relevant amount to an account as referred to above for value on the relevant Presentation Date, the Issuer shall not be obliged to do so but shall be obliged to transfer the relevant amount to the account for value on the first Business Day practicable after the Presentation Date.

(f) *Exchange of Talons*

On or after the Payment Date of the final Coupon which is (or was at the time of issue) part of any coupon sheet relating to the Bearer Notes (each a **Coupon Sheet**), the Talon which is (or was at the time of issue) part of such Coupon Sheet may be surrendered at the specified office of any of the Paying Agents in exchange for a further Coupon Sheet (including a further Talon, if applicable, but excluding any Coupons which shall have become void). Upon the due date for redemption in full of any Bearer Note, any unmatured Talon relating to it shall become void and no Coupons will be delivered in respect of such Talon.

(g) *Paying Agents*

The Principal Paying Agent is ABN AMRO Bank N.V., London Branch, whose specified office, at the date hereof, is at 82 Bishopsgate, London EC2N 4BN. The Irish Paying Agent is NCB Stockbrokers Limited, whose specified office, at the date hereof, is at 3 George's Dock, International Financial Services Centre, Dublin 1. The Issuer may from time to time, with the approval of the Trustee, vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that each of the Paying Agents shall act out of its specified office in London or Ireland as specified by the Issuer and that the Issuer shall, whilst any of the Notes remain listed on the Irish Stock Exchange, maintain a Paying Agent in Ireland and provided further that any paying agent shall make payments on the Notes from outside the United States and its possessions. Any such termination or appointment shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Noteholders in accordance with Condition 15.

9. Taxation

All payments in respect of the Notes and the Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law to make any payment in respect of the Notes or the Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor the Paying Agents will be obliged to make any additional payments to holders of Notes or Coupons in respect of any such withholding or deduction.

The Trust Deed contains provisions pursuant to which, if the Issuer satisfies the Trustee that it has or will on the occasion of the next Payment Date or Revolving Note Payment Date, as the case may be, become obliged by the laws of Ireland to withhold or account for tax so that it would be unable to make payment of the full amount that would otherwise be due but for the imposition of such tax, the Issuer, subject to such amendments to the Trust Deed and such other conditions as the Trustee may require, shall use all reasonable endeavours to arrange for the substitution as the principal obligor under the Notes and the other Transaction Documents of a company incorporated in another jurisdiction approved by the Trustee or to change its tax residence to another jurisdiction approved by the Trustee, in each case, subject to the Rating Agency Condition and to the conditions set out in the Trust Deed in relation to such change, and the Trustee being satisfied that none of the Trustee and the Noteholders may be prejudiced by such change. Any such substitution or change in the Issuer's residence for taxation purposes shall be binding on the Noteholders.

Notwithstanding the above, if any taxes referred to in this Condition arise:

- (a) due to the connection of any Noteholder or Couponholder with Ireland otherwise than by reason only of the holding of any Note or Coupon or receiving principal or interest in respect thereof;
- (b) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
- (c) as a result of presentation of payment by or on behalf of a Noteholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the Notes or Coupons to another Paying Agent in a European Union member state,

the requirement to substitute the Issuer as a principal obligor and/or change its residence for taxation purposes shall not apply.

In connection with any proposed substitution of the Issuer, the Trustee may agree, without the consent of the Noteholders or the other Secured Parties, but, while the Rated Notes remain Outstanding, subject to receipt by the Trustee of evidence satisfactory to it that the Rating Agency Condition has been satisfied (subject to receipt of such information and/or opinions as the Rating Agency may require), to a change of the law governing the Notes and/or the Trust Deed and/or any other Transaction Document proposed by the Issuer, provided that such change of law, in the opinion of the Trustee, would not be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition shall be binding on the Noteholders and the Couponholders, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 15.

10. Events of Default

- (a) *Events of Default*

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

- (i) *Non-payment of principal*: the Issuer fails to pay any principal when the same becomes due and payable on any Note (save as the result of any deduction therefrom or the imposition of a withholding thereon in the circumstances described in Condition 9) which default continues for a period of two or more Business Days;

- (ii) *Non-payment of interest*: the Issuer fails to pay any interest on any Class A Note or Class B Note, when the same becomes due and payable (save as the result of any deduction therefrom or the imposition of a withholding thereon in the circumstances described in Condition 9), which default continues for a period of two or more Business Days;
- (iii) *Default under Interest Proceeds Priority of Payments and/or Principal Proceeds Priority of Payments*: other than a failure already referred to in paragraph (i) or (ii) above, the Issuer fails on any Payment Date to disburse amounts available in the Payment Account, Uninvested Proceeds Account, Interest Collection Account or the Principal Collection Account in accordance with the Interest Proceeds Priority of Payments and/or Principal Proceeds Priority of Payments, as the case may be, which failure continues for a period of two Business Days;
- (iv) *Overcollateralisation Ratio*: on any Measurement Date, the Event of Default Overcollateralisation Ratio falls to below 100 per cent.;
- (v) *Breach of Other Obligations*: the Issuer does not perform or comply with any other material covenants, warranties or other agreements of the Issuer under the Notes, the Coupons or any of the Transaction Documents (other than a covenant, warranty or other agreement a default in the performance or breach of which is dealt with elsewhere in this Condition and other than the failure to meet any Coverage Test or any Collateral Quality Test), or any material representation, warranty or statement of the Issuer made in the Trust Deed or in any certificate or other writing delivered pursuant thereto or in connection therewith is not correct in all material respects when the same shall have been made, and the continuation of such default, breach or failure for a period of 30 days after notice thereof shall have been given by registered or certified mail or overnight courier, to the Issuer by the Trustee specifying such default, breach or failure and requiring it to be remedied and stating that such notice is a “Notice of Default” hereunder;
- (vi) *Insolvency Proceedings*: (A) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (C) below or such substitution as is referred to in Condition 9, ceasing or, through an official action of the Board of Directors of the Issuer, threatening to cease to carry on business; or (B) the Issuer being unable to pay its debts as and when they fall due; or (C) an order being made or an effective resolution being passed for the winding up of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders; or (D) (I) any steps being taken (whether out of court or otherwise) against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application for an administration order or the appointment of an examiner) and such proceedings not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or (II) an administration order being granted or an administrative receiver or other receiver, administrator, liquidator, examiner or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or (III) an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or (IV) a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 14 days, or (V) the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation, examination or other similar laws or making a conveyance or assignment for the benefit of its creditors, generally; or (E) any event occurs which under any applicable laws has an analogous effect to any of the events referred to in paragraphs (A), (B), (C) and (D) above;
- (vii) *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes;

- (viii) *Failure to grant Security*: the failure by the Issuer to grant to the Trustee a first priority security interest in or other lien on the Collateral Debt Securities or the Eligible Investments;
- (ix) *Final Judgments*: the rendering of one or more final judgments against the Issuer that exceed €5 million in aggregate and which remain unstayed, undischarged and unsatisfied for 30 days, unless adequate funds have been reserved or set aside for the payment thereof; or
- (x) *Taxes, fees and assessments*: the imposition of taxes, fees, assessments or other similar charges against the Issuer by any tax authority or any other Person, accrued, in connection with the Notes, and which is in excess of €1 million in respect of any 12- month period.

(b) *Acceleration*

- (i) If an Event of Default occurs and is continuing the Trustee shall, at the request in writing by the holders of at least the Relevant Percentage of the Aggregate Principal Amount Outstanding of the Notes of the Controlling Class at such time or as so directed by an Extraordinary Resolution of the holders of the Controlling Class at such time (subject to being indemnified or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith), give notice (an ***Enforcement Notice***) to the Issuer that all the Notes are to be immediately due and payable.
- (ii) Upon any Enforcement Notice being given to the Issuer in accordance with paragraph (i) of Condition 10(b) all of the Notes shall immediately become due and repayable at their applicable Redemption Prices without any further action by any Person.

(c) *Curing of Default*

At any time after an Enforcement Notice is given and prior to enforcement of the security pursuant to Condition 11, the Trustee, if requested in writing by the holders of at least the Relevant Percentage of the Aggregate Principal Amount Outstanding of the Notes of the Controlling Class at such time, shall, (in each case, subject to being indemnified or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith) rescind and annul such notice and its consequences if:

- (i) the Issuer has paid a sum sufficient to pay:
 - (A) all overdue payments of principal and interest on the Notes other than the Subordinated Notes;
 - (B) all due but unpaid taxes and filing fees owing by the Issuer as certified by an Authorised Officer of the Issuer to the Trustee;
 - (C) all accrued and unpaid Collateral Management Fees owing to the Collateral Manager, all unpaid Placement Instalments owing to the Notes Placement Agent, all Administrative Expenses incurred by the Issuer and all accrued and unpaid fees and expenses incurred by the Trustee; and
 - (D) all amounts due and payable under the Hedge Agreement and the Liquidity Facility Agreement; and
- (ii) the Trustee has determined that all Events of Default, other than the non-payment of principal in respect of the Notes that have become due solely as a result of the acceleration thereof under Condition 10(b) due to such Events of Default, have been cured or waived.

Any previous rescission and annulment of a notice of acceleration pursuant to this Condition shall not prevent the subsequent acceleration of the Notes in accordance with Condition 10(b)(i) as described above if the Trustee is subsequently requested to do so.

(d) *Restriction on Acceleration of Notes*

No acceleration of the Notes shall be permitted pursuant to this Condition by any Class of Noteholders other than the holders of the Controlling Class as provided in Condition 10(b), or unless the acceleration of any other Class of Notes is simultaneous with, or occurs subsequent to, acceleration by such Controlling Class.

(e) *Notification of Default*

The Issuer shall give notice in writing to the Trustee, the Collateral Manager, the Collateral Administrator and the Rating Agencies promptly upon becoming aware of the occurrence of an Event of Default.

11. Enforcement

(a) *Security Becoming Enforceable*

The security constituted under the Trust Deed and the Euroclear Pledge Agreement over the Mortgaged Property shall become enforceable upon an acceleration of any of the Notes pursuant to Condition 10, subject always to any notice accelerating the Notes not having been rescinded or annulled by the Trustee pursuant to Condition 10(c). The security constituted under the Trust Deed and the Euroclear Pledge Agreement shall not become enforceable in any other circumstances, including, without limitation, in the event that the Issuer defaults under any of its payment obligations to any of the other Secured Parties.

(b) *Enforcement of the Security*

At any time after the Notes become due and payable and the security under the Trust Deed and the Euroclear Pledge Agreement becomes enforceable, the Trustee may, at its discretion and without further notice, institute such proceedings against or in relation to the Issuer as it may think fit to enforce the terms of the Trust Deed, the Euroclear Pledge Agreement and the Notes and pursuant and subject to the terms of the Trust Deed and the Euroclear Pledge Agreement take any action to realise and/or otherwise liquidate the Mortgaged Property in whole or in part and/or take such action as may be permitted under applicable laws against any obligor in respect of the Mortgaged Property and/or take any other action to enforce the security over the Mortgaged Property, in each case without any liability as to the consequence of any action and without having regard (save to the extent provided in Condition 13(c)) to the effect of such action on individual Noteholders, Couponholders or any other Secured Party.

The Trustee shall not be bound to institute any such proceedings or take any such other action unless it is (i) requested in writing by the holders of at least the Relevant Percentage of the Aggregate Principal Amount Outstanding of the Notes of the Controlling Class at such time; or (ii) directed by an Extraordinary Resolution of the holders of the Controlling Class at such time; and, in each case the Trustee is indemnified or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith, including, without limitation, any liability for stamp duty charged by any tax authority of the Republic of Austria resulting from the introduction into the Republic of Austria of any original, certified copy, or any other document relating to any Transaction Document for the purpose of enforcing any Transaction Document against the Collateral Manager or any liability to indemnify any person in respect of such Austrian stamp duty liability.

The net proceeds of enforcement of the security over the Mortgaged Property shall be credited to the Payment Account or such other account as the holders of the Class of Notes entitled to direct the Trustee with respect to enforcement (in accordance with the previous paragraph) shall designate to the

Trustee and shall be distributed in accordance with the following priority of payments (the **Enforcement Priority of Payments**):

- (i) to the payment of the fees, costs, charges, expenses and liabilities incurred by the Trustee or any Receiver in connection with the enforcement of the security over the Mortgaged Property or the early redemption of the Notes or otherwise in connection with this Condition;
- (ii) to the payment of amounts referred to in paragraphs (A) to (K) of the Post-Reinvestment Period Principal Proceeds Priority of Payments to the extent not paid in full thereunder; and
- (iii) to pay any accrued and unpaid interest on the Subordinated Notes;
- (iv) to redeem the Subordinated Notes on a *pro rata* basis in full; and
- (v) the balance, if any, to the Issuer.

(c) *Purchase of Collateral by Noteholders*

Upon any sale of any part of the Mortgaged Property following the occurrence of an Event of Default, whether made under the power of sale under the Trust Deed or the Euroclear Pledge Agreement or by virtue of judicial proceedings, any Noteholder may (but shall not be obliged to) bid for and purchase the Mortgaged Property or any part thereof and, upon compliance with the terms of sale, may hold, retain, possess or dispose of such property in its or their own absolute right without accountability. In addition, any purchaser in any such sale which is a Noteholder may deliver Notes held by it in place of payment of the purchase price for such Mortgaged Property where the amount due and payable to such Noteholder in respect of such Notes pursuant to the Enforcement Priority of Payments, as determined by the Collateral Administrator, out of the net proceeds of such sale is equal to or exceeds the purchase moneys so payable.

12. Prescription

Claims for payment of principal in respect of Bearer Notes shall become void unless the relevant Bearer Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest in respect of Bearer Notes shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

Claims for payment of principal in respect of Registered Notes shall become void unless payment is requested within ten years of the appropriate Relevant Date. Claims for interest in respect of Registered Notes shall become void unless payment is requested within five years of the appropriate Relevant Date.

13. Meetings of Noteholders, Modification, Waiver and Substitution

(a) *Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of the Noteholders of each Class to consider matters affecting the interests of such Noteholders, including the sanctioning by Extraordinary Resolution of the Noteholders of a Class of a modification of certain of these Conditions or certain provisions of the Trust Deed. Meetings of the Noteholders of a Class must be convened if requested by one or more Noteholders of such Class holding not less than the Majority of the Aggregate Principal Amount Outstanding of the Notes of that Class. The quorum for any meeting convened to consider an Extraordinary Resolution of the Noteholders of such Class will be one or more persons holding or representing a Majority in the Aggregate Principal Amount Outstanding of the Notes of such Class, or at any adjourned meeting two or more persons being or representing Notes of such Class whatever the Aggregate Principal Amount Outstanding of the Notes of such Class held or represented.

The Trust Deed provides that:

- (i) an Extraordinary Resolution passed at any meeting of the Class A1 Noteholders shall be binding on all Class A2 Noteholders, Class B Noteholders, Class C Noteholders, Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a Modification shall not be effective for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the Class A2 Noteholders, an Extraordinary Resolution of the Class B Noteholders, an Extraordinary Resolution of the Class C Noteholders, an Extraordinary Resolution of the Class D Noteholders and an Extraordinary Resolution of the Subordinated Noteholders or unless and to the extent that it shall not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Subordinated Noteholders;
- (ii) an Extraordinary Resolution passed at any meeting of the Class A2 Noteholders shall be binding on all Class B Noteholders, Class C Noteholders, Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a Modification shall not be effective for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the Class B Noteholders, an Extraordinary Resolution of the Class C Noteholders, an Extraordinary Resolution of the Class D Noteholders and an Extraordinary Resolution of the Subordinated Noteholders or unless and to the extent that it shall not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class B Noteholders, Class C Noteholders, Class D Noteholders and Subordinated Noteholders;
- (iii) an Extraordinary Resolution passed at any meeting of the Class A2 Noteholders shall not be effective for any purpose while any of the Class A1 Notes remains Outstanding unless either:
 - (A) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders; or
 - (B) it is sanctioned by an Extraordinary Resolution of the Class A1 Noteholders;
- (iv) an Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all Class C Noteholders, Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a Modification shall not be effective for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the Class C Noteholders, an Extraordinary Resolution of the Class D Noteholders and an Extraordinary Resolution of the Subordinated Noteholders or unless and to the extent that it shall not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class C Noteholders, Class D Noteholders and Subordinated Noteholders;
- (v) an Extraordinary Resolution passed at any meeting of the Class B Noteholders shall not be effective for any purpose while any of the Class A1 Notes and Class A2 Notes remains Outstanding unless either:
 - (A) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders and the Class A2 Noteholders; or
 - (B) it is sanctioned by an Extraordinary Resolution of the Class A1 Noteholders and an Extraordinary Resolution of the Class A2 Noteholders;
- (vi) an Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on all Class D Noteholders and Subordinated Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a Modification shall not be effective for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the Class D Noteholders and an Extraordinary Resolution of Subordinated Noteholders or unless and to the extent that it shall not, in the opinion of the Trustee, be materially prejudicial to the interests of the Class D Noteholders and Subordinated Noteholders;

- (vii) an Extraordinary Resolution passed at any meeting of the Class C Noteholders shall not be effective for any purpose while any of the Class A1 Notes, Class A2 Notes and Class B Notes remains Outstanding unless either:
 - (A) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders, the Class A2 Noteholders and the Class B Noteholders; or
 - (B) it is sanctioned by an Extraordinary Resolution of the Class A1 Noteholders, an Extraordinary Resolution of the Class A2 Noteholders and an Extraordinary Resolution of the Class B Noteholders;
- (viii) an Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on all Subordinated Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a Modification shall not be effective for any purpose unless it shall have been sanctioned by an Extraordinary Resolution of the Subordinated Noteholders or unless and to the extent that it shall not, in the opinion of the Trustee, be materially prejudicial to the interests of the Subordinated Noteholders;
- (ix) an Extraordinary Resolution passed at any meeting of the Class D Noteholders shall not be effective for any purpose while any of the Class A Notes, Class B Notes and Class C Notes remains Outstanding unless either:
 - (A) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders; or
 - (B) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders, an Extraordinary Resolution of the Class B Noteholders and an Extraordinary Resolution of the Class C Noteholders;
- (x) an Extraordinary Resolution passed at any meeting of the Subordinated Noteholders shall not be effective for any purpose while any of the Class A1 Notes, Class A2 Notes, Class B Notes, Class C Notes and Class D Notes remains Outstanding unless either:
 - (A) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders, the Class A2 Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; or
 - (B) it is sanctioned by an Extraordinary Resolution of the Class A1 Noteholders, an Extraordinary Resolution of the Class A2 Noteholders, an Extraordinary Resolution of the Class B Noteholders, an Extraordinary Resolution of the Class C Noteholders and an Extraordinary Resolution of the Class D Noteholders.

Any Extraordinary Resolution of the Noteholders of a Class duly passed shall be binding on all Noteholders of such Class (whether or not they were present at the meeting at which such resolution was passed). The Trust Deed provides that a resolution in writing signed by, or on behalf of the holders of not less than the Relevant Percentage of the Aggregate Principal Amount Outstanding of Notes of a Class who for the time being are entitled to receive notice of a meeting shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of such Noteholders duly convened and held.

(b) *Modification and Waiver*

The Trust Deed provides that the Trustee may agree, subject to satisfaction of certain conditions, without the consent of the Noteholders to:

- (i) any modification of any of the provisions of the Trust Deed or the other Transaction Documents to which the Trustee or the Issuer is a party which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error; and
- (ii) any other modification of the Trust Deed or of any other Transaction Document to which the Trustee or the Issuer is a party (other than a Modification) and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the other Transaction Documents to which the Trustee or the Issuer is a party (other than in respect of a Modification) which is, in the reasonable opinion of the Trustee, not materially prejudicial to the interests of the Noteholders of any Class;

provided that, in either case, the Issuer shall procure that, so long as any of the Rated Notes remain Outstanding, each Rating Agency has confirmed in writing to the Trustee that such modification, waiver or authorisation will not result in a downgrading of the then current credit rating of such Rating Agency applicable to any Class of Notes.

Any such modification, authorisation or waiver shall be binding on all Noteholders and the other Secured Parties and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with Condition 15 as soon as practicable thereafter.

(c) *Entitlement of the Trustee and Conflicts of Interest*

In connection with the exercise of its trusts, powers, duties and discretions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of each Class of Noteholders as a Class and shall not have regard to the consequences of such exercise for individual Noteholders of such Class and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trust Deed provides that in the event of any conflict of interest between the holders of the Class A1 Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes, the interests of the holders of the Controlling Class will prevail. In the event that the Trustee shall receive conflicting or inconsistent requests from two or more groups of holders of the Controlling Class, each representing, as appropriate, (a) less than the Relevant Percentage or (b) less than the Majority or (c) less than any other percentage as set out in the relevant Transaction Document or in the Conditions of the Aggregate Principal Amount Outstanding of the Controlling Class, the Trustee shall give priority to the group which holds the greater amount of Notes Outstanding of such Class.

14. The Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment or to enforce the security constituted by or pursuant to the Trust Deed or the Euroclear Pledge Agreement, unless indemnified to its satisfaction against all liabilities it may incur as a result thereof (including without limitation, any liability for stamp duty charged by any tax authority of the Republic of Austria resulting from the introduction into the Republic of Austria of any original, certified copy, or any other document relating to or referring to any Transaction Document or any liability to indemnify any person in respect of such Austrian stamp duty liability). The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee is exempted from any liability in respect of any loss or theft of the Mortgaged Property, from any obligation to insure, or to monitor the provisions of any insurance arrangements in respect of, the Mortgaged Property (for the avoidance of doubt, under the Trust Deed the Trustee is under no such obligation) and from any claim arising from the fact that the Mortgaged Property is held by the Custodian or is otherwise held in safe custody by a bank or other custodian, except in the case of negligence, wilful default or fraud. The Trustee shall not be responsible for the performance by the Custodian of any of its duties under the Agency Agreement, or for the performance by the Collateral Manager or the Collateral Administrator of any of their respective duties under the Collateral Management Agreement or the Collateral Administration Agreement or for the performance by any other person appointed by the Issuer in

relation to the Notes. The Trustee shall not have any responsibility for the administration, selection, management or operation of the Mortgaged Property including the request by the Collateral Manager to release any of the Mortgaged Property from time to time. There shall at all times be a Trustee. The Trust Deed provides that the retirement or removal of the Trustee shall not become effective unless and until a replacement Trustee is appointed.

15. Notices

All notices regarding the Bearer Notes will be deemed to be validly given if such notice is published in a leading English language daily newspaper having general circulation in Ireland (which is expected to be the *Irish Times*) or, if this is not practicable, in another leading English language newspaper as the Trustee shall approve having general circulation in Ireland. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in the newspaper referred to above.

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

All notices regarding the Registered Notes will be deemed to be validly given if sent by first Class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day (or, if posted to an overseas address, the seventh day) after mailing. Funding Requests and Revolving Note Repayment Notices shall be validly given by being sent by email to the address noted in the Register in respect of the relevant Noteholder. Such Funding Requests and Revolving Note Repayment Notices and related correspondence must only be filed electronically and no physical record or print out shall be made in the Republic of Austria.

For so long as any Notes are listed on the Irish Stock Exchange and the rules of that stock exchange so require, notices shall be forwarded to the Companies Announcement Office of the Irish Stock Exchange no later than the date of despatch of such notice to holders of Notes.

16. Additional Issuances

The Issuer may from time to time, subject to the prior written consent of the Collateral Manager but without the consent of the Noteholders, create and issue further notes having the same terms and conditions as the existing Classes of Notes (the **Further Notes**), and will use the proceeds of the issue thereof to purchase additional Collateral Debt Securities and, if applicable, enter into additional Collateral Hedge Swaps in connection with the Issuer's issuance of, and making payments on, the Notes and ownership of and disposition of the Collateral Debt Securities, provided that the following conditions are met:

- (a) such Further Notes must be issued for cash and the net proceeds invested in Collateral Debt Securities or, pending such investment, deposited in the Principal Collection Account and invested in Eligible Investments;
- (b) such Further Notes must be of each Class of Notes then outstanding and issued in a proportionate amount among the Classes so that the respective proportions of the Aggregate Principal Amount Outstanding of the Classes of Notes existing immediately prior to such issuance remain unchanged following such additional issuance;
- (c) save to the extent otherwise provided below, the terms (other than the date of issuance, the issue price and the date from which interest will accrue) of such Further Notes must be identical to the terms of the Senior Notes, the Mezzanine Notes or the Subordinated Notes, as the case may be and consolidated so as to form a single series with, and rank *pari passu* with, the relevant Class of Notes;
- (d) the Rating Agency Condition will be satisfied in respect of all Rated Notes after such further issuance;
- (e) the holders of the Subordinated Notes shall have been notified in writing 30 days prior to such further issuance and shall have been afforded the opportunity to purchase further subordinated notes in an

amount not to exceed the percentage of the Subordinated Notes each holder held immediately prior to the issuance of such further subordinated notes and on the same terms offered to investors generally;

- (f) such further issuance is in accordance with all applicable laws including, without limitation, the securities and banking laws and regulations of Ireland;
- (g) such further Senior Notes, Mezzanine Notes and Subordinated Notes shall be debt for Irish corporate tax purposes and payments thereon can be made free from Irish withholding tax;
- (h) in the event of such an issue of Further Notes during the Reinvestment Period, the subscriber for such Further Notes being identical to and being consolidated so as to form a single series with, and ranking *pari passu* with, the Class A1 Revolving Notes, enters into a note purchase agreement on terms substantially the same as the terms of the Class A1 Notes Purchase Agreement;
- (i) in the event of such an issue of Further Notes prior to the Class A1 Consolidation Date, the subscriber for such Further Notes being identical to and being consolidated so as to form a single series with, and ranking *pari passu* with, the Class A1 Delayed Draw Notes, enters into a note purchase agreement on terms substantially the same as the terms of the Class A1 Notes Purchase Agreement;
- (j) the issue of such Further Notes will not cause the Aggregate Principal Amount Outstanding of all Class A1 Notes issued after the Closing Date and being identical to and consolidated so as to form a single series with, and ranking *pari passu* with, the Class A1 Term Notes, to exceed 40 per cent. of the Aggregate Principal Amount Outstanding of the Class A1 Notes originally issued on the Closing Date; and
- (k) the Collateral Quality Tests are satisfied on the day of such further issuance.

Any further securities shall be constituted by a deed supplemental to the Trust Deed.

17. Replacement of Certificates, Bearer Notes, Coupons and Talons

If any Bearer Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any of the Paying Agents upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the relevant Paying Agent may reasonably require.

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer and/or the Registrar may reasonably require.

Mutilated or defaced Certificates, Bearer Notes, Coupons or Talons must be surrendered before replacements will be issued.

18. Third Party Rights

No rights are hereby conferred on any person 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.

19. Governing Law

- (a) *Governing Law*
 - (i) The Transaction Documents (other than indicated below) and each Class of Notes are governed by and shall be construed in accordance with English law.
 - (ii) The Euroclear Pledge Agreement is governed by and shall be construed in accordance with Belgian law.

- (iii) The Corporate Services Agreement and the Auditor Engagement Letter are governed by and shall be construed in accordance with Irish law.

(b) *Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes, and accordingly any legal action or proceedings arising out of or in connection with the Notes (*Proceedings*) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the Noteholders and the Trustee and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

(c) *Agent for Service of Process*

The Issuer appoints SFM Corporate Services Limited at its offices at Blackwell House, Guildhall Yard, London EC2V 5AE, as its agent in England to receive service of process on its behalf in any Proceedings in England based on any of the Notes. If for any reason the Issuer does not have such agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to service of process in any other manner permitted by law.

USE OF PROCEEDS

The proceeds of the issue of the Notes (excluding the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) will be €191,320,000 on the Closing Date. The Issuer will use the proceeds of the issue of the Notes received by it on the Closing Date (a) in making an initial deposit of €150,000 to the Expense Account, (b) in paying certain fees and expenses payable by the Issuer on the Closing Date, (c) in paying the purchase price of the initial Portfolio purchased under the Collateral Acquisition Agreement, and (d) any remaining proceeds shall be deposited to the Uninvested Proceeds Account to be applied by the Issuer, or the Collateral Manager on behalf of the Issuer, in acquiring Collateral Debt Securities during the Reinvestment Period. Additionally, commitments to fund for an aggregate amount equal to €111,000,000 will be made available to the Issuer by the holders of the Class A1 Revolving Notes and Class A1 Delayed Draw Notes, the proceeds of which will be used to fund the purchase of additional Collateral Debt Securities.

The Issuer may, subject to and in accordance with the terms of the Class A1 Notes Purchase Agreement, request Fundings in respect of the Class A1 Revolving Notes at any time during the Reinvestment Period and/or in respect of the Class A1 Delayed Draw Notes at any time prior to the Delayed Draw Notes Final Funding Date. The Issuer will deposit the proceeds of each Funding into the Uninvested Proceeds Account to be applied by the Issuer, or the Collateral Manager on behalf of the Issuer, in acquiring Collateral Debt Securities during the Reinvestment Period.

RATINGS OF THE NOTES

General

It is a condition of the issue and sale of the Notes that each of the Class A1 Notes receives a rating of “Aaa” by Moody’s, “AAA” by S&P and “AAA” by Fitch, each of the Class A2 Notes receives a rating of “AAA” by S&P and “AAA” by Fitch, each of the Class B Notes receives a rating of at least “AA” by S&P and “AA” by Fitch, each of the Class C Notes receives a rating of at least “A” by S&P and “A” by Fitch and each of the Class D Notes receives a rating of at least “BBB” by S&P and “BBB” by Fitch. A rating will not be sought for the Subordinated Notes. The ratings of the Senior Notes by Fitch and S&P will address the timely payment of interest when due and the ultimate repayment of principal. The rating of the Class A1 Notes by Moody’s will address the expected loss to holders of the Class A1 Notes by the legal maturity date and that the structure allows for the timely payment of interest on the Class A1 Notes. The ratings of the Mezzanine Notes will address the ultimate (rather than the timely) payment of interest and the ultimate repayment of principal.

The Collateral Manager, on behalf of the Issuer, will request the Rating Agencies to confirm the ratings on the Rated Notes within 20 days after the Ramp-Up Effective Date. If the Rating Withdrawal occurs and is continuing on the first Payment Date falling more than 20 days after the Ramp-Up Effective Date, Interest Proceeds, Uninvested Proceeds and Principal Proceeds will be applied on each following Payment Date to redeem the Notes in whole or in part, subject to and in accordance with the Priorities of Payment, until the Rating Agencies confirm that each such rating is reinstated. See further Condition 7(c).

So long as any of the Rated Notes are listed on the Irish Stock Exchange and the rules of that exchange so require, the Issuer will give notice to the Irish Stock Exchange and will cause such notice to be given to the Noteholders in accordance with Condition 15 if the Rating Withdrawal occurs.

The ratings assigned to the Rated Notes by the Rating Agencies are based upon their assessment of the probability that the Collateral Debt Securities will provide sufficient funds to pay all amounts due under each Class of the Rated Notes, based largely upon the Rating Agencies’ statistical analysis of historical default rates on debt obligations with various ratings, the asset and interest coverage required for each Class of the Rated Notes and the diversification requirements that the Collateral Debt Securities are required to satisfy.

Moody’s Ratings

Moody’s assigns ratings to securities backed by debt obligations that are intended to equate the expected loss associated with such securities with the expected loss on corporate debt obligations with equivalent ratings. The expected loss on the rated securities is calculated by simulating various default and recovery scenarios and weighing each scenario by the probability (as estimated by Moody’s) for the scenario occurring and then aggregating those amounts to procure a total expected loss. Moody’s analyses the default and recovery assumptions, based on historical rates for similar debt obligations, the historical volatility of such rates (which increases as securities with lower ratings are added to the portfolio) and additional assumptions to account for future fluctuations. Moody’s then determines the level of credit protection necessary to achieve the default probability associated with the rating of the securities, taking into account the expected volatility of the default rate of the portfolio based on the level of diversification by region, industry and issuer under different interest rate scenarios.

In addition to these quantitative tests, the ratings by Moody’s take into account qualitative features of a transaction, including the legal structure and the risks associated with such structure, its view as to the quality of the participants in the transaction and other factors that it deems relevant.

Standard & Poor’s Ratings

S&P assigns ratings to the Rated Notes in a manner similar to the way it rates other structured issues. This requires an analysis of the following: (1) the credit quality of the portfolio of Collateral Debt Securities securing any of the Rated Notes, (2) the cash flow used to pay the Issuer’s liabilities; (3) the structure/priority of these payments; and (4) qualitative issues and legal considerations. Based on these analyses, S&P determines the necessary level of credit enhancement needed to achieve a desired rating.

S&P's analysis includes the application of its proprietary default expectation model, the Standard & Poor's CDO Evaluator (See *Description of Portfolio and Other Mortgaged Property-Collateral Quality Tests*) which is used to estimate the default rate the portfolio is likely to experience. The Standard & Poor's CDO Evaluator is based upon S&P's proprietary corporate debt default studies and takes into consideration each obligor rating, the number of obligors, the obligor/industry concentration, and the remaining weighted average maturity of the portfolio. The risks posed by these variables are accounted for by effectively adjusting the necessary default level needed to achieve a desired rating. The higher the desired rating, the higher the level of defaults the portfolio must withstand. For example, the higher the obligor/industry concentration or the longer the weighted average maturity, the higher the default level is assumed to be.

Credit enhancement to support a particular rating is then provided on the results of the Standard & Poor's CDO Evaluator, as well as other more qualitative considerations such as legal issues and management capabilities. Credit enhancement is typically provided by a combination of overcollateralisation/subordination, cash collateral/reserve account, excess spread/interest, amortisation and bond insurance.

Fitch Ratings

The ratings assigned by Fitch to the Rated Notes are based largely upon Fitch's statistical analysis of historical default rates on debt obligations with similar characteristics to the Collateral Debt Securities and the various eligibility requirements that the Collateral Debt Securities are required to satisfy.

Fitch assigns ratings to securities backed by debt obligations through a statistical analysis that measures the likelihood that a portion of the Collateral Debt Securities included in the portfolio will default. The level of default determined by the analysis is based on historical default rates for similar debt obligations with comparable credit ratings and terms of maturity, historical volatility of such default rates (which increases as Collateral Debt Securities with lower ratings are added to the portfolio), historical recovery rates and an additional default assumption to account for potential excess concentrations in the portfolio based on allowable levels of diversification by region, issuer and industry. The results of a statistical analysis are incorporated into a cash flow model built to mimic the structure of the transaction. In this regard, the results of several default scenarios, in conjunction with various qualitative tests (e.g., analysis of the strength of the Collateral Manager), are used to determine the credit enhancement required to support a particular rating.

Credit Rating Assumptions

The credit ratings of the Rated Notes by each Rating Agency were established under various assumptions and scenario analyses. There can be no assurance that actual defaults on the Collateral Debt Securities will not exceed those assumed by a Rating Agency in its analysis or that recovery rates with respect thereto (and, consequently, loss rates) will not differ from those assumed by such Rating Agency.

STANTON MBS I p.l.c.

General

The Issuer was incorporated in Ireland on 13 September, 2004 (under registered number 390893) as a public company limited by shares under the Irish Companies Acts, 1963 to 2003 under the name STANTON MBS I p.l.c. The registered office of the Issuer is at Trinity House, Charleston Road, Ranelagh, Dublin 6.

The Issuer's authorised and issued share capital is €40,000 divided into 40,000 ordinary shares of €1 each, all of which are issued and fully paid.

The Issuer has been incorporated for the sole purpose of issuing the Notes and entering into each of the Transaction Documents and entering into any other transactions and agreements described in this Offering Memorandum and any ancillary documents thereto.

Corporate Objects of the Issuer

The corporate objects of the Issuer, as stated in Article 3 of its memorandum of association include to purchase, acquire, sell, deal, enter into, engage or otherwise trade in credit default swaps, credit derivatives, credit protection and/or credit selling, to purchase, acquire, deal, trade, hold, manage or otherwise enter into an arrangement which constitutes any financial asset including, without limitation, shares, bonds, and other securities (including, but without limitation, residential mortgage-backed securities, commercial mortgage-backed securities other asset-backed securities and credit-linked securities), all kinds of futures, options, swaps, derivatives and similar instruments, to engage in swaps, derivatives, currency and interest rate transactions and any other financial or other transactions of whatever nature, including any transaction for the purpose of, or capable of being for the purposes of, avoiding, reducing, minimising, hedging against or otherwise managing the risk of any loss, cost, expense or liability arising, or which may arise, directly or indirectly, from a change or changes in any interest rate or currency exchange rate or in the price or value of any property, asset, commodity, index or liability or from any other risk or factor affecting the Issuer's undertaking and business and to raise or borrow money on such terms and in such manner as the Directors of the Issuer think fit, including by the creation and issue of notes, bonds, debentures, commercial paper, asset-backed or credit-linked notes or other securities.

Business Activity

The Issuer has not previously carried on any business or activities other than those incidental to its incorporation, the acquisition of the Mortgaged Property, the authorisation and issue of the Notes and activities incidental to the exercise of its rights and compliance with its obligations under the Notes, the Transaction Documents, and all other documents and agreements entered into in connection with the issue of the Notes and the purchase of the Mortgaged Property.

Capitalisation

The following table shows the capitalisation and indebtedness of the Issuer as at the date of this Offering Memorandum, adjusted for the issue of the Notes and assuming that the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes are fully funded:

Authorised Share Capital

40,000 Ordinary Shares of €1 each

Issued Share Capital

40,000 Ordinary Shares of €1 each, all of which are fully paid up €40,000

Borrowings

€30,000,000 Class A1 Senior Secured Floating Rate Revolving Notes due 2054	€30,000,000
€81,000,000 Class A1 Senior Secured Floating Rate Delayed Draw Notes due 2054	€81,000,000
€107,500,000 Class A1 Senior Secured Floating Rate Term Notes due 2054	€107,500,000
€27,500,000 Class A2 Senior Secured Floating Rate Notes due 2054	€27,500,000

€15,000,000 Class B Senior Secured Floating Rate Notes due 2054	€15,000,000
€12,000,000 Class C Deferrable Interest Secured Floating Rate Notes due 2095	€12,000,000
€10,000,000 Class D Deferrable Interest Secured Floating Rate Notes due 2095	€10,000,000
€19,320,000 Subordinated Notes due 2095	€19,320,000

Total indebtedness €302,360,000

Indebtedness

The Issuer has no indebtedness as at the date of this Offering Memorandum other than that which the Issuer has incurred or shall incur in relation to the transactions contemplated herein.

Holding Structure

The issued shares of the Issuer are held directly or indirectly by SFM Corporate Services Limited as share trustee (the *Share Trustee*) under the terms of a declaration of trust dated 15 October, 2004 under which it holds the shares on trust for charitable and heritage bodies. The Share Trustee is a company incorporated under the laws of England and its registered office is at Blackwell House, Guildhall Yard, London, EC2V 5AE.

Management

The Issuer is managed by its board of directors. As at the date of this Offering Memorandum, the directors of the Issuer are:

Name	Occupation	Business Address
John Walley	Company Director	6 th Floor, Block 3, Harcourt Centre, Harcourt Road, Dublin 2
John Gerard Murphy	Company Director	Blessington Road, Tallaght, Dublin 24

Subsidiaries

The Issuer has no subsidiaries or Affiliates.

Administrative Expenses of the Issuer

The Issuer is expected to incur certain Administrative Expenses.

Financial Statements

The accounting year of the Issuer will run from 1 January to 31 December in each year, save for the first accounting year, which runs from 13 September, 2004 to 31 December, 2004.

Any future published financial statements prepared for the Issuer will be obtainable free of charge from the specified office of the Irish Paying Agent.

Corporate Services Agreement

Pursuant to the Corporate Services Agreement, Structured Finance Management (Ireland) Limited (the *Corporate Services Provider*) of Trinity House, Charleston Road, Ranelagh, Dublin 6 will provide corporate services to the Issuer. Its duties will include the provision of certain administrative and related services including acting as company secretary. The appointment of the Corporate Services Provider may be terminated and the Corporate Services Provider may retire upon 90 days written notice subject to the appointment of an alternative corporate services provider.

DESCRIPTION OF PORTFOLIO AND OTHER MORTGAGED PROPERTY

1. General

The Mortgaged Property securing the Issuer's obligations under the Notes and the Transaction Documents will consist of, *inter alia*, all of the Issuer's rights, title, interest and benefit in, to and under (a) the Collateral Debt Securities and the Eligible Investments owned from time to time by the Issuer; (b) the Transaction Documents; (c) each of the Accounts established by the Issuer and all moneys from time to time standing to the credit of the Accounts, and (d) all proceeds of the foregoing.

2. Acquisition and Disposal of Collateral Debt Securities and Eligible Investments

(A) Acquisition Requirements

Any acquisition of an asset by the Collateral Manager on behalf of the Issuer will be subject to the requirements that:

- (a) such asset (i) meets the definition of Eligible Investment or (ii) meets the definition of Collateral Debt Security and (A) the acquisition of such asset will not cause the Portfolio to breach the Portfolio Criteria or (B) other than in respect of any of the Coverage Tests, if any of the limitations set forth in the Portfolio Criteria are not met prior to the acquisition of such asset, such acquisition will not cause such limitation to be further from being met;
- (b) no Event of Default shall have occurred and be continuing, provided that the Collateral Manager may acquire an asset on behalf of the Issuer, subject to and in accordance with the terms of the Collateral Management Agreement, the subject of a commitment entered into prior to the receipt of notice by the Collateral Manager of the occurrence of an Event of Default;
- (c) the Collateral Manager is not prohibited from trading in such asset in accordance with applicable law;
- (d) such acquisition is made on an "arm's length" basis and for fair market value; and
- (e) there are sufficient funds standing to the credit of the Principal Collection Account or the Uninvested Proceeds Account or available to be drawn under the Liquidity Facility Agreement to fund the acquisition of that asset.

(B) Acquisition Prior to the Ramp-Up Effective Date

The Collateral Manager will use its reasonable efforts to invest in Collateral Debt Securities on behalf of the Issuer up to an Aggregate Principal Balance equal to or greater than €298,500,000 on or before the Ramp-Up Effective Date.

(C) Acquisition During the Reinvestment Period

During the Reinvestment Period, Principal Proceeds, Uninvested Proceeds and Interest Proceeds available for such purpose in accordance with paragraphs (S), (T) and (W) of the Interest Proceeds Priority of Payment and paragraph (B) of the Reinvestment Period Principal Proceeds Priority of Payments may be used by the Collateral Manager, on behalf of the Issuer, to acquire Collateral Debt Securities subject to and in accordance with the terms of the Collateral Management Agreement.

(D) Acquisition After the Reinvestment Period

After the Reinvestment Period, Interest Proceeds available for such purpose in accordance with paragraphs (S), (T) and (W) of the Interest Proceeds Priority of Payment may be used by the Collateral Manager, on behalf of the Issuer, to acquire Collateral Debt Securities subject to and in accordance with the terms of the Collateral Management Agreement.

(E) *Discretionary Disposal*

Subject to the terms of the Collateral Management Agreement, the Collateral Manager may, acting on behalf of the Issuer, in the open market or otherwise, dispose or procure the disposal of:

- (a) any Defaulted Security;
- (b) any Credit Risk Security;
- (c) any Converted Security;
- (d) any Credit Improved Security;
- (e) any Collateral Debt Security, if directed to do so by an Extraordinary Resolution of each Class of Noteholders.

(F) *Conditions Applicable to the Disposal and subsequent acquisition of Tradeable Securities during the Reinvestment Period*

In addition to the ability of the Collateral Manager to dispose or procure the disposal of Collateral Debt Securities referred to above, the Collateral Manager (acting on behalf of the Issuer) may dispose of any Collateral Debt Security during the Reinvestment Period (a ***Tradeable Security***) subject to:

- (a) the Collateral Manager not having received notification and not having actual knowledge that an Event of Default has occurred and is continuing;
- (b) if the Class A1 Notes are not rated “Aaa” by Moody’s, the Noteholders of the Controlling Class agreeing to such disposal through an Extraordinary Resolution;
- (c) the Collateral Administrator confirming to the Collateral Manager that the Aggregate Principal Balance of Tradeable Securities disposed of for a given year (for the avoidance of doubt, including the proposed disposal) does not exceed 15 per cent. of the Aggregate Principal Balance of the Collateral Debt Securities held by the Issuer at the beginning of that year for which purposes a year shall be deemed to be from and including 4 November in a year to but excluding 4 November in the following year;
- (d) the Collateral Manager certifying prior to such disposal to the Issuer and the Trustee in an Issuer Order that it believes in its sole but reasonable judgement (1) that the Principal Sale Proceeds thereof shall be in an amount which is no less than 98 per cent. of the Principal Balance of such Collateral Debt Security prior to such disposal and (2) that such Principal Sale Proceeds can be reinvested in Collateral Debt Securities within 30 Business Days from the date of settlement of the disposal of the Collateral Debt Security to be disposed;
- (e) if the acquisition described in paragraph (d)(2) above does not take place within such time frame after the Collateral Manager using its reasonable efforts to effect such acquisition, the Collateral Manager shall use the Principal Sale Proceeds to either (i) repay the Class A1 Revolving Notes subject to the satisfaction of the Revolving Note Repayment Condition on the immediately following Revolving Note Payment Date, or (ii) after the Reinvestment Period, redeem the Notes in accordance with the Post Reinvestment Period Priority of Payments;
- (f) the Collateral Manager certifying prior to such disposal to the Issuer and the Trustee in an Issuer Order that after giving effect to such disposal and any subsequent acquisition, the Portfolio Criteria will be met or, if any of the limitations set forth in the Portfolio Criteria (other than any of the Coverage Tests) are not met prior to such disposal, the Collateral Manager certifying in an Issuer Order that each such limitation will not be further from being met after giving effect to such disposal and any subsequent acquisition; and
- (g) if such disposal occurs after the Ramp-Up Effective Date, the Collateral Manager may only proceed with the subsequent acquisition if either (A) such disposal and the corresponding acquisition under

paragraph (d)(2) above shall not result in the Class D Overcollateralisation Ratio falling below the Ramp-Up Effective Date Overcollateralisation Ratio on the day the acquisition takes place, or (B) the sum of the par amount of the assets purchased and the reduction in the Funding of the Class A1 Revolving Notes is no less than the par amount of the Collateral Debt Securities sold.

(G) Conditions Applicable to the Disposal of Defaulted Securities, Credit Risk Securities, Converted Securities and Credit Improved Securities and subsequent Acquisition of Collateral Debt Securities

Defaulted Securities, Credit Risk Securities, Credit Improved Securities and Converted Securities may be disposed of at any time by the Collateral Manager (acting on behalf of the Issuer) subject to:

- (a) the Collateral Manager not having received notification and not having actual knowledge that an Event of Default has occurred and is continuing;
- (b) the Collateral Manager certifying prior to such disposal to the Issuer and the Trustee in an Issuer Order that it believes in its sole but reasonable judgement that such security is a Defaulted Security, a Credit Risk Security, a Converted Security or a Credit Improved Security, as the case may be;
- (c) the Collateral Manager confirming prior to such disposal to the Issuer and the Trustee in an Issuer Order that it reasonably believes that the Principal Sale Proceeds thereof can be reinvested in Collateral Debt Securities within 30 Business Days (in the case of a Credit Improved Security) or 60 days (otherwise) from the date of settlement of the disposal of the Collateral Debt Security to be disposed;
- (d) if the acquisition described in paragraph (c) above does not take place within such timeframe as specified in paragraph (c) after the Collateral Manager using its reasonable efforts to effect such acquisition, the Collateral Manager shall use the Principal Sale Proceeds either to (i) repay the Class A1 Revolving Notes subject to the satisfaction of the Revolving Note Repayment Condition on the immediately following Revolving Note Payment Date, or (ii) after the Reinvestment Period, redeem the Notes in accordance with the Post Reinvestment Period Priority of Payments;
- (e) the Collateral Manager certifying prior to such disposal to the Issuer and the Trustee in an Issuer Order that after giving effect to such disposal and any subsequent acquisition, the Portfolio Criteria will be met or, if any of the limitations set forth in the Portfolio Criteria (other than any of the Coverage Tests) are not met prior to such disposal, the Collateral Manager certifying in an Issuer Order that each such limitation will not be further from being met after giving effect to such disposal and any subsequent acquisition;
- (f) if such disposal of Credit Improved Securities and the subsequent acquisition of Collateral Debt Securities occurs after the Ramp-Up Effective Date, the Collateral Manager may only proceed with such subsequent acquisition if either (A) such disposal and the corresponding acquisition under paragraph (c) above shall not result in the Class D Overcollateralisation Ratio falling below the Ramp-Up Effective Date Overcollateralisation Ratio on the day the acquisition takes place, or (B) the sum of the par amount of the assets purchased and the reduction in the Funding of the Class A1 Revolving Notes is no less than the par amount of the Collateral Debt Securities sold; and
- (g) if such disposal of Credit Risk Securities, Defaulted Securities or Converted Securities and the subsequent acquisition of Collateral Debt Securities occurs after the Ramp-Up Effective Date, the Collateral Manager may only proceed with such subsequent acquisition if either (A) such disposal and the corresponding acquisition under paragraph (c) above shall not result in the Class D Overcollateralisation Ratio falling below the Ramp-Up Effective Date Overcollateralisation Ratio on the day the acquisition takes place, or (B) the sum of the par amount of the assets purchased and the reduction in the Funding of the Class A1 Revolving Notes is no less than the Principal Sales Proceeds of the Collateral Debt Securities sold.

(H) Disposal Following Optional Redemption of the Notes

Following the issue of any notice of an optional redemption of the Notes in accordance with Conditions 7(e), (g) or (i), the Collateral Manager, acting on behalf of the Issuer, may, at any time on behalf of the Issuer, dispose or

cause the disposal of any Collateral Debt Security and/or Eligible Investment in the open market or otherwise without regard to the foregoing limitations, provided that:

- (a) the Sale Proceeds therefrom are used to pay all amounts referred to in Condition 7 (e), (g) or (i), as the case may be, to redeem the relevant Class of Notes (in whole but not in part) and to pay all amounts ranking in priority thereto in accordance with the Priorities of Payments; and
 - (b) all the Collateral Debt Securities and/or Eligible Investments to be sold pursuant to this provision will be sold in accordance with the requirements set forth in Condition 7.
- (I) *Disposal on or prior to Stated Maturity*

In the event of any redemption of the Notes in whole prior to their Stated Maturity in circumstances other than those specified under *Disposal Following Optional Redemption of the Notes*, the Collateral Manager on behalf of the Issuer shall use all commercially reasonable efforts to procure liquidation of the Collateral Debt Securities and Eligible Investments so that the proceeds thereof are available in immediately available funds not later than one Business Day prior to the scheduled Redemption Date.

(J) *Enforcement of Security*

Upon receipt of notification from the Trustee of the enforcement by the Trustee of the security over the Mortgaged Property, the Collateral Manager shall, if appointed by the Trustee in accordance with the Collateral Management Agreement, realise the Portfolio to the extent required by the Trustee and at the direction of the Trustee.

3. Eligibility Criteria

Each Collateral Debt Security shall, on the relevant trade date, satisfy the following requirements (the *Eligibility Criteria*):

- (a) it is an RMBS, a CMBS, a CDO, an ABS or a Synthetic Credit Linked Security;
- (b) it is (i) a euro denominated debt security the payments with respect to which are not by the terms thereof payable in a currency other than euro or (ii) a debt security denominated in an Eligible Currency other than euro the payments with respect to which are not by the terms thereof payable in a currency other than such Eligible Currency and in respect of which the Issuer enters into a fully cancellable Collateral Currency Swap on or prior to the acquisition of such Collateral Debt Security;
- (c) it is a security issued by an obligor incorporated or organised under the laws of any state of the United States of America, a member state of the European Union (except Austria), the Cayman Islands or Jersey;
- (d) it is not (i) a Defaulted Security, (ii) a Credit Impaired Security, (iii) a Deferred Interest PIK Obligation, or a security that is, on the relevant trade date, having interest deferred or (iv) a security which has a rating of below “Ba3” by Moody’s, below “BB-” by S&P or below “BB-” by Fitch; provided that if the Collateral Debt Security is (A) a CDO, or (B) a Non Performing Loan Security issued by an obligor incorporated or organised under the laws of Italy, it must have a rating of at least “Baa3” by Moody’s, at least “BBB-” by S&P or at least “BBB-” by Fitch;
- (e) it provides for a fixed amount of principal payable in cash by the stated maturity of such security;
- (f) it is an interest bearing security, such interest being payable at least semi-annually and such interest not being subject to a decreasing coupon or spread;
- (g) it is eligible, under the instrument or agreement pursuant to which it was issued or created, to be acquired by the Issuer and to be subject to the security interest created in favour of the Trustee under the Trust Deed and the Euroclear Pledge Agreement;

- (h) its purchase price is at least 80 per cent. of its par value (excluding accrued interest);
- (i) it is not an Equity Security or Margin Stock or the subject of an offer of exchange or tender by its obligor or by any other person, for cash, securities or any other type of consideration and neither the holders of such securities nor the obligor thereof has exercised any optional redemption right with respect thereto;
- (j) it is eligible for transfer to the Trustee and the Custodian by physical delivery or through Euroclear, Clearstream, Luxembourg or DTC in compliance with the requirements of the Trust Deed and the Euroclear Pledge Agreement;
- (k) it is a security with a public rating by Moody's and/or S&P and/or Fitch;
- (l) either (i) no payments of principal, premium, if any, or interest thereon are the subject of withholding tax imposed by any jurisdiction or (ii) if any such payments are subject to such withholding tax, the obligor thereunder is required to make "gross-up" payments pursuant to the relevant Underlying Instrument that cover the full amount of any such withholding tax on an after-Tax basis;
- (m) no payments of stamp duty, transfer Taxes or registration Taxes are imposed by any jurisdiction in connection with the acquisition of such security by the Issuer or the creation of the security interest therein pursuant to the Trust Deed and the Euroclear Pledge Agreement;
- (n) ownership of such security will not subject the Issuer to net income Tax in any jurisdiction where it would not otherwise be subject to Tax;
- (o) it is not subject to any lien, security interest or other encumbrance other than pursuant to the Trust Deed and the Euroclear Pledge Agreement;
- (p) it is not a security pursuant to which future advances may be required to be made to the obligor or counterparty thereof;
- (q) it is not a synthetic security other than a Synthetic Credit Linked Security and in such case, (i) the Reference Obligor must have a minimum long term rating of at least "A3" by Moody's or at least "A-" by Fitch and S&P and (ii) the underlying collateral of such Synthetic Credit Linked Security must have a minimum long term rating of at least "Aa3" by Moody's or at least "AA-" by S&P or at least "AA-" by Fitch, and (iii) such Synthetic Credit Linked Security must not be a single tranche Synthetic Credit Linked Security;
- (r) if it is a Synthetic Credit Linked Security, its Reference Obligation is not an Arbitrage CDO;
- (s) it is not an Emerging Market Underlying Security, a Whole-Business Securitisation or an Underlying Combination Note;
- (t) it is not a security with a legal maturity later than November 2095; and
- (u) it is not a security issued by the Collateral Manager or any of its Affiliates or issued by an issuer to which the Collateral Manager provides investment advice or management services.

4. Portfolio Criteria

On and after the Closing Date (or any other date as specified below) the acquisition of a Collateral Debt Security (i) must not cause the Portfolio to breach any of the following limitations (the **Portfolio Criteria**) or (ii) other than in respect of any of the Coverage Tests, if any of the limitations set forth in the Portfolio Criteria are not met prior to such commitment to acquire is made by the Collateral Manager, must not cause such limitation to be further from being met:

- (a) the Aggregate Principal Balance of all RMBS will be not more than 50 per cent. of the Minimum Investment Amount;

- (b) the Aggregate Principal Balance of all Sub Prime RMBS will be not more than 25 per cent. of the Minimum Investment Amount;
- (c) the Aggregate Principal Balance of all Non Performing Loan Securities issued by obligors incorporated or organised under the laws of Italy will be not more than 10 per cent. of the Minimum Investment Amount and at least 33.3 per cent. of the Aggregate Principal Balance of such Collateral Debt Securities will consist of Collateral Debt Securities with a rating of “A3” or above by Moody’s, “A-” or above by S&P or “A-” or above by Fitch;
- (d) the Aggregate Principal Balance of all Non-Conforming Securities linked to assets at least 50 per cent. of which are located in the United Kingdom will be not more than 15 per cent. of the Minimum Investment Amount;
- (e) the Aggregate Principal Balance of all CMBS will be not more than 50 per cent. of the Minimum Investment Amount;
- (f) the Aggregate Principal Balance of all Prime RMBS linked to assets at least 50 per cent. of which are located in any given country will be not more than 15 per cent. of the Minimum Investment Amount, provided however that, if such assets located in any given country are less than 50 per cent. of the total assets to which such Prime RMBS are linked, the Collateral Manager shall, in good faith, determine the geographic allocation and only if such geographic allocation is deemed to be “multi-jurisdictional European securitisation”, such assets shall not be considered for the purpose of this item of the Portfolio Criteria;
- (g) the Aggregate Principal Balance of all CMBS issued by obligors incorporated or organised under the laws of any given country will be not more than 15 per cent. of the Minimum Investment Amount;
- (h) the Aggregate Principal Balance of all CDOs will be not more than 10 per cent. of the Minimum Investment Amount;
- (i) the Aggregate Principal Balance of all ABS will be not more than 5 per cent. of the Minimum Investment Amount;
- (j) the Aggregate Principal Balance of all PIK Obligations will be not more than 10 per cent. of the Minimum Investment Amount;
- (k) the Aggregate Principal Balance of all Collateral Debt Securities that bear interest at a fixed rate that are not the subject of a Collateral Interest Rate Swap will be not more than 5 per cent. of the Minimum Investment Amount;
- (l) the Aggregate Principal Balance of all Non-Euro Obligations will be not more than 10 per cent. of the Minimum Investment Amount;
- (m) the Aggregate Principal Balance of Collateral Debt Securities with a rating of “Baa3” or above by Moody’s or “BBB-” or above by S&P or “BBB-” or above by Fitch will be at least 85 per cent. of the Minimum Investment Amount;
- (n) the Aggregate Principal Balance of Collateral Debt Securities with a rating of below “Baa3” by Moody’s, below “BBB-” by S&P and below “BBB-” by Fitch will be not more than 15 per cent. of the Minimum Investment Amount;
- (o) the Aggregate Principal Balance of the five largest Collateral Debt Securities of the same tranche issued by a particular obligor and rated “Baa2” or above by Moody’s, “BBB” or above by S&P or “BBB” or above by Fitch shall be not more than 3½ per cent. of the Maximum Investment Amount;
- (p) except as provided in (o), the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Aa3” or above by Moody’s, “AA-” or above by S&P or “AA-” or above by Fitch will be not more than 3 per cent. of the Minimum Investment Amount;

- (q) except as provided in (o), the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Baa2” to “A1” by Moody’s, “BBB” to “A+” by S&P or “BBB” to “A+” by Fitch will be not more than 2.5 per cent. of the Minimum Investment Amount;
- (r) except as provided in (o), the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Baa3” by Moody’s or “BBB-” by S&P or “BBB-” by Fitch will be not more than 2.0 per cent. of the Minimum Investment Amount;
- (s) except as provided in (o), the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Ba1” or below by Moody’s, “BB+” or below by S&P or “BB+” or below by Fitch will be not more than 1.5 per cent. of the Minimum Investment Amount;
- (t) the Aggregate Principal Balance of Collateral Debt Securities of multiple tranches of a single obligor will be not more than 4 per cent. of the Minimum Investment Amount;
- (u) the Aggregate Principal Balance of Collateral Debt Securities without a public rating by S&P will be not more than 20 per cent. of the Minimum Investment Amount;
- (v) the Aggregate Principal Balance of Collateral Debt Securities without a public rating by Moody’s will be not more than 20 per cent. of the Minimum Investment Amount;
- (w) the Aggregate Principal Balance of Collateral Debt Securities with a legal maturity later than November 2045 will be not more than 45 per cent. of the Minimum Investment Amount;
- (x) the Aggregate Principal Balance of Collateral Debt Securities with a legal maturity later than November 2054 will be not more than 15 per cent. of the Minimum Investment Amount;
- (y) the Aggregate Principal Balance of Collateral Debt Securities in respect of which the Underlying Collateral consists of mortgage obligations more than 50 per cent. of which by value are linked to property in The Netherlands and which has a legal maturity date falling after the end of November 2054, will be less than 10 per cent. of the Minimum Investment Amount;
- (z) on or after the Ramp-Up Effective Date, each of the Collateral Quality Tests will be satisfied;
- (aa) on or after the Ramp-Up Effective Date, each of the Coverage Tests will be satisfied;
- (bb) the Aggregate Principal Balance of all the Collateral Debt Securities serviced by a single servicer (together with the Aggregate Principal Balance of any Synthetic Credit Linked Securities related thereto) plus the Aggregate Principal Balance of the Eligible Investments purchased with funds from the Principal Collection Account shall not exceed 7.5 per cent. of the Minimum Investment Amount provided that (a) if the servicer is rated at least “A-” or “S2” by Fitch, such limit shall be increased to 10 per cent. of the Minimum Investment Amount, and/or (b) if the servicer is rated at least “AA-” or “S1” by Fitch, such limit shall be increased to 15 per cent. of the Minimum Investment Amount and further provided that this item (bb) shall not apply if the Rating Agency Condition in respect of Fitch is satisfied (the satisfaction of such condition not to be unreasonably withheld or delayed by Fitch);
- (cc) the percentage of the Aggregate Principal Balance of all Collateral Debt Securities (i) for which the public rating only refers to repayment of principal or (ii) which are rated below “BBB-” by S&P and/or Fitch and are subject to an Available Fund Cap, shall not exceed 5 per cent. of the Minimum Investment Amount; and
- (dd) the Aggregate Principal Balance of Collateral Debt Securities paying interest either quarterly or more frequently will not be less than 25 per cent. of the Minimum Investment Amount.

For the purposes of determining compliance with the Eligibility Criteria and the Portfolio Criteria other than those related to the Collateral Quality Tests but including the Weighted Average S&P Recovery Rate Test, the Weighted Average Moody’s Recovery Rate Test and the Weighted Average Fitch Recovery Rate Test, only public ratings will be used.

For the purposes of determining compliance with the Collateral Quality Tests (other than the Weighted Average S&P Recovery Rate Test, the Weighted Average Moody's Recovery Rate Test and the Weighted Average Fitch Recovery Rate Test), (a) public ratings, private ratings or credit estimates may be used and (b) if the asset is not rated by any given Rating Agency, such asset shall be notched in accordance with Appendix VI.

5. Other Matters Relating to the Eligibility Criteria and the Portfolio Criteria

In connection with the above calculations, the Issuer, the Collateral Manager and the Trustee may rely exclusively on reports relating to any Collateral Debt Security delivered to the Issuer, the Collateral Manager or the Trustee by the trustee, servicer or collateral manager with respect to such Collateral Debt Security.

If the Issuer has previously entered into a commitment to acquire an obligation or security for inclusion in the Portfolio then the Issuer need not comply further with any of the Eligibility Criteria or Portfolio Criteria on the date of such acquisition if the Issuer complied with each of the Eligibility Criteria and Portfolio Criteria on the trade date on which the Issuer entered into such commitment.

If the Collateral Manager reasonably determines that, in light of the composition of Collateral Debt Securities in the Portfolio, general market conditions and any other factors the Collateral Manager considers relevant, investments in additional Collateral Debt Securities would at any time during the Reinvestment Period either be impracticable or not beneficial to the Issuer, the Reinvestment Period shall be suspended for such period as determined by the Collateral Manager in its sole discretion for the purposes specified in *Acquisition and Disposal of Collateral Debt Securities and Eligible Investments* above. The Reinvestment Period shall also be suspended for such purposes on any Measurement Date after the Ramp-Up Effective Date on which any of the Coverage Tests are breached as determined by the Collateral Manager or the Collateral Administrator until such time as all of the Coverage Tests are satisfied, provided that the Collateral Manager, on behalf of the Issuer, shall honour any commitment to acquire Collateral Debt Securities arising before the suspension of the Reinvestment Period.

For the purpose of confirming compliance with the Portfolio Criteria, the conversion into euro of the Principal Balance of any Collateral Debt Security in any Eligible Currency other than euro shall be deemed to be made at the rate of exchange applicable under the relevant Collateral Currency Swap as determined by the Collateral Manager in good faith.

6. Collateral Quality Tests

The Collateral Quality Tests will be used primarily as criteria for acquiring Collateral Debt Securities. The Collateral Quality Tests will be comprised of (a) the Moody's Diversity Score Test, (b) the Moody's Weighted Average Rating Factor Test, (c) the Weighted Average Fitch Rating Factor Test, (d) the Weighted Average S&P Recovery Rate Test, (e) the Weighted Average Moody's Recovery Rate Test, (f) the Weighted Average Fitch Recovery Rate Test, (g) the Weighted Average Spread Test, (h) the Standard & Poor's CDO Monitor Test, (i) the Weighted Average Life Test, which are described below.

Measurement by the Collateral Administrator of the degree of compliance with the Collateral Quality Tests will be required on each Measurement Date.

(a) *Moody's Diversity Score Test*

The ***Moody's Diversity Score Test*** shall be satisfied on any Measurement Date if the Diversity Score on such Measurement Date for all Collateral Debt Securities is equal to or greater than 17.0.

The ***Moody's Diversity Score*** as set forth in Appendix I is a single number that measures the portfolio correlation in terms of issuer, industry and rating concentration. A higher Diversity Score reflects a more diverse portfolio.

(b) *Moody's Weighted Average Rating Factor Test*

The **Moody's Weighted Average Rating Factor Test** will be satisfied on any Measurement Date, if the Weighted Average Rating of all Collateral Debt Securities is not more than 610. **Weighted Average Rating** is defined in Appendix II.

(c) *Weighted Average Fitch Rating Factor Test*

The **Weighted Average Fitch Rating Factor Test** will be satisfied on any Measurement Date if the Fitch Weighted Average Rating of the Collateral Debt Securities does not exceed 7.25 per cent.

Fitch Weighted Average Rating is defined in Part A of Appendix V.

(d) *Weighted Average S&P Recovery Rate Test*

The **Weighted Average S&P Recovery Rate Test** will be satisfied as of any Measurement Date if the Weighted Average S&P Recovery Rate of all Collateral Debt Securities is greater than or equal to in respect of:

- (i) Notes rated "AAA" by S&P, 28.05 per cent.;
- (ii) Notes rated "AA" by S&P, 32.30 per cent.;
- (iii) Notes rated "A" by S&P, 37.08 per cent.; and
- (iv) Notes rated "BBB" by S&P, 44.11 per cent.

The **Weighted Average S&P Recovery Rate** of all Collateral Debt Securities, as of any Measurement Date, is the aggregate of the products obtained by multiplying the Principal Balance of each Collateral Debt Security by its S&P Recovery Rate (as defined in Appendix III), dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities, multiplying the result by 100 and rounding up to the first decimal place. For the purposes of each Weighted Average S&P Recovery Rate, the Principal Balance of a Defaulted Security shall be deemed to be zero.

(e) *Weighted Average Moody's Recovery Rate Test*

The **Weighted Average Moody's Recovery Rate Test** will be satisfied as of any Measurement Date if the Weighted Average Moody's Recovery Rate of all Collateral Debt Securities is greater than or equal to 28 per cent.

The **Weighted Average Moody's Recovery Rate** of all Collateral Debt Securities, as of any Measurement Date, is the aggregate of the products obtained by multiplying the Principal Balance of each Collateral Debt Security by the Moody's Recovery Rate corresponding to the applicable rating, tranche size and asset type set forth in Appendix IV, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities, multiplying the result by 100 and rounding to the first decimal place. For the purposes of each Weighted Average Moody's Recovery Rate, the Principal Balance of a Defaulted Security shall be zero.

(f) *Weighted Average Fitch Recovery Rate Test*

The **Weighted Average Fitch Recovery Rate Test** will be satisfied on any Measurement Date if the Weighted Average Fitch Recovery Rate of all Collateral Debt Securities is greater than or equal to 40 per cent.

The **Weighted Average Fitch Recovery Rate** of all Collateral Debt Securities, as of any Measurement Date, is the aggregate of the products obtained by multiplying the Principal Balance of each Collateral Debt Security by its Fitch Recovery Rate as set out in Part B of Appendix V, dividing such sum by the Aggregate Principal Balance of all such Collateral Debt Securities, multiplying the result by 100 and

rounding up to the first decimal place. For the purposes of each Weighted Average Fitch Recovery Rate, the Principal Balance of a Defaulted Security shall be deemed to be zero.

(g) *Weighted Average Spread Test*

The **Weighted Average Spread Test** will be satisfied as of any Measurement Date if (a)(i) the weighted average coupon minus the EURIBOR rate on such Measurement Date (**Weighted Average Coupon**) of all Fixed Rate Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due, Defaulted Securities and Deferred Interest PIK Obligations) multiplied by the outstanding Principal Balance of such Fixed Rate Collateral Debt Securities (the **Fixed Par Amount**) as of such date plus (ii) the weighted average spread (**Weighted Average Spread**) above EURIBOR (with respect to Collateral Debt Securities whose reference index is not EURIBOR, the equivalent spread over EURIBOR) of all Floating Rate Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due, Defaulted Securities and Deferred Interest PIK Obligations) multiplied by the outstanding Principal Balance of such Floating Rate Collateral Debt Securities (the **Floating Par Amount**) as of such date minus (iii) any premium payable by the Issuer in respect of each Credit Default Swap divided by (b) the sum of the Fixed Par Amount and the Floating Par Amount, is greater than the Required Weighted Average Spread. For the purposes of this definition, any Fixed Rate Collateral Debt Security that is the subject of a Collateral Interest Rate Swap shall be considered a Floating Rate Collateral Debt Security bearing interest at a floating rate equal to the implied spread over EURIBOR receivable by the Issuer pursuant to such Collateral Interest Rate Swap (so long as there is no default under such Collateral Interest Rate Swap), provided however that each Collateral Debt Security that is a CMBS, if subject to an Available Funds Cap, the interest coupon payable thereon will be deemed to be zero unless otherwise agreed from time to time by S&P and Fitch.

With respect to the calculation of Weighted Average Coupon and Weighted Average Spread, the coupon or spread of any Collateral Debt Security with a coupon that is only partially rated shall be the rated portion of the coupon or spread.

As of any Measurement Date, **Required Weighted Average Spread** means a rate equal to 1.70 per cent. per annum; provided that the Required Weighted Average Spread may be modified if the Rating Agency Condition is satisfied with respect to such modification.

(h) *Standard & Poor's CDO Monitor Test*

The **Standard & Poor's CDO Monitor Test** will be satisfied on any Measurement Date during the Reinvestment Period if after giving effect to the disposal of a Collateral Debt Security or the acquisition of a Collateral Debt Security (or both) (i)(x) the Class A1 Default Differential of the Proposed Portfolio is positive or (y) the Class A1 Default Differential of the Proposed Portfolio is greater than the Class A1 Default Differential of the Current Portfolio, (ii)(x) the Class A2 Default Differential of the Proposed Portfolio is positive or (y) the Class A2 Default Differential of the Proposed Portfolio is greater than the Class A2 Default Differential of the Current Portfolio, (iii)(x) the Class B Default Differential of the Proposed Portfolio is positive or (y) the Class B Default Differential of the Proposed Portfolio is greater than the Class B Default Differential of the Current Portfolio, (iv)(x) the Class C Default Differential of the Proposed Portfolio is positive or (y) the Class C Default Differential of the Proposed Portfolio is greater than the Class C Default Differential of the Current Portfolio, and (v)(x) the Class D Default Differential of the Proposed Portfolio is positive or (y) the Class D Default Differential of the Proposed Portfolio is greater than the Class D Default Differential of the Current Portfolio.

The **Class A1 Break-Even Default Rate**, at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor's CDO Evaluator, which after giving effect to S&P's assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Class A1 Notes in full by their stated maturity and the timely payment of interest,

the Class A1 Revolving Notes Commitment Fee and the Class A1 Delayed Draw Notes Commitment Fee.

The ***Class A1 Default Differential***, at any time, is the rate calculated by subtracting the Class A1 Scenario Default Rate at such time from the Class A1 Break-Even Default Rate at such time.

The ***Class A1 Scenario Default Rate***, at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a “AAA” rating of the Class A1 Notes by S&P, determined by application of the Standard & Poor’s CDO Evaluator.

The ***Class A2 Break-Even Default Rate***, at any time, is the maximum percentage of defaults that the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor’s CDO Evaluator, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Class A2 Notes in full by their stated maturity and timely payment of interest.

The ***Class A2 Default Differential***, at any time, is the rate calculated by subtracting the Class A2 Scenario Default Rate at such time from the Class A2 Break-Even Default Rate at such time.

The ***Class A2 Scenario Default Rate***, at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with a “AAA” rating of the Class A2 Notes by S&P, determined by application of the Standard & Poor’s CDO Evaluator.

The ***Class B Break-Even Default Rate***, at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor’s CDO Evaluator, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Class B Notes in full and the timely payment of interest on the Class B Notes.

The ***Class B Default Differential***, at any time, is the rate calculated by subtracting the Class B Scenario Default Rate at such time from the Class B Break-Even Default Rate at such time.

The ***Class B Scenario Default Rate***, at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an “AA” rating of the Class B Notes by S&P, determined by application of the Standard & Poor’s CDO Evaluator at such time.

The ***Class C Break-Even Default Rate***, at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor’s CDO Evaluator, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Class C Notes in full and the ultimate payment of interest on the Class C Notes.

The ***Class C Default Differential***, at any time, is the rate calculated by subtracting the Class C Scenario Default Rate as such time from the Class C Break-Even Default Rate at such time.

The ***Class C Scenario Default Rate***, at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an “A” rating of the Class C Notes by S&P, determined by application of the Standard & Poor’s CDO Evaluator at such time.

The ***Class D Break-Even Default Rate***, at any time, is the maximum percentage of defaults which the Current Portfolio or the Proposed Portfolio, as applicable, can sustain, as determined by S&P through application of the Standard & Poor’s CDO Evaluator, which after giving effect to S&P’s assumptions on recoveries and timing and to the Priorities of Payments, will result in sufficient funds remaining for the payment of the Class D Notes in full and the ultimate payment of interest on the Class D Notes.

The ***Class D Default Differential***, at any time, is the rate calculated by subtracting the Class D Scenario Default Rate at such time from the Class D Break-Even Default Rate at such time.

The **Class D Scenario Default Rate**, at any time, is an estimate of the cumulative default rate for the Current Portfolio or the Proposed Portfolio, as applicable, consistent with an “BBB” rating of the Class D Notes by S&P, determined by application of the Standard & Poor’s CDO Evaluator at such time.

The **Current Portfolio** means the portfolio (measured by Principal Balance) of Collateral Debt Securities, Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds, existing immediately prior to the sale, maturity or other disposal of a Collateral Debt Security or immediately prior to the acquisition of a Collateral Debt Security, as the case may be.

The **Proposed Portfolio** means the portfolio (measured by Principal Balance) of Collateral Debt Securities, Principal Proceeds and Uninvested Proceeds held as cash and Eligible Investments purchased with Principal Proceeds or Uninvested Proceeds, resulting from the sale, maturity or other disposal of a Collateral Debt Security or a proposed acquisition of a Collateral Debt Security, as the case may be.

(i) **Weighted Average Life Test**

The **Weighted Average Life Test** will be satisfied on any Measurement Date occurring on or after the Ramp-Up Effective Date if the Weighted Average Life as of such Measurement Date is not greater than the number for such date set forth below:

Measurement Date falling on or after the Determination Date in respect of the Payment Dates falling in	Weighted Average Life
November 2005	8.5
November 2006	7.5
November 2007	7.5
November 2008	6.5
November 2009	6.5
November 2010	5.5
November 2011	5.5
November 2012	4.5
November 2013	4.5
November 2014	3.5
November 2015	2.5
November 2016	1.5

The **Weighted Average Life** equals, as of any Measurement Date, the number obtained by (i) for each Collateral Debt Security (other than Defaulted Securities), multiplying the euro amount (or in the case of Non-Euro Obligations, the euro amount received by the Issuer under the relevant Collateral Currency Swap) of each expected distribution of principal to be paid after such Measurement Date by the number of years (rounded to the nearest hundredth) from such Measurement Date until such expected distribution of principal is due; (ii) summing all of the products calculated pursuant to Clause (i); and (iii) dividing the sum calculated pursuant to Clause (ii) by the sum of all expected distributions of principal due on all the Collateral Debt Securities (other than Defaulted Securities) as of such Measurement Date.

7. Coverage Tests

The Coverage Tests for the Notes will consist of (i) the Class B Coverage Tests (comprised of the Class B Overcollateralisation Ratio Test and the Class B Interest Coverage Ratio Test); (ii) the Class C Coverage Tests

(comprised of the Class C Overcollateralisation Ratio Test and the Class C Interest Coverage Ratio Test); and (iii) the Class D Coverage Tests (comprised of the Class D Overcollateralisation Ratio Test and the Class D Interest Coverage Ratio Test).

Overcollateralisation Ratio Tests

The Class B Overcollateralisation Ratio Test will be satisfied on any Measurement Date on which any Class B Note remains Outstanding if the Class B Overcollateralisation Ratio on such Measurement Date is equal to or greater than 112.3 per cent.

The Class C Overcollateralisation Ratio Test will be satisfied on any Measurement Date on which any Class C Note remains Outstanding if the Class C Overcollateralisation Ratio on such Measurement Date is equal to or greater than 107.7 per cent.

The Class D Overcollateralisation Ratio Test will be satisfied on any Measurement Date on which any Class D Note remains Outstanding if the Class D Overcollateralisation Ratio on such Measurement Date is equal to or greater than 104.8 per cent.

The Class B Overcollateralisation Ratio Test, the Class C Overcollateralisation Ratio Test and the Class D Overcollateralisation Ratio Test shall together be referred to as the ***Overcollateralisation Ratio Tests*** and ***Overcollateralisation Ratio Test*** shall mean any of them.

Interest Coverage Ratio Tests

The Class B Interest Coverage Ratio Test will be satisfied on any Measurement Date on which any Class B Note remains Outstanding if the Class B Interest Coverage Ratio on such Measurement Date is equal to or greater than 115 per cent.

The Class C Interest Coverage Ratio Test will be satisfied on any Measurement Date on which any Class C Note remains Outstanding if the Class C Interest Coverage Ratio on such Measurement Date is equal to or greater than 111 per cent.

The Class D Interest Coverage Ratio Test will be satisfied on any Measurement Date on which any Class D Note remains Outstanding if the Class D Interest Coverage Ratio on such Measurement Date is equal to or greater than 107 per cent.

The Class B Interest Coverage Ratio Test, the Class C Interest Coverage Ratio Test and the Class D Interest Coverage Ratio Test shall together be referred to as the ***Interest Coverage Ratio Tests***, and ***Interest Coverage Ratio Test*** shall mean any of them.

The principal amount of Notes to be redeemed on any Payment Date as of which the Interest Coverage Ratio Tests are not satisfied will be the amount that, if it had been paid in reduction of principal on the prior Payment Date, would have caused the Interest Coverage Ratio Tests to be satisfied on the relevant Determination Date. For the purposes of determining compliance with any Coverage Test, there will be excluded all accrued and unpaid payments of interest accrued on Collateral Debt Securities prior to the date of acquisition thereof by the Issuer and acquired with Principal Proceeds or Uninvested Proceeds and amounts of interest accrued and unpaid in respect of Non-Performing Loan Securities.

8. Hedge Agreement

On the Closing Date, the Issuer will enter into the Hedge Agreement with the Hedge Counterparty and the Trustee in the form of the 1992 ISDA Master Agreement (Multicurrency-Cross Border) (as published by the ISDA) (including the schedule thereto), as amended and supplemented from time to time by the transaction confirmation which will supplement and form part of (i) each Collateral Interest Rate Swap, (ii) each Collateral Currency Swap and (iii) each Credit Default Swap. As at the date of this Offering Memorandum, the short-term senior, unsecured and unsubordinated debt rating of the Hedge Counterparty by S&P is “A-1” by Moody’s is “P-1” and by Fitch is “F-1+”, and the long-term senior, unsecured and unsubordinated debt rating of the Hedge Counterparty is “A+” by S&P, “Aa3” by Moody’s and “AA-” by Fitch.

In the Collateral Management Agreement, the Collateral Manager will agree to advise the Issuer in respect of the entry into and close-out of any Collateral Hedge Swaps and the reduction of the notional amount of such Collateral Hedge Swaps, from time to time, pursuant to any termination (in whole or in part) of such Collateral Hedge Swaps, and, before the day on which the first of each of the Collateral Currency Swaps, Collateral Interest Rate Swaps and Credit Default Swaps is entered into by the Issuer, request the Rating Agencies to confirm that the Rating Agency Condition is satisfied in respect of the form of confirmation to be used in respect thereof.

Collateral Currency Swaps

The Collateral Manager may acquire Non-Euro Obligations on behalf of the Issuer, provided that on or before the date of acquisition of each such Non-Euro Obligation the Collateral Manager on behalf of the Issuer enters into a Collateral Currency Swap pursuant to which:

- (a) on the effective date of such transaction, the Issuer pays to the Hedge Counterparty an initial exchange amount in euro in exchange for payment by the Hedge Counterparty of an initial exchange amount in the relevant currency equal to the purchase price of such Non-Euro Obligation;
- (b) on the date of termination of such transaction, the Issuer pays to the Hedge Counterparty a final exchange amount in the relevant currency in exchange for payment by the Hedge Counterparty to the Issuer of a final exchange amount denominated in euro, such final exchange amount to be converted into euro at the Collateral Currency Swap Exchange Rate;
- (c) the Issuer pays periodically to the Hedge Counterparty in the relevant currency of the Collateral Currency Swap a coupon on the notional amount and/or a predetermined amount equal to the amount by which the notional amount shall be reduced and the Hedge Counterparty pays periodically to the Issuer in euro a coupon on the notional amount of such Collateral Currency Swap and/or a predetermined amount equal to the amount by which the notional amount shall be reduced;
- (d) amounts payable by the Issuer to the Hedge Counterparty in respect of any Collateral Currency Swap shall be paid out of the amounts standing to the credit of the relevant Currency Account and, if insufficient, the Payment Account, subject to and in accordance with the relevant Priorities of Payments;
- (e) all amounts received by the Issuer from the Hedge Counterparty in respect of any Collateral Currency Swap shall be paid into the Interest Collection Account (to the extent such amounts constitute Interest Proceeds) or the Principal Collection Account (to the extent such amounts constitute Principal Proceeds); and
- (f) there will be optionality embedded in the Collateral Currency Swap to allow such Collateral Currency Swap to be terminated early and cancelled.

Amounts not Subject to a Collateral Currency Swap

The Issuer, following consultation with the Collateral Manager, shall convert all amounts received by it in respect of any Non-Euro Obligation which are not the subject of a related Collateral Currency Swap into euro promptly upon receipt thereof at the then prevailing spot rate of exchange and shall procure that such amounts are paid into the Interest Collection Account (to the extent such amounts constitute Interest Proceeds) or the Principal Collection Account (to the extent such amounts constitute Principal Proceeds).

Collateral Interest Rate Swaps

The Collateral Manager may on behalf of the Issuer enter into Collateral Interest Rate Swaps pursuant to which the Issuer pays periodically to the Hedge Counterparty amounts calculated by reference to the interest payments received by the Issuer in respect of Fixed Rate Collateral Debt Securities and the Hedge Counterparty pays to the Issuer amounts calculated by reference to the EURIBOR rate payable by the Issuer in respect of the Notes.

There will be optionality embedded in the Collateral Interest Rate Swaps to allow such Collateral Interest Rate Swaps to be terminated early and cancelled.

Credit Default Swaps

Subject to the Weighted Average Spread of the Portfolio being greater than 1.8 per cent. and the Class D Interest Coverage Ratio being greater than 109 per cent. and, after taking into account the premium obligations of the Issuer on any outstanding and proposed Credit Default Swaps, the Weighted Average Spread of the Portfolio is and is expected to continue to be for the life of the Credit Default Swap above 1.7 per cent., in each case, as calculated at the time of the entry into of the relevant Credit Default Swap, the Collateral Manager may on behalf of the Issuer enter into Credit Default Swaps pursuant to which:

- (a) the Issuer pays to the Hedge Counterparty on each Payment Date a premium on the notional amount of the Credit Default Swap and the Hedge Counterparty pays to the Issuer, subject to satisfaction of the conditions precedent specified in the Hedge Agreement, a Cash Settlement Amount if a Credit Event occurs in respect of the Reference Entity;
- (b) amounts payable by the Issuer to the Hedge Counterparty in respect of any Credit Default Swap shall be paid on each Payment Date out of the amounts standing to the credit of the Payment Account subject to and in accordance with the relevant Priorities of Payments; and
- (c) amounts payable by the Hedge Counterparty to the Issuer in respect of any Credit Default Swap shall be paid into the Principal Collection Account.

Different Collateral Hedge Swaps

If the Issuer and the Hedge Counterparty so agree (subject to the prior written approval of the Trustee and satisfaction of the Rating Agency Condition), a Collateral Hedge Swap may contain terms which are different from those described above.

Termination of the Hedge Agreement

The Issuer will be able to (i) terminate the Hedge Agreement if there is an Event of Default and (ii) terminate or partially terminate the Hedge Agreement if there is a Termination Event (each as defined in the Hedge Agreement and described below) with respect to the Hedge Counterparty and the Hedge Counterparty will be able to terminate such Hedge Agreement if there is an Event of Default or a Termination Event with respect to the Issuer. The Hedge Agreement contains termination events commonly found in the 1992 ISDA Master Agreement (Multi-currency - Cross Border) save for (i) the disapplication as regards both the Issuer and the Hedge Counterparty of the Events of Default relating to "Credit Support Default" and "Default under Specified Transaction", (ii) the disapplication as regards the Issuer of the Events of Default relating to "Breach of Agreement", "Misrepresentation" and "Cross Default" and (iii) the disapplication as regards both the Issuer and the Hedge Counterparty of the Termination Events relating to a "Tax Event", a "Tax Event upon Merger" and a "Credit Event upon Merger". The service of an Enforcement Notice by the Trustee on the Issuer shall constitute an Event of Default in respect of the Issuer.

In addition, the Hedge Agreement shall contain the following Additional Termination Events:

- (a) the Issuer redeems, or is required to redeem (or would be required to redeem with the giving of notice (other than an Enforcement Notice) or lapse of time), in full the Notes pursuant to the terms and conditions of the Notes;
- (b) any Swap Guarantor fails to make, when due, any payment under such guarantee.

For the purposes of the Additional Termination Event under (a), the Issuer shall be deemed to be the sole Affected Party. For the purposes of the Additional Termination Event under (b), the Hedge Counterparty shall be deemed to be the sole Affected Party.

Upon the occurrence of any Event of Default or Termination Event, the Hedge Agreement may be terminated in accordance with the detailed provisions thereof and a lump sum (determined by reference to market quotations obtained for the entry into of a replacement swap on the same terms as that terminated) may become payable by the Issuer to the applicable Hedge Counterparty or vice versa.

Failure by the Hedge Counterparty to comply with the *Rating Downgrade Provisions* set out below shall be an Event of Default (as defined in the Hedge Agreement), with the Hedge Counterparty being the Defaulting Party.

Rating Downgrade Provisions

In the event that the Hedge Counterparty is subject to a Rating Downgrade Event, then the Hedge Counterparty shall at its own cost and within 30 calendar days either:

- (a) put in place a mark-to-market collateral agreement (which may be based on the 1995 ISDA Credit Support Deed and which will relate to collateral in the form of cash or securities or both in support of its obligations under the Hedge Agreement) which satisfies the Rating Agency Condition; or
- (b) transfer its rights and obligations under the Hedge Agreement (including the schedule and confirmation(s)) to a substitute counterparty with the Required Rating (a ***Substitute Counterparty***) provided that such Substitute Counterparty enters into documentation identical (or, subject to the Trustee's prior written consent, substantially identical) to the Hedge Agreement and the documents executed in connection with the Hedge Agreement by which the Substitute Counterparty shall acquire the same rights and assume the same obligations and make the same representations (if appropriate) as it would have acquired and assumed had such Substitute Counterparty been an original party to the Hedge Agreement and provided further that no Termination Event, Event of Default or Potential Event of Default occurs as a result of such transfer (each term as defined in the Hedge Agreement); or
- (c) procure a guarantee of all of the Hedge Counterparty's obligations under the Hedge Agreement from a guarantor with the Required Rating (the ***Swap Guarantor***), reasonably acceptable to the Issuer.

In the event that the Hedge Counterparty is, or, if the Hedge Counterparty has procured a guarantee from a Swap Guarantor, both the Hedge Counterparty and that Swap Guarantor are, subject to a Further Downgrade Event, then notwithstanding any provision above in respect of a Rating Downgrade Event, the Hedge Counterparty shall at its own cost immediately provide cash collateral in accordance with the terms of (a) above and, within 30 calendar days thereafter, the Hedge Counterparty shall use its reasonable endeavours to transfer its rights and obligations under the Hedge Agreement (including the schedule and confirmation(s)) to a Substitute Counterparty reasonably acceptable to the Issuer and the Rating Agencies, provided that such Substitute Counterparty enters into documentation identical (or, subject to the Trustee's prior written consent, substantially identical) to the Hedge Agreement and the documents executed in connection therewith by which the Substitute Counterparty shall acquire the same rights and assume the same obligations and make the same representations (if appropriate) as it would have acquired and assumed had such Substitute Counterparty been an original party thereto.

For the purposes of the above:

A ***Rating Downgrade Event*** shall occur if:

- (a) the short term rating applicable to the Hedge Counterparty is lower than "A-1+" by S&P; or
- (b) (A) if the Hedge Counterparty has only a long-term rating by Moody's, such rating is lower than "Aa3" provided that if such rating is "Aa3" and is on watch for downgrade, such rating shall be deemed lower than "Aa3" or (B) if the Hedge Counterparty has a long-term rating and a short term rating by Moody's, such ratings are lower than "A1" and "P1" respectively provided that if any such ratings are "A1" and "P1" and are/is on watch for downgrade, such rating shall be deemed lower than "A1" and "P1" respectively, or
- (c) (A) if the parties have not entered into any Collateral Currency Swap, the Hedge Counterparty's short term rating by Fitch is lower than "F1" or long term rating by Fitch is lower than "A"; or (B) if the

parties have entered into one or more Collateral Currency Swaps, the Hedge Counterparty's short term rating by Fitch is lower than "F1" or long term rating by Fitch is lower than "A+".

A **Further Downgrade Event** shall occur if the Hedge Counterparty has, or, if the Hedge Counterparty has procured a guarantee from a Swap Guarantor, both the Hedge Counterparty and that Swap Guarantor have (i) only a long-term rating by Moody's, such rating is lower than "A2"; or (ii) a long-term rating and a short term rating by Moody's, such rating is lower than "A3" and "P2" respectively; or (iii) a short term rating by Fitch which is lower than "F2" or a long term rating by Fitch which is lower than "BBB+"; or (iv) a short term rating by S&P which is lower than "A-3".

Replacement Hedge Agreement

In the event that the Hedge Agreement is terminated as a result of an "Event of Default" or a "Termination Event" thereunder pursuant to which the Hedge Counterparty is the sole "Defaulting Party" or "Affected Party" (each such term as defined in the terminated Hedge Agreement) the Collateral Manager on behalf of the Issuer, will:

- (a) use commercially reasonable efforts, within 30 days of such termination or partial termination to enter into a replacement Hedge Agreement with a Hedge Counterparty on substantially the same terms as such terminated Hedge Agreement; and
- (b) procure that any Termination Receipts paid by the Hedge Counterparty to the Issuer are, at the discretion of the Collateral Manager, either (i) paid into the Principal Collection Account as Principal Proceeds or (ii) applied by the Issuer in payment of the costs of entering into such replacement Hedge Agreement.

Costs of Entering into Replacement Hedge Agreement

To the extent that the Termination Receipts referred to above are insufficient to pay the costs of entering into the replacement Hedge Agreement, the shortfall will be paid to the relevant replacement Hedge Counterparty in accordance with the Priorities of Payments on the next Payment Date.

Issuer to Consult

The Issuer will agree to consult with the Collateral Manager in relation to:

- (a) the exercise of its right to designate an Early Termination Date upon the occurrence of an Event of Default or Termination Event under the Hedge Agreement; and
- (b) all other rights in respect thereof, including, to the extent applicable, the calculation of any Termination Payment.

Credit Support Deed

On the Closing Date, the Issuer will enter into a credit support deed (the **Credit Support Deed**) with the Hedge Counterparty and the Custodian in the form of the 1995 ISDA Credit Support Deed (Bilateral Form – Security Interest) (as published by ISDA), under which, upon the occurrence of a Rating Downgrade Event or a Further Downgrade Event, the Hedge Counterparty will from time to time post collateral in respect of the Issuer's exposure to the Hedge Counterparty in respect of the Collateral Hedge Swaps entered into between the Issuer and the Hedge Counterparty from time to time.

Governing Law

The Hedge Agreement, each Collateral Hedge Swap and the Credit Support Deed will be governed by the laws of England.

9. Liquidity Facility Agreement

Pursuant to the terms of the Liquidity Facility Agreement to be entered into on the Closing Date, the Liquidity Facility Provider will agree to make available to the Issuer during the Availability Period a committed liquidity facility in an aggregate principal amount not exceeding the amount of the Commitment to enable the Issuer to meet its obligations in respect of (a) Issuer Covered Expenses; and (b) the acquisition of Collateral Debt Securities, in each case, as more fully described below.

If the Collateral Administrator determines that there will be a Shortfall, the Collateral Administrator, on behalf of the Issuer, shall request the Liquidity Facility Provider to advance a Liquidity Drawing to the Issuer in an amount equal to such Shortfall for the purpose of putting the Issuer in funds to meet its obligations in respect of Issuer Covered Expenses. In addition, the Collateral Administrator, on behalf of the Issuer, will request the Liquidity Facility Provider to advance a Liquidity Drawing to the Issuer in an amount not exceeding the amount of interest that, in accordance with the terms of the relevant Underlying Instrument, has accrued but has not been paid on any Collateral Debt Security which the Collateral Manager has committed to acquire on behalf of the Issuer, for the purpose of putting the Collateral Manager in funds to meet, in part, its obligation to acquire such Collateral Debt Security. In each such case, no Liquidity Drawing may be made if and to the extent that as a result thereof the Liquidity Drawing Base would be exceeded.

Interest will accrue on the Liquidity Loan in respect of each Liquidity Interest Period from (and including) the day on which the first Liquidity Drawing is made and shall be payable in arrear on each Payment Date whilst the Liquidity Loan is outstanding at a rate equal to the aggregate of EURIBOR in respect of that Liquidity Interest Period and a rate per annum equal to the Class A1 Margin (while the Class A1 Notes are outstanding), the Class A2 Margin (if none of the Class A1 Notes is outstanding) or the Class B Margin (if none of the Class A1 Notes and the Class A2 Notes is outstanding). In addition, the Issuer shall pay to the Liquidity Facility Provider a fee (the **Liquidity Facility Fee**) which shall accrue from day to day at the rate of 0.15 per cent. per annum on an amount equal to the daily undrawn and uncanceled amount of the Commitment plus any Liquidity Downgrade Loan, during the period from (and including) the Closing Date to (but excluding) the last day of the Availability Period.

The Liquidity Loan will be repaid on each Payment Date to the extent funds are available for such purpose in accordance with the Priorities of Payments.

If the Liquidity Facility Provider does not at any time during the Availability Period have the Required Ratings, the Liquidity Facility Provider will give notice to the Issuer, the Trustee and the Rating Agencies and will either (a) ensure that an entity that does have the Required Ratings issues in favour of the Issuer a guarantee acceptable in form and substance to the Issuer and each Rating Agency; or (b) post collateral to the Issuer, in an amount and manner acceptable to each Rating Agency, or (c) transfer its commitment to another entity that has the Required Ratings and, if the Liquidity Facility Provider does not act according to (a), (b) or (c) within 30 days of not having the Required Ratings, the Issuer will draw down any remaining undrawn amount under the Liquidity Facility Agreement and credit such amount to an interest-bearing "Liquidity Downgrade Drawing Account" from which drawings may be made by the Issuer in the same circumstances as Liquidity Drawings can be made.

The Issuer shall pay to the Liquidity Facility Provider on each Payment Date as interest on the Liquidity Downgrade Loan, the amount of interest that has accrued in respect of the amount standing to the credit of the Liquidity Downgrade Drawing Account in respect of the previous Liquidity Interest Period and credited to the Liquidity Downgrade Drawing Account on such Payment Date.

Any Liquidity Downgrade Loan, together with the accrued interest in respect thereof, shall be repaid on the Payment Date on or following the earliest of: (a) the date the Liquidity Facility Provider is re-assigned the Required Ratings; (b) the date the Liquidity Facility Provider completes any of the actions specified in (a), (b) or (c) in the paragraph above; and (c) the date on which the Liquidity Loan is repaid in full provided that, in each case, the repayment of the Liquidity Downgrade Loan shall be paid directly from the Liquidity Downgrade Drawing Account.

Each of the following events will constitute a **Liquidity Facility Event of Default**:

- (a) failure by the Issuer to make, when due, any payment to be made by it under the Liquidity Facility Agreement if such failure is not remedied on or before the second Business Day after written notice of such failure is given to the Issuer;
- (b) a material failure by the Issuer to comply with or perform any agreement or obligation (other than a payment obligation) to be complied with or performed by the Issuer in accordance with the Liquidity Facility Agreement or any other Transaction Document to which it is a party and such failure (if remediable) is not remedied on or before the fifth day after written notice of such failure is given to the Issuer;
- (c) a representation made or deemed to have been made by the Issuer in or pursuant to the Liquidity Facility Agreement or any other Transaction Document to which it is a party proves to have been materially incorrect or misleading in any material respect when made or deemed to have been made;
- (d) the Issuer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another Person and at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee fails to assume all the obligations of the Issuer under the Liquidity Facility Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the other parties to the Liquidity Facility Agreement;
- (e) certain bankruptcy and/or insolvency events occur in relation to the Issuer;
- (f) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Liquidity Facility Agreement and such illegality continues for a period of 30 days after written notice of such illegality has been given to the Issuer.

If a Liquidity Facility Event of Default has occurred and is continuing, the Liquidity Facility Provider may, by notice in writing to the Issuer (i) cancel the Commitment; and/or (ii) declare that all or part of any amounts outstanding under the Liquidity Facility Agreement are immediately due and payable and/or payable on demand by the Liquidity Facility Provider.

The Liquidity Facility Agreement will be governed by the laws of England.

10. Accounts

Establishment of Accounts and Custody Account

The Issuer will, prior to the Closing Date, establish at the Account Bank each of the Accounts (other than the Liquidity Downgrade Drawing Account), which shall be held by the Account Bank in the name of the Issuer and shall be secured under the Trust Deed in favour of the Trustee for the benefit of the Secured Parties.

The Issuer will, prior to the Closing Date, establish at the Custodian an account which shall be designated as the Custody Account, which shall be held by the Custodian in accordance with the provisions of the Agency Agreement and secured in favour of the Trustee for the benefit of the Secured Parties and into which the Issuer shall from time to time deposit Mortgaged Property in the form of securities, including but not limited to, Collateral Debt Securities and Eligible Investments.

All securities or other assets deposited from time to time in the Custody Account shall be held by the Issuer as part of the Mortgaged Property and shall be applied for the purposes provided for in the Transaction Documents. Each of the Issuer and the Custodian will agree to give the Trustee and the Collateral Manager immediate notice if the Custody Account or any securities on deposit therein, or otherwise to the credit of the Custody Account, becomes subject to any writ, order, judgement, warrant of attachment, execution or similar process. No transfer or withdrawal from any Account will be made to the extent that such transfer or withdrawal would result in that Account being over-drawn.

The following provisions shall apply in respect of the Accounts prior to the security constituted by the Trust Deed and/or the Euroclear Pledge Agreement becoming enforceable:

Collection Accounts

Subject to the provisions of the Collateral Management Agreement, the Issuer will procure the payment or transfer of all Interest Proceeds in euro into the Interest Collection Account immediately upon receipt thereof.

The Issuer will procure the payment or transfer of the following amounts out of the Interest Collection Account:

- (a) on the Business Day prior to each Payment Date and on the Business Day prior to each Revolving Note Payment Date, to the Payment Account, the amount required to be transferred thereto on such date in accordance with Condition 3(b); and
- (b) at any time, any amount to be applied by the Collateral Manager in the acquisition of Eligible Investments in accordance with the terms of the Collateral Management Agreement,

and will ensure that no other amount is paid out of the Interest Collection Account.

For the avoidance of doubt, Interest Proceeds withdrawn from the Payment Account as contemplated by item (W) of the Interest Proceeds Priority of Payments shall be deposited into the Principal Collection Account for the purchase of additional Collateral Debt Securities.

The Issuer will procure the payment or transfer of all Principal Proceeds in euro into the Principal Collection Account immediately upon receipt thereof.

The Issuer will procure the payment or transfer of the following amounts out of the Principal Collection Account:

- (a) on the Business Day prior to each Payment Date and the Business Day prior to each Revolving Note Payment Date, to the Payment Account, the amount required to be transferred thereto on such date in accordance with Condition 3(b);
- (b) at any time, any interest received in respect of amounts standing to the credit of the Principal Collection Account, to the Interest Collection Account as Interest Proceeds; and
- (c) at any time, any amount to be applied by the Collateral Manager in the acquisition of Eligible Investments subject to and in accordance with the terms of the Collateral Management Agreement,

and will ensure that no other amount is paid out of the Principal Collection Account, provided that, if upon acquisition of a Collateral Debt Security a Liquidity Drawing is duly made and the moneys are not received by the Issuer in time for settlement, the Issuer may use Principal Proceeds standing to the credit of the Principal Collection Account in an amount equal to the amount of such Liquidity Drawing to pay the purchase price of the relevant Collateral Debt Security and shall credit an amount equal to the Liquidity Drawing when received to the Principal Collection Account.

Any Sale Proceeds received by the Issuer from the disposal of any Collateral Debt Security or Eligible Investment, instead of being deposited in the Principal Collection Account, may be simultaneously applied in the acquisition of Collateral Debt Securities or Eligible Investments if at that time the Issuer, or the Collateral Manager on behalf of the Issuer, is permitted to acquire Collateral Debt Securities or Eligible Investments, in each case, subject to and in accordance with the terms of the Collateral Management Agreement.

Payment Account

The Issuer will procure the payment or transfer of the following amounts into the Payment Account:

- (a) on the Business Day prior to each Payment Date, from the Collection Accounts, all amounts standing to the credit thereof (other than (i) proceeds received after the end of the Due Period with respect to such Payment Date and (ii) amounts that the Issuer, or the Collateral Manager on behalf of the Issuer, is entitled to reinvest in accordance with the Transaction Documents, which may be retained in the

Collection Accounts for subsequent reinvestment subject to and in accordance with the terms of the Collateral Management Agreement);

- (b) on the Business Day prior to each Revolving Note Payment Date, subject to the Coverage Tests being satisfied on the preceding Revolving Note Determination Date, from the Interest Collection Account, an amount equal to the amount to be applied by the Issuer as referred to in Condition 3(b)(ii);
- (c) on the Business Day prior to each Revolving Note Payment Date, subject to the Coverage Tests being satisfied on the preceding Revolving Note Determination Date, from the Principal Collection Account, an amount equal to the amount to be applied by the Issuer as referred to in Condition 3(b)(iv); and
- (d) upon receipt thereof, any Liquidity Drawing made available to the Issuer in accordance with the terms of the Liquidity Facility Agreement.

The Issuer will procure the payment or transfer of the following amounts out of the Payment Account:

- (a) subject to the prior application of amounts standing to the credit of the Liquidity Downgrade Drawing Account subject to and in accordance with the terms of the Liquidity Facility Agreement, on each Payment Date, all amounts standing to the credit of the Payment Account, to be disbursed in accordance with the relevant Priorities of Payment;
- (b) on each Revolving Note Payment Date, all amounts standing to the credit of the Payment Account, to be disbursed in accordance with Conditions 3(b)(ii) and 3(b)(iv);
- (c) at any time, any interest received in respect of amounts standing to the credit of the Payment Account, to the Interest Collection Account as Interest Proceeds;
- (d) on each day on which a Collateral Debt Security is to be acquired with the proceeds of a Liquidity Drawing, the amount of such Liquidity Drawing; and
- (e) on the date the Liquidity Downgrade Drawing Account is opened, the amount of the Liquidity Downgrade Drawing,

and will ensure that no other amount is paid out of the Payment Account.

Expense Account

The Issuer will procure the payment or transfer of the following amounts into the Expense Account:

- (a) on the Closing Date, an amount equal to €150,000 (which amount shall be deducted from the gross issue proceeds of the Notes); and
- (b) on each Payment Date other than the Final Payment Date, the amount of Interest Proceeds required pursuant to paragraph (Q) of Condition 3(b)(i) and, to the extent that such amounts are not paid out of Interest Proceeds, the amount of Principal Proceeds required pursuant to paragraph (A) of Condition 3(b)(iii).

The Issuer will procure the payment or transfer of the following amounts out of the Expense Account:

- (a) at any time, to pay any costs and expenses related to the issuance of the Notes and any other costs and expenses payable, and not otherwise paid, by the Issuer on or about the Closing Date in respect of the entry into of the Transaction Documents;
- (b) at any time, to pay any Administrative Expenses;
- (c) at any time, any interest received in respect of amounts standing to the credit of the Expense Account, to the Interest Collection Account as Interest Proceeds;

- (d) at any time, any amount to be applied by the Collateral Manager in the acquisition of Eligible Investments in accordance with the terms of the Collateral Management Agreement; and
- (e) on the Business Day prior to the Final Payment Date, all amounts standing to the credit of the Expense Account (other than any amounts of interest in respect of amounts standing to the credit of the Expense Account), to the Principal Collection Account as Principal Proceeds,

and shall ensure that no other amount is paid out of the Expense Account.

Uninvested Proceeds Account

The Issuer will procure the payment or transfer into the Uninvested Proceeds Account immediately upon receipt thereof of the net proceeds of the issuance of the Notes and any Funding in respect of the Class A1 Delayed Draw Notes and the Class A1 Revolving Notes, to the extent such proceeds have not been (A) invested in Collateral Debt Securities and/or Eligible Investments or (B) used to make payments otherwise due by the Issuer pursuant to any of the Transaction Documents.

The Issuer will procure the payment or transfer of the following amounts out of the Uninvested Proceeds Account:

- (a) at any time during the Reinvestment Period, to acquire Collateral Debt Securities subject to and in accordance with the terms of the Collateral Management Agreement;
- (b) in the event of the occurrence of any of the events described in paragraphs (H), (K), (N) and (O) of the Interest Proceeds Priority of Payments, on the Business Day prior to the Payment Date immediately following such event, such amount as is required by paragraphs (H), (K), (N) and (O) of the Interest Proceeds Priority of Payments, to the Payment Account for disbursement on that Payment Date in accordance with the relevant Priorities of Payments;
- (c) at any time, any interest received in respect of amounts standing to the credit of the Uninvested Proceeds Account, to the Interest Collection Account as Interest Proceeds;
- (d) at any time, any amount to be applied by the Collateral Manager in the acquisition of Eligible Investments in accordance with the terms of the Collateral Management Agreement; and
- (e) on the Business Day prior to the end of the Reinvestment Period, all amounts standing to the credit of the Uninvested Proceeds Account (other than any amounts of interest in respect of amounts standing to the credit of the Uninvested Proceeds Account), to the Principal Collection Account as Principal Proceeds,

and will ensure that no other amount is paid out of the Uninvested Proceeds Account.

Currency Accounts

The Issuer will procure the payment or transfer of all amounts received in respect of any Non-Euro Obligations into the relevant Currency Account immediately upon receipt thereof.

The Issuer will procure the payment or transfer of the following amounts out of the relevant Currency Account:

- (a) at any time, all amounts payable by the Issuer to the Hedge Counterparty under any Collateral Currency Swap;
- (b) on the Business Day prior to any Redemption Date in the event of redemption of the Notes in whole, all amounts standing to the credit of the relevant Currency Account, to the extent not subject to the terms of a Collateral Currency Swap, after conversion into euro by the Issuer following consultation with the Collateral Manager, to the Principal Collection Account (in the case of amounts representing Principal Proceeds) or the Interest Collection Account (in the case of amounts representing Interest Proceeds); and

- (c) all interest accrued on the relevant Currency Account, to the extent not subject to the terms of a Collateral Currency Swap, after conversion into euro by the Issuer following consultation with the Collateral Manager, to the Interest Collection Account as Interest Proceeds,

and shall ensure that no other amount is paid out of the relevant Currency Account.

Reserved Collateral Management Fee Account

The Issuer shall procure the payment or transfer of all amounts referred to in item (U) of the Interest Proceeds Priority of Payments into the Reserved Collateral Management Fee Account immediately upon receipt thereof.

The Issuer shall procure the payment or transfer of the following amounts out of the Reserved Collateral Management Fee Account:

- (a) at any time, any amount to be applied by the Collateral Manager in the acquisition of Eligible Investments in accordance with the terms of the Collateral Management Agreement; and
- (b) on the Business Day prior to the Final Payment Date, all amounts standing to the credit of the Reserved Collateral Management Fee Account, to the Principal Collection Account as Principal Proceeds,

and shall ensure that no other amount is paid out of the Reserved Collateral Management Fee Account.

Liquidity Downgrade Drawing Account

The Collateral Administrator shall, if required pursuant to the Liquidity Facility Agreement, open the Liquidity Downgrade Drawing Account.

The Issuer shall procure the payment or transfer of the Liquidity Downgrade Drawing together with any interest accrued thereon from the Payment Account into the Liquidity Downgrade Drawing Account subject to and in accordance with the terms of the Liquidity Facility Agreement.

The Issuer shall, for as long as the Liquidity Downgrade Drawing has not been repaid in full to the Liquidity Facility Provider, procure the payment or transfer of the following amounts out of the Liquidity Downgrade Drawing Account:

- (a) at any time, an amount equal to each Liquidity Drawing to be made available under the Liquidity Facility Agreement, to the Payment Account;
- (b) on each Payment Date, the interest accrued on the balance of the Liquidity Downgrade Drawing Account and credited thereto, to the Liquidity Facility Provider; and
- (c) upon the Liquidity Downgrade Loan becoming repayable in full to the Liquidity Facility Provider, the Liquidity Downgrade Loan together with the interest accrued and paid thereon, to the Liquidity Facility Provider,

and shall ensure that no other amount is paid out of the Liquidity Downgrade Drawing Account.

11. Eligible Investments

The Collateral Manager may invest all funds standing to the credit of each Collection Account, the Expense Account, the Uninvested Proceeds Account and the Reserved Collateral Management Fee Account in Eligible Investments having stated maturities no later than the Business Day immediately preceding the Determination Date of the Due Period in which the date of the investment occurs or, in the case of Eligible Investments representing amounts required to be disbursed in accordance with Condition 3(b) on a Revolving Note Payment Date, no later than the Business Day immediately preceding the Revolving Note Determination Date of the Revolving Note Due Period in which the date of investment occurs.

12. Definitions

For the purposes of this Offering Memorandum:

ABS or Asset Backed Security means a security issued as part of a securitisation for which the Underlying Collateral consists of the following assets: (i) credit card receivables, (ii) student loans, or (iii) other commercial or consumer receivables, but excluding (a) future flow securities, (b) any security issued as part of an aircraft related securitisation, (c) any security issued as part of a Whole-Business Securitisation, (d) any RMBS, and (e) any CMBS;

Arbitrage CDO means a CDO issued as part of a securitisation transaction undertaken to exploit the difference between the income receivable by the obligor of such CDO and the funding costs payable by such obligor and, where the portfolio is managed, it is managed by a third party manager and, for the avoidance of doubt, may include correlation or single tranche trades;

Availability Period means the period from, and including, the Closing Date to, but excluding, the date on which all of the Senior Notes have been redeemed in full;

Available Funds Cap means, in respect of a CMBS that, if on any interest payment date thereunder there are insufficient funds to pay interest in respect of the tranche of that CMBS which the Issuer proposes to acquire, then, in accordance with the terms of the relevant Underlying Instrument, such shortfall shall be extinguished and the Issuer would have no further claim against the obligor of such CMBS in respect of such amounts;

Cash Settlement Amount, in respect of a Credit Default Swap, has the meaning given to that term in the Hedge Agreement for the purposes of that Credit Default Swap;

CMBS or Commercial Mortgage Backed Security means a security issued as part of a securitisation of a pool of receivables at least 50 per cent. of which are commercial mortgage receivables;

Collateral Accrued Interest means, at any time, the aggregate amount of interest that has accrued but has not yet been paid in respect of the Collateral Debt Securities and Eligible Investments;

Collateral Currency Swap Exchange Rate, in respect of a Collateral Currency Swap, has the meaning given to that term in the Hedge Agreement for the purposes of such Collateral Currency Swap;

Collateral PIK Interest means, at any time, the aggregate of each amount then deferred or capitalised as additional principal in respect of Collateral Debt Securities or the then principal amount of any securities that have been issued in respect of such Collateral Debt Securities in place of payments of cash in respect thereof;

Commitment means €10 million as may be reduced from time to time in accordance with the terms of the Liquidity Facility Agreement;

Converted Security means any asset into which a Collateral Debt Security is converted after the date of acquisition by the Issuer of that Collateral Debt Security pursuant to an offer, settlement, conversion, redemption or otherwise which as a result of such conversion has become an Equity Security;

Credit Event, in respect of a Credit Default Swap, has the meaning given to that term in the Hedge Agreement for the purposes of that Credit Default Swap;

Credit Impaired Security means any Collateral Debt Security which, in the reasonable judgement of the Collateral Manager, has significantly declined in credit quality since the date of its issuance;

Credit Improved Criteria means (a) with respect to Fixed Rate Collateral Debt Securities, the Pricing Spread decrease since the date of purchase of (i) 0.50 per cent. or more, if the original Pricing Spread was 2.00 per cent. or more, or (ii) 0.25 per cent. or more if the original Pricing Spread was less than 2.00 per cent., or (b) with respect to Floating Rate Collateral Debt Securities an increase in Market Value to 102 per cent. (or more) of the original purchase price;

Credit Improved Security means any Collateral Debt Security that, in the sole judgement of the Collateral Manager, has significantly improved in credit quality provided however, that if the rating of any of the Senior Notes has been reduced by at least one sub-category or withdrawn by Moody's and has not been upgraded or reinstated, (i) such Collateral Debt Security must have been upgraded by any Rating Agency at least one rating sub-category or have been placed and remain on a credit watch with positive implication by Moody's since it was acquired by the Issuer or (ii) the Credit Improved Criteria must have been satisfied with respect to such Collateral Debt Security; provided further that, notwithstanding the foregoing, such Collateral Debt Security will constitute a Credit Improved Security if the holders of at least a Majority of the Controlling Class of Notes direct the Collateral Manager in writing to treat such Collateral Debt Security as a Credit Improved Security;

Credit Risk Criteria means (i) with respect to Fixed Rate Collateral Debt Securities, the Pricing Spread increase since the date of purchase of (a) 0.50 per cent. or more, if the original Pricing Spread was 2.00 per cent. or more, or (b) 0.25 per cent. or more if the original Pricing Spread was less than 2.00 per cent., or (ii) with respect to Floating Rate Collateral Debt Securities, a decrease in Market Value to 98 per cent. (or less) of the original purchase price;

Credit Risk Security means any Collateral Debt Security that, in the sole judgement of the Collateral Manager, has a significant risk of declining in credit quality and, with lapse of time, becoming a Defaulted Security, provided however that, if the rating of any of the Senior Notes has been reduced by at least one subcategory or withdrawn by Moody's and has not been upgraded or reinstated, (i) such Collateral Debt Security must have been downgraded by any Rating Agency at least one rating sub-category or have been placed and remain on a credit watch with negative implication by Moody's since it was acquired by the Issuer or (ii) the Credit Risk Criteria must have been satisfied with respect to such Collateral Debt Security; provided further that, notwithstanding the foregoing, such Collateral Debt Security will constitute a Credit Risk Security if the holders of at least a Majority of the Controlling Class of Notes direct the Collateral Manager in writing to treat such Collateral Debt Security as a Credit Risk Security;

DTC means The Depository Trust Company;

Emerging Market Country means, with the exception of Austria, any jurisdiction which is not a Qualifying Foreign Country;

Emerging Market Underlying Security means any Collateral Debt Security which is, or in accordance with the terms of its Underlying Instrument is permitted to be, secured over assets at least 10 per cent. (by value) of which are located in, or issued by or referencing issuers located in, Emerging Market Countries;

Equity Security means a share issued by any entity;

Fixed Rate Collateral Debt Securities means Collateral Debt Securities that bear interest at a fixed rate;

Floating Rate Collateral Debt Securities means Collateral Debt Securities that bear interest at a floating rate;

Issuer Covered Expenses means (a) in respect of each Determination Date corresponding to each Payment Date falling in or prior to November 2005, the aggregate of the Issuer Senior Expenses for such Determination Date and the Issuer Mezzanine Expenses for such Determination Date, and (b) in respect of each Determination Date corresponding to each Payment Date falling after November 2005 and each Revolving Note Determination Date, the Issuer Senior Expenses for such Determination Date or Revolving Note Determination Date, as the case may be;

Issuer Mezzanine Expenses means in respect of each Determination Date corresponding to each Payment Date falling in or prior to November 2005, the aggregate of the amounts required to be paid by the Issuer on the next following Payment Date in respect of items (I), (J), (L) and (M) of the Interest Proceeds Priority of Payments, and thereafter, zero;

Issuer Order means an order in the form set out in Schedule 2 of the Collateral Management Agreement;

Issuer Senior Expenses means (a) in respect of a Determination Date, the aggregate of the amounts required to be paid by the Issuer on the next following Payment Date in respect of items (A) to (G) (inclusive) of the

Interest Proceeds Priority of Payments, and (b) in respect of a Revolving Note Determination Date, the amount of the accrued and unpaid interest on the Class A1 Revolving Notes or any Funding relating thereto required to be paid by the Issuer on the next following Revolving Note Payment Date;

Liquidity Downgrade Loan means the aggregate amount outstanding of a Liquidity Downgrade Drawing less the amounts of any other Liquidity Drawings funded from the Liquidity Downgrade Drawing Account being an amount equal to the amount standing to the credit of the Liquidity Downgrade Drawing Account;

Liquidity Drawing Base means (a) in respect of any proposed Liquidity Drawing to fund Issuer Senior Expenses, the sum of (i) the Collateral PIK Interest at that time, and (without double counting) (ii) the Collateral Accrued Interest at that time, and (b) in respect of any proposed Liquidity Drawing to fund Issuer Mezzanine Expenses, the Collateral Accrued Interest at that time less the excess (if any) of the amount of any proposed Liquidity Drawing to fund Issuer Senior Expenses at that time over the Collateral PIK Interest at that time;

Liquidity Interest Period means each period from (and including) a Payment Date to (but excluding) the next Payment Date provided that the first Liquidity Interest Period shall be the period from (and including) the date on which the first Liquidity Drawing is made available to the Issuer in accordance with the Liquidity Facility Agreement and the last Liquidity Interest Period shall end on (but exclude) the day on which the Liquidity Loan and all other amounts owing to the Liquidity Facility Provider under the Liquidity Facility Agreement are repaid in full;

Liquidity Loan means the aggregate principal amount of all Liquidity Drawings for the time being advanced and outstanding under the Liquidity Facility;

Margin Stock means “Margin Stock” as defined under Regulation U issued by the Board of Governors of the Federal Reserve System in the United States;

Non-Conforming Security means a security issued as part of a securitisation of a pool of loans to borrowers who may not satisfy the market standard requirements of lenders to make such loans to borrowers;

Non-Performing Loan Security means a security issued as part of a securitisation of a pool of loans which are in arrears or are expected to experience delays in payment of interest or principal;

Non-PIK Obligation means any Collateral Debt Security which is not a PIK Obligation;

Pricing Spread means, with respect to any Fixed Rate Collateral Debt Security, at any time, the spread on that Collateral Debt Security relative to the applicable euro swap curve as determined by the Collateral Manager based upon the yield calculated by the Collateral Manager (in accordance with accepted financial practice) from the Market Value of such Collateral Debt Security;

Principal Sales Proceeds means the Sales Proceeds minus the portion of such Sales Proceeds which corresponds to accrued interest, as calculated by the Collateral Manager in good faith;

Prime RMBS means any RMBS which is not a Sub-Prime RMBS;

Ramp-Up Effective Date Overcollateralisation Ratio means the number (expressed as a percentage) calculated by dividing the Net Portfolio Collateral Balance by the sum of the Principal Amount Outstanding of the Rated Notes (other than the Class A1 Notes), plus the Aggregate Class A1 Funded Amount, in each case, as of the Ramp-Up Effective Date;

Reference Entity means, in respect of a Credit Default Swap, the entity in relation to which protection is purchased under the terms of that Credit Default Swap;

Reference Obligation means a CMBS, RMBS, Non-Performing Loan, ABS or Non-Conforming Security or a pool of mortgages or loans that could otherwise be collateral for a CDO, CMBS, ABS, Non-Performing Loan Security or RMBS none of which are physically transferred to, held by or owned by the relevant Synthetic Credit Linked Security Issuer and to which reference is made in determining the payment obligations of a Synthetic Credit Linked Security Issuer under a Synthetic Credit Linked Security;

Reference Obligor means the obligor in respect of a Reference Obligation;

RMBS or Residential Mortgage Backed Security means a security issued as part of a securitisation of a pool of receivables at least 50 per cent. of which are residential mortgage receivables;

Shortfall means, in respect of a Determination Date or a Revolving Note Determination Date, the amount by which the amount of the Issuer Covered Expenses on the next following Payment Date or Revolving Note Payment Date, as the case may be, exceeds the amount standing to the credit of the Interest Collection Account on that Determination Date or Revolving Note Determination Date, as the case may be;

Structured Finance Security means any security which is an RMBS, a CMBS or an ABS;

Sub-Prime RMBS means a security issued as part of a securitisation of a pool of mortgage loan or personal loan receivables which the Collateral Manager determines to be “sub-prime” on the basis of the credit profile of the relevant borrowers or the non-conforming or non-performing nature of the relevant loans;

Synthetic Credit Linked Security means securities in the form of notes (capable of being cleared through Euroclear or Clearstream, Luxembourg or DTC and where cleared through Euroclear, subject to the terms of the Euroclear Pledge Agreement) issued by a mortgage bank, financial institution or special purpose vehicle, payments in respect of which are primarily dependent upon the extent that the underlying Reference Obligors make payments on the related Reference Obligations to the Synthetic Credit Linked Security Issuer;

Synthetic Credit Linked Security Issuer means the mortgage bank, financial institution or special purpose vehicle which has issued a Synthetic Credit Linked Security and which is required to make payments on such Synthetic Credit Linked Security to the extent that the related Reference Obligors make payments on the related Reference Obligations;

Termination Payment means any amount payable by the Issuer to the Hedge Counterparty upon termination of a Collateral Currency Swap in whole or in part;

Termination Receipt means any amount payable by the Hedge Counterparty to the Issuer upon termination of a Collateral Currency Swap in whole or in part;

Underlying Collateral means, in relation to a Collateral Debt Security, the assets over which security has been granted for the holders of that Collateral Debt Security;

Underlying Combination Note means any note comprised of two or more component securities issued by the same obligor at the same time; and

Whole-Business Securitisation means a securitisation of a business where the performance of the securities issued as part of that securitisation is dependent, directly or indirectly, on the operational risk and asset performance of a single company.

THE COLLATERAL MANAGEMENT AGREEMENT

Pursuant to the Collateral Management Agreement, the Issuer will delegate to the Collateral Manager the authority to carry out its functions as described therein and will have all authority and powers as are reasonably incidental to the performance of its obligations thereunder.

Pursuant to the Collateral Management Agreement, the Collateral Manager will be responsible for managing and servicing the Collateral Debt Securities, including executing the acquisition and disposal of Collateral Debt Securities on behalf of the Issuer, subject to compliance with the applicable provisions of the Trust Deed and the Collateral Management Agreement.

For a description of the Collateral Manager's rights and obligations in respect of the acquisition and disposal from time to time of Collateral Debt Securities, see *Description of Portfolio and Other Mortgaged Property – Acquisition and Disposal of Collateral Debt Securities and Eligible Investments*.

Purchasers of the Notes will be dependent upon the judgment and ability of the Collateral Manager in taking investment decisions on behalf of the Issuer, and as to the exercise of any voting rights or remedies with respect to the Collateral Debt Securities. No assurance can be given that the Collateral Manager will obtain investments originated on terms and conditions similar to the origination terms applicable to investments acquired on the Closing Date or that, if such investments are made, the objectives of the Issuer will be achieved.

Collateral Management Fees

As compensation for services rendered and for the performance of its obligations under the Collateral Management Agreement, the Collateral Manager will be entitled to receive the Senior Collateral Management Fee, the Subordinated Collateral Management Fee and the Reserved Collateral Management Fee, each as described more fully below.

The Senior Collateral Management Fee will be determined by the Collateral Administrator in respect of each Due Period and is payable by the Issuer on each Payment Date, subject to the Priorities of Payments. The Senior Collateral Management Fee will be an amount equal to 0.100 per cent. per annum (calculated quarterly on the basis of a 365 day year and the actual number of days elapsed in such Due Period) of the average daily Aggregate Principal Balance of the Collateral Debt Securities, plus any value added tax imposed, levied or assessed thereon and payable by the Collateral Manager to any Person. To the extent not paid on any Payment Date when due under the Priorities of Payments, the Senior Collateral Management Fee will be deferred and will be payable on subsequent Payment Dates. Any Senior Collateral Management Fee accrued but not paid prior to the resignation or removal of the Collateral Manager will continue to be payable to the Collateral Manager on the Payment Date immediately following the effectiveness of such resignation or removal and, if there are insufficient funds to pay such amount in full on such Payment Date, any amount not so paid will be payable on the first succeeding Payment Date on which sufficient funds are available.

The Subordinated Collateral Management Fee will be determined by the Collateral Administrator in respect of each Due Period and is payable by the Issuer on each Payment Date, subject to the Priorities of Payments. The Subordinated Collateral Management Fee will be an amount equal to 0.250 per cent. per annum (calculated quarterly on the basis of a 365 day year and the actual number of days elapsed in such Due Period) of the average daily Aggregate Principal Balance of the Collateral Debt Securities, plus any value added tax imposed, levied or assessed thereon and payable by the Collateral Manager to any Person. To the extent not paid on any Payment Date when due under the Priorities of Payments, the Subordinated Collateral Management Fee will be deferred and will be payable on subsequent Payment Dates. Any Subordinated Collateral Management Fee accrued but not paid prior to the resignation or removal of the Collateral Manager will continue to be payable to the Collateral Manager on the Payment Date immediately following the effectiveness of such resignation or removal and, if there are insufficient funds to pay such amount in full on such Payment Date, any amount not so paid will be payable on the first succeeding Payment Date on which sufficient funds are available.

The Collateral Manager will be entitled to a Reserved Collateral Management Fee payable on the Final Payment Date, and equal to the amount remaining in the Payment Account after withdrawing from the Payment Account any amounts required to be withdrawn therefrom in priority thereto in accordance with the relevant Priorities of Payments.

Standard of Care

Pursuant to the Collateral Management Agreement, the Collateral Manager will agree with the Issuer that it will perform its obligations, duties and discretions under the Collateral Management Agreement, with reasonable care, in a manner consistent with practices and procedures followed by reputable institutional managers of international standing relating to assets of the nature and character of the Collateral Debt Securities (such standard of care being the *Standard of Care*). The Standard of Care may change from time to time to reflect changes by the Collateral Manager to its customary and usual administrative policies and procedures provided that such policies and procedures are more rigorous than the foregoing. To the extent not inconsistent with the foregoing, the Collateral Manager will follow its customary and usual administrative policies and procedures in performing its duties under the Collateral Management Agreement.

Limits on Responsibility

The Collateral Manager will assume no responsibility under the Collateral Management Agreement other than to render the services specified in the Trust Deed or the Collateral Management Agreement in good faith and, subject to the Standard of Care, will not be responsible for any action or inaction of the Issuer or the Trustee in following or declining to follow any advice or recommendation. The Collateral Manager, its Officers, directors, employees, representatives, advisers and agents, and its Affiliates and their Officers, directors, employees, representatives and agents, will not be liable to the Issuer, the Trustee, the Noteholders or any other Person (in such case, the *Claiming Parties*) for any losses, claims, damages, expenses or other liabilities, joint or several, or any action in respect thereof, to which any such Claiming Party may become subject, whether commenced or threatened (collectively, *Liabilities*) or incurred by such Claiming Party that arise out of or in connection with the performance by the Collateral Manager, its officers, directors, employees, representatives, advisers or agents, or its Affiliates or their officers, directors, employees, representatives or agents, of its duties under the Collateral Management Agreement, except to the extent of any act or omission by the Collateral Manager, its officers, directors, employees, representatives, advisers or agents, or its Affiliates or their officers, directors, employees, representatives or agents, under the Collateral Management Agreement or in connection therewith, if there has been a final judicial determination that such act or omission resulted from either (y) any material inaccuracy or misrepresentation in, or material breach of, any of the warranties, representations, covenants or agreements made by the Collateral Manager, its officers, directors, employees, representatives, advisers or agents, or its Affiliates or their officers, directors, employees, representatives or agents, in the Collateral Management Agreement or the Trust Deed, or (z) any act or omission made by the Collateral Manager or its officers, directors, employees, representatives, advisers or agents, or its Affiliates or their officers, directors, employees, representatives or agents, which results in an immaterial breach of the Collateral Management Agreement constituting gross negligence or wilful misconduct, provided however that in no case will any such person be liable for consequential, special or punitive damages. The matters described in sub-Clauses (y) and (z) above are each referred to as a *Collateral Manager Breach* or collectively referred to as *Collateral Manager Breaches*, provided that notwithstanding any of the foregoing, a failure by the Collateral Manager to perform its obligations in accordance with the Standard of Care which (i) does not constitute a material breach and (ii) results in a Collateral Indemnified Party incurring any Liabilities will be deemed to be a *Collateral Manager Breach* for the purpose of the Collateral Manager's indemnity obligations as described below but not for the purposes of paragraph (viii) of the definition of *cause* under *Resignation and Removal of the Collateral Manager*. The compliance of any action of the Collateral Manager with the provisions of the Collateral Management Agreement shall be determined as at the date of such action. The provisions of the Collateral Management Agreement shall not be deemed breached solely as a result of changes in the value of any Collateral Debt Security or any other asset following its acquisition by the Collateral Manager on behalf of the Issuer.

Collateral Manager Indemnity

Subject to the above, the Collateral Manager will indemnify and hold harmless (the Collateral Manager in such case, the *Indemnifying Collateral Manager*) the Issuer, the Trustee and each of their respective officers, directors, employees, representatives and agents (each such person being a *Collateral Indemnified Party*), on an after-Tax basis, from and against any and all Liabilities incurred by the Collateral Indemnified Party that arise out of any act or omission by the Collateral Manager in connection with the Collateral Management Agreement if there has been a final judicial determination that such act or omission resulted from a Collateral Manager Breach except to the extent that such Liabilities are incurred as a result of the wilful default or gross negligence

of the relevant Collateral Indemnified Party, and will reimburse each such Collateral Indemnified Party for all Liabilities as such Liabilities are incurred in investigating, preparing, pursuing or defending any actions, caused by, or arising out of or in connection with, any Collateral Manager Breach.

Indemnity by Issuer

The Issuer will agree to indemnify and hold harmless the Collateral Manager and each of the Officers, directors, employees, representatives and agents of the Collateral Manager (each an **Issuer Indemnified Party** and collectively the **Issuer Indemnified Parties**), on an after-tax basis, from and against any and all Liabilities, insofar as there has been a final judicial determination that such Liability resulted from (i) any material inaccuracy or misrepresentation in, or material breach of, any of the warranties, representations, covenants or agreements made by the Issuer in the Collateral Management Agreement, (ii) any act or omission by the Issuer or any of its Officers or directors constituting gross negligence or wilful misconduct or (iii) the performance by each such Issuer Indemnified Party of its obligations under the Collateral Management Agreement, except (A) to the extent of any action taken or omitted to be taken by the Issuer Indemnified Party under the Collateral Management Agreement or in connection therewith if there has been a final judicial determination that such act or omission resulted from (y) any material inaccuracy or misrepresentation in, or material breach of, any of the warranties, representations, covenants or agreements made by the Collateral Manager in the Collateral Management Agreement or (z) any act or omission under the Collateral Management Agreement by such Issuer Indemnified Party constituting gross negligence or wilful misconduct and (B) for consequential, special or punitive damages; provided that no Issuer Indemnified Party will be indemnified for any Liabilities it incurs as a result of any acts or omissions by any Issuer Indemnified Party constituting a Collateral Manager Breach. Notwithstanding anything contained herein to the contrary, the obligations of the Issuer under this indemnity will be payable solely out of the Mortgaged Property in accordance with the Priorities of Payments.

Resignation and Removal of the Collateral Manager

Subject to the appointment of a successor as provided below, the Collateral Manager may resign upon the lesser of (a) 60 days' and (b) such period as agreed in writing between the Issuer, the Trustee and the Collateral Manager, notice in writing to the Issuer and the Trustee. In addition, subject to the appointment of a successor as provided below, the appointment of the Collateral Manager may be terminated for "cause" upon 30 days' prior written notice by the Issuer acting alone and taking into account the Noteholder's interests or at the direction of at least a Majority of the Controlling Class. Subject to the appointment of a successor as provided below, the appointment of the Collateral Manager may also be terminated upon 30 days' prior written notice by the Issuer at the direction of the holders of 100 per cent. of the Principal Amount Outstanding of each Class of Notes. If the Collateral Manager or any of its Affiliates holds any Notes, such Notes will be excluded from voting in relation to the replacement or termination of the Collateral Manager.

For this purpose, **cause** means the occurrence and continuation of any of the following events: (i) failure by the Collateral Manager to make, when due, any payment to be made by it under the Collateral Management Agreement if such failure is not remedied on or before the tenth day after written notice of such failure is given to the Collateral Manager, (ii) failure by the Collateral Manager to comply with or perform any material agreement or obligation (other than a payment obligation) to be complied with or performed by the Collateral Manager in accordance with the Collateral Management Agreement and such failure (if remediable) is not remedied on or before the 30th day after written notice of such failure is given to the Collateral Manager, (iii) a representation made or deemed to have been made by the Collateral Manager in or pursuant to the Collateral Management Agreement proves to have been incorrect or misleading in any material respect when made or deemed to have been made, (iv) the Collateral Manager consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another person and at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee person fails to assume all the obligations of the Collateral Manager under the Collateral Management Agreement by operation of law or pursuant to an agreement reasonably satisfactory to the other parties to the Collateral Management Agreement, (v) certain insolvency events in respect of the Collateral Manager, (vi) a default in the payment of any indebtedness by the Collateral Manager in an amount greater than €1 million if such default is not remedied on or before the tenth day after written notice of such default has been given to the Collateral Manager, (vii) an Event of Default as described in Condition 10(a)(iv), (viii) a Collateral Manager Breach, or (ix) Marcus Klug ceases to be a managing director (*Geschäftsfuehrer*) of the Collateral Manager or its successor.

No removal, termination or resignation of the Collateral Manager will be effective unless (i) a successor thereto has agreed in writing to assume all of its duties and obligations under the Collateral Management Agreement, (ii) 30 days' prior notice has been given to the Rating Agencies and the Trustee (iii) the Rating Agency Condition has been met in relation to such successor and (iv) such successor is an institution that (A) has an ability professionally and competently to perform duties similar to those imposed upon the Collateral Manager, under the Collateral Management Agreement, as determined by the Trustee at the direction in writing of at least a Majority of the Controlling Class, (B) is legally qualified and has the capacity to act as successor thereto and assumes all of the responsibilities, duties and obligations of the Collateral Manager, thereunder and under the applicable terms of the Trust Deed, and (C) will perform its duties as Collateral Manager under the Collateral Management Agreement without causing the Issuer or the Collateral Manager to become subject to tax in any jurisdiction where such successor is incorporated, established, doing business, has a permanent establishment or is otherwise considered tax resident.

Conflicts of Interest

For a detailed discussion of the various potential and actual conflicts of interest which may arise from the overall investment activities of the Collateral Manager and its Affiliates, see *Risk Factors – Certain Conflicts of Interest*.

Governing Law

The Collateral Management Agreement will be governed by the laws of England.

THE COLLATERAL MANAGER

UNIQA Alternative Investments GmbH (*UAI*) is a wholly owned subsidiary of UNIQA Finanz-Service GmbH (*FSG*), the principal asset management company of the UNIQA group of companies. Based in Vienna, UAI is an asset management and advisory company regulated by the Austrian Financial Markets Supervisory Authority (*Finanzmarktaufsichtbehoerde – FMA*). The UNIQA group (*UNIQA*) is also based in Vienna and is one of the leading insurance groups in Austria and Central Europe. UNIQA was created in 1999 following the merger of four Austrian insurance companies in 1996.

Between 1999 and 2002, UNIQA's investments in structured finance transactions were managed by FSG. UAI was established and licensed in August and October, 2002 to manage structured finance and alternative investment portfolios on behalf of UNIQA and third-party investors.

Marcus Klug and Manfred Exenberger are Managing Directors (*Geschaefsfuehrer*) of UAI and joint heads of its third-party asset management team of seven investment professionals. Before the creation of UAI, Mr Klug and Mr Exenberger worked together at FSG, where Mr Exenberger ran UNIQA's European corporate bond portfolio and advised UNIQA Sachversicherung AG, the group's property & casualty insurance division, on asset allocation. Mr Klug was responsible for starting UNIQA's asset backed securities (*ABS*) and collateralised debt obligations (CDOs) portfolio in September 1999 investing in CDOs and MBS. In 2002, UAI's third-party asset management team took the first steps to establish a collateral management business for structured finance transactions. UAI builds on the investment experience gained by Mr Klug and Mr Exenberger during their time with FSG. The team was awarded its first mandate in June, 2003, when UAI was appointed monitoring agent to Aspen Funding I, an ABS CDO collateralised by U.S. ABS and MBS securities.

As at 30th September 2004, total assets managed by UAI, (excluding for the avoidance of doubt, assets managed by its affiliates) were about €850 million. On behalf of third party investors, UAI manages a CDO of CDOs (*Stanton CDO I*), a UCITS III funds (*UNIQA Euro ABS Income Fund*), a special private fund (*Spezialfonds*) (*Global ABS Income Fund*), a structured credit hedge fund (*UNIQUE Opportunities (Master) Fund Limited*) and monitors a U.S. ABS/MBS CDO (*Aspen Funding I*).

UAI has adopted the investment process for structured finance transactions and the analytical approach developed by Mr Klug at FSG. This is founded on fundamental research of investment proposals and close monitoring of portfolio holdings. Managers use a range of information services and proprietary and third-party software to assist in the assessment of new investment opportunities. Sources of information include a collateral manager questionnaire. This has been designed by UAI to gather information on the management style, preferred holdings, resources and experience of the collateral managers of potential structured finance investments. Portfolio construction emphasises diversification by vintage, asset class, region, originator, management style and structure.

Management Group Background

UAI is an asset management and advisory company based in Vienna and regulated by the Austrian Financial Markets Supervisory Authority (*FMA*). UAI is an indirect wholly owned subsidiary of UNIQA Versicherungen AG (*UVA*), a publicly quoted company listed on the Vienna Stock Exchange. UVA is the holding company of UNIQA, one of the leading insurance groups in Austria and Central Europe.

UNIQA has its origins in 1996 in the formation of BARC Versicherungs-Holding AG as joint holding company of four Austrian insurance companies: Austria-Collegialitaet, a mutual company specialising in health insurance; and Bundeslaender-Versicherung, Salzburger Landesversicherung and Raiffeisen-Versicherung, predominantly life insurance companies. From 1996 until 1999, the companies retained their individual identities under the holding company BARC Versicherungs-Holding AG. In 1999, in the course of a major restructuring, Bundeslaender-Versicherung was renamed UNIQA Versicherungen AG and became the new holding company. At the same time, the group was re-structured along its different business lines (in particular life and non-life business). With the exception of Raiffeisen-Versicherung, which distributes its products via the Raiffeisen banking network, the UNIQA brand was adopted by the subsidiary companies.

As at 30th June 2004, UNIQA had more than 8,500 employees and total assets of €14.7 billion. In addition to its presence in Austria, the group was represented (in alphabetical order) in Croatia, the Czech Republic, Germany, Hungary, Italy, Liechtenstein, Poland, Slovakia, Spain and Switzerland.

In 1999, UVA set up its wholly owned subsidiary FSG to manage investments on behalf of group companies. UAI, a wholly owned subsidiary of FSG, was established to manage assets for UNIQA and for third-party investors and was granted the appropriate FMA licenses in August and October, 2002.

Funds Under Management

As of 30th September 2004, UAI's assets under management amounted to about €850 million (excluding for the avoidance of doubt, assets managed by its affiliates). This total included: the \$500 million CDO Stanton CDO I; the €150 million warehouse facility for Stanton MBS I; the collateral portfolio of Aspen Funding I, a CDO consisting primarily of U.S. ABS/MBS amounting to approximately \$160 million; the €150 million UNIQA Euro ABS Income Fund; the €20 million Global ABS Income Fund and the (approximately) \$10 million UNIQUE Opportunities (Master) Fund Limited.

Organisational Structure

UAI is a wholly owned subsidiary of FSG, the principal asset management subsidiary of UNIQA. In addition to its domestic and international insurance subsidiaries, UNIQA has domestic service company subsidiaries. These include FSG, which manages assets on behalf of UNIQA. UAI procures information technology and accounting services from FSG.

While UAI is a subsidiary of FSG, its reporting line is to UVA rather than to FSG. The managing directors of UAI report to an advisory board consisting of members of the board of directors of UVA and two managing directors of FSG.

Mr. Klug and Mr. Exenberger are senior CDO portfolio managers and joint heads of UAI's third-party asset management business. Mr. Klug heads the ABS/MBS team and Mr. Exenberger heads the corporate ABS/CDO team.

Organisational Investment Strategy

UAI classifies itself as a value-oriented investor with a strong focus on fundamentals. The team aims to achieve a diversified portfolio with beneficial risk/reward characteristics, through identification of attractive sectors and relative value. Investment proposals are subjected to detailed analysis, including extensive stress testing, prior to presentation to the investment committee of at least two portfolio managers.

In addition to diversity of asset class, servicer and geographical region, the team considers diversity in manager/originator styles as important in creating a balanced portfolio. To keep track of developments and trends in the structured finance market, UAI maintains regular contacts with arrangers, servicers, originators, rating agencies, trustees and other investors.

Key members of UAI's third party investment team include the following:

- **Marcus Klug** (masters in economics and business administration, Vienna University of Economics and Business Administration). Mr. Klug is a Managing Director (*Geschaefsfuehrer*) of UAI, a senior portfolio manager and head of the ABS/MBS team. He moved from FSG to UAI in May, 2002. At FSG, Mr. Klug was responsible for managing UNIQA's structured product and alternative investment portfolios. He managed the initial build-up of UNIQA's ABS portfolio in 1999. Mr. Klug joined FSG as senior portfolio manager and operating officer in September 1999 after more than a year in the Global Derivatives Group at Dresdner Kleinwort Wasserstein. Before that he was a director of Barclays Capital in London, where he specialised in emerging markets derivatives. Mr. Klug started his investment career in 1995, spending almost three years as an analyst with Creditanstalt Investmentbank in Vienna, covering Eastern European equities and derivatives. Mr. Klug is a co-founder of the Austrian Securitisation Forum (*ASF*) and lectures on ABS and structured finance at the Vienna University for Business Administration and Economics.

- **Manfred Exenberger** (international trade, Vienna University of Economics and Business Administration). Mr. Exenberger is a Managing Director (*Geschäftsfuehrer*) of UAI, a senior portfolio manager and head of the corporate ABS/CDO team. He transferred to UAI in May, 2002 from FSG, where he was responsible for managing UNIQA's European corporate bond portfolio. At FSG, Mr. Exenberger also oversaw asset allocation for UNIQA Sachversicherung AG, the property and casualty insurance division of UNIQA in Austria. Before joining FSG, he worked at Creditanstalt AG between 1997 and 2000, where he managed primary debt issues, including Eastern European debt syndications. Mr. Exenberger began his investment career in 1995 at Erste Bank group in Austria.
- **Eva Kiendl** (masters in finance, Suffolk University, Boston, Ma.). Ms. Kiendl is a Senior Portfolio Manager in UAI's ABS/MBS team. She moved to UAI from Investkredit Bank AG, where she worked for more than three years in a team of three portfolio managers responsible for a \$1.5 billion ABS/CDO portfolio. Before that, she worked as an auditor and tax consultant. Ms. Kiendl's duties included analysis of primary and secondary ABS and MBS transactions and ongoing monitoring of these positions.
- **Sirma Hristoforova, PhD** (masters in business administration, University of Vienna and doctorate, Vienna University for Economics and Business Administration). Ms. Hristoforova works as a Portfolio Manager in UAI's corporate ABS/CDO team. She joined UAI in January 2003 after one year at Vienna University of Economics and Business Administration, where she worked as a researcher on the project "The Financial and Real Sector" with the Austrian Central Bank (*OeNB*).
- **Philipp Mayer, CFA** (masters in international business administration, University of Innsbruck). Mr. Mayer is a Portfolio Manager in UAI's ABS/MBS team. He joined UAI in March 2003 after more than three years with Commerzbank's capital markets and advisory division in London, where he helped arrange and manage equity and convertible bond issues for European companies. He started his investment career in 1999 with the fixed income asset management division of Commerzbank Asset Management in Frankfurt. Mr. Mayer is a Chartered Financial Analyst (*CFA*).
- **David Blum, Risk & Analytics Manager** David Blum studied economics at the Vienna University of Economics and Business Administration and holds a postgraduate degree from the Institute of Advanced Studies (*IHS*), where he wrote a thesis with the topic "Financial Contagion Cycles". He worked on various projects for the OeNB and the Research Centre for European Affairs. He is currently enrolled in the doctoral program of the Centre for Central European Financial Markets (*CCEFM*) at Vienna University.

The third-party asset management team is divided into two sector teams: the corporate ABS/CDO team, which is responsible for collateralised bond obligations (*CBO*), collateralised loan obligations (*CLO*), collateralised synthetic obligations (*CSO*), emerging market debt obligations and credit derivatives; and the ABS/MBS team, responsible for CDOs of ABS, CDOs of CDOs, mortgage backed securities (*MBS*) and consumer finance transactions. The teams work closely together to cover the necessary workload. The division into two teams is important for the weekly investment committee, when one team presents proposals to the voting members for investment approval.

Investments are monitored regularly through periodic trustee reports and through regular contact with rating agencies, other investors, originators, managers and servicers. Each transaction is monitored by the portfolio manager originally responsible for sponsoring its analysis and approval. While UAI has no dedicated workout team, Mr. Klug and Ms. Kiendl have relevant experience with structured finance transactions. UAI intends to follow a proactive approach to underperforming assets, working closely with other investors and underwriters to work through problem credits.

Management Style

UAI's portfolio managers and analysts source prospective investments from the primary and secondary markets. All investments must be approved by a majority vote of members of UAI's investment committee, however Marcus Klug and Manfred Exenberger each retain a veto right on any investment proposal. The committee is attended by all investment professionals.

As with the most conservative of investment styles, the investment style of UAI assumes assets will be held until maturity. Consequently it emphasises the need for detailed initial appraisal of investment proposals. Investments are selected through a combination of top-down sector selection and fundamental credit research. Portfolio construction aims for diversification by transaction vintage, asset class, structure, manager/origination style and geographic region. The teams regularly review portfolio structures and performance of the Collateral Debt Securities. The investment committee defines its technical asset allocation on a quarterly basis.

As described by UAI, the key elements of the style are as follows:

- Proposed investments are screened through a process that blends top-down views with fundamental research on selected proposals. UAI sources prospective investment opportunities from the primary and secondary markets.
- Transactions taken to the next stage of review undergo analysis to identify structural risks, managers with a poor track record or unacceptable collateral risks. Proposals are reviewed by a credit committee consisting of the portfolio managers in the relevant sector team. Approved proposals go forward for detailed review.
- Analysis of proposed transactions falls into four or five stages, depending on the nature of the transaction. Collateral analysis focuses on the composition of the collateral pool, with particular attention to risk concentrations and on factors likely to influence the performance of the pool, such as correlation between assets in the pool. Structural analysis evaluates the legal and economic structure of the transaction, including the cash flow priority of payments, performance triggers and credit enhancements, if any. For static transactions or transactions with substitution/replenishment rights, analysts review the track record of the transaction's originators and servicers. They also assess the impact of changing economic conditions on prospective performance and asset quality.
- Managed transactions involve an assessment of the manager's and originator's experience and resources in the asset class. The appraisal involves a review of the investment process, the experience and resources of the portfolio management team and analysis of the track record in existing transactions.
- Investments are selected from approved transactions to construct a portfolio that aims for diversification of assets by vintage, asset class, structure, manager style and geographic focus. The team compares the collateral portfolios of prospective investments with those of existing holdings to avoid undue overlap in the underlying collateral.

Investments are monitored monthly through trustee reports, as well as through *ad hoc* contact with trustees, managers, originators, underwriters, servicers, rating agencies, arrangers, market professionals and other investors. Transactions judged to be underperforming are added to an internal watch list and reviewed in full. While internal watch list classification is based partly on a subjective assessment, the internal watch list will typically include transactions failing specific tests or with falling mark-to-market valuations. Transactions moved onto the watch list are reassessed by the portfolio managers originally responsible for researching and sponsoring the investment proposal.

In addition to the watch list, UAI maintains a list of problem credits consisting of transactions reassessed by the original sponsoring team as liable to longer-term underperformance. Transactions where underperformance is deemed to be short term remain on the watch list for more intensive monthly review. The investment committee may recommend immediate sale of either watch list or problem credits, depending on the market price and transaction risk. UAI adopts a proactive approach to the management of problem credits through close contact with trustees and other investors. The team intends to examine all options, including distressed sale of the asset, restructuring in cooperation with other investors, write-down of the asset or write-off.

THE COLLATERAL ADMINISTRATION AGREEMENT

Pursuant to the terms of the Collateral Administration Agreement, the Issuer will retain the Collateral Administrator, amongst other things, (a) to monitor the collection of amounts received by the Issuer, (b) to determine the amounts payable under the Trust Deed to the Noteholders in accordance with the Priorities of Payments, (c) to prepare certain reports (in consultation with the Collateral Manager) (as described below) on behalf of the Issuer, (d) to perform certain other functions with respect to the Collateral Debt Securities and Eligible Investments and (e) to monitor the level of compliance in respect of the Portfolio Criteria. Any extraordinary expenses incurred by the Collateral Administrator will be treated as Administrative Expenses for which the Issuer is liable under the Trust Deed and in accordance with the Priorities of Payments specified above. (See *Description of Portfolio and Other Mortgaged Property – Accounts – Expense Account.*)

Pursuant to the terms of the Collateral Administration Agreement, the Collateral Administrator will be responsible for performing certain functions described therein, including compiling the Monthly Report, as described below:

Monthly Reports

In respect of each calendar month, commencing November 2004, the Collateral Administrator, in consultation with the Collateral Manager, will compile and provide to the Issuer, the Rating Agencies, the Trustee, the Collateral Manager, the Hedge Counterparty, the Liquidity Facility Provider and the Paying Agents, a monthly report (the **Monthly Report**) determined as of the 28th day of such month or if such day is not a Business Day, the following Business Day or, in the case of any month prior to the one in which a Payment Date or Revolving Note Payment Date falls, as of the relevant Determination Date or Revolving Note Determination Date, as the case may be, (each such date, a **Monthly Report Fixing Date**). The Monthly Report may be delivered by e-mail and will be placed on a secured web-site accessible only to the Noteholders initially located at www.cdoftrustee.com by way of a unique password which can be obtained by Noteholders from the Collateral Administrator subject to the relevant Noteholder certifying that it is the holder of a beneficial interest in the Notes in the form set out in Schedule 5 to the Agency Agreement, no later than 5 Business Days after each Monthly Report Fixing Date. Each Paying Agent will also make such Monthly Report available for collection by any Noteholder, subject to the relevant Noteholder certifying that it is the holder of a beneficial interest in the Notes in the form set out in Schedule 5 to the Agency Agreement, at its specified office or through its website or any other electronic system.

The Monthly Report will contain the following information with respect to the Mortgaged Property, determined as of the relevant Monthly Report Fixing Date:

Portfolio Composition:

- (a) the Aggregate Principal Balance of all Collateral Debt Securities including, where appropriate, the Market Value of such Collateral Debt Securities;
- (b) in respect of each Collateral Debt Security in the Portfolio on the Monthly Report Fixing Date, (i) the ISIN, CUSIP and WKN, as applicable, (ii) the exchange where such Collateral Debt Security is listed, if any, (iii) whether such Collateral Debt Security is issued under Regulation S or Rule 144A, (iv) whether or not such Collateral Debt Security is on credit watch for possible downgrade or upgrade, (v) the Principal Balance of such Collateral Debt Security on the day of the Monthly Report and the date of purchase, (vi) the amount of any reduction in the Principal Balance of such Collateral Debt Security (scheduled or unscheduled) since the last Monthly Report Fixing Date and the total percentage of the Principal Balance so amortised, (vii) the interest rate applicable to such Collateral Debt Security and, if the asset is a Fixed Rate Collateral Debt Security, a description of the corresponding Collateral Interest Rate Swap, if any, (viii) the duration of interest periods applicable to such Collateral Debt Security, (ix) the stated legal maturity and the expected weighted average life applicable to such Collateral Debt Security, (x) the identity of the issuer of such Collateral Debt Security, (xi) the public Fitch rating, the public Moody's rating and the public S&P rating of such Collateral Debt Security as at the Monthly Report Fixing Date and as at the date of acquisition by the Issuer to the extent available and (if applicable) the sale price and date of sale of such Collateral Debt Security, (xii) the purchase price with and without accrued interest of such Collateral Debt Security to the extent available, (xiii) the date of

acquisition of such Collateral Debt Security by the Issuer, (xiv) the sector (by industry and geographical) allocation of such Collateral Debt Security, (xv) the date on which such Collateral Debt Security was issued, (xvi) the asset manager and/or servicer of such Collateral Debt Security, (xvii) the Recovery Rates of such Collateral Debt Security, (xviii) the level of any overcollateralisation ratio test applicable to such Collateral Debt Security, (xix) whether or not such Collateral Debt Security is a Deferred Interest PIK Obligation, a Collateral Debt Security or any other security which is, as of the Monthly Report Fixing Date, having interest payments deferred, and in such a case, the amount of deferred interest, (xx) whether such Collateral Debt Security is (A) an RMBS, (B) a CMBS, (C) a CDO, (D) an ABS, or (E) a Synthetic Credit Linked Security, (xxi) the currency in which such Collateral Debt Security is denominated, (xxii) if such Collateral Debt Security is a Non-Euro Obligation, a description of the related Collateral Currency Swap, if any, (xxiii) whether such Collateral Debt Security has become a Defaulted Security, a Credit Improved Security, a Converted Security, a Credit Risk Security, a Deferred Interest PIK Obligation, a Collateral Debt Security or any other security which is, as of the Monthly Report Fixing Date, having interest payments deferred, since the previous Monthly Report Fixing Date and the date on which each such Collateral Debt Security became such a security, (xxiv) trading gains or losses, if any, from calls or amortisations occurring on such Collateral Debt Security, and (xxv) any other information required to allow the Collateral Manager to determine compliance with the Portfolio Criteria;

- (c) in respect of each Collateral Debt Security disposed of since the last Monthly Report Fixing Date, (i) the ISIN, CUSIP and WKN, as applicable, (ii) the purchase price of such Collateral Debt Security, (iii) the sale price of such Collateral Debt Security, (iv) the difference between such purchase price and sale price, (v) the sector allocation of such Collateral Debt Security, (vi) whether such Collateral Debt Security was a Defaulted Security, a Credit Improved Security, a Converted Security or a Credit Risk Security at the time of the sale (in each case, as reported in writing to the Collateral Administrator by the Collateral Manager in the corresponding Issuer Order), and (vii) details of reinvested amounts if the Annual Subordinated Note Cap is reached or if the Interest Diversion Test under Condition 3 is breached; (viii) the Interest Proceeds reinvested into the Principal Collection Account for the purchase of further Collateral Debt Securities in accordance with items (S), (T) or (W) of the Interest Proceeds Priority of Payments or item (B) of the Principal Proceeds Priority of Payments;
- (d) in respect of each Collateral Debt Security acquired after the last Monthly Report Fixing Date, (i) the ISIN, CUSIP, WKN, as applicable, (ii) the purchase price of such Collateral Debt Security, (iii) the sale price of such Collateral Debt Security, if applicable, (iv) the sector allocation of such Collateral Debt Security, (v) whether such Collateral Debt Security was a Defaulted Security, a Credit Improved Security, a Converted Security or a Credit Risk Security at the time of acquisition, and (vi) the delivery method applicable to such Collateral Debt Security;
- (e) in respect of each Credit Default Swap, the Reference Obligation hedged, the notional amount, the maturity and the premium payable; and
- (f) the level of the Event of Default Overcollateralisation Ratio.

Portfolio Criteria:

- (a) the Aggregate Principal Balance of all RMBS;
- (b) the Aggregate Principal Balance of all Sub-Prime RMBS;
- (c) the Aggregate Principal Balance of (i) all Non-Performing Loan Securities, and (ii) all Non-Performing Loan Securities issued by obligors incorporated or organised under the laws of Italy and the Aggregate Principal Balance of such Collateral Debt Securities with a rating of "A3" or above by Moody's, "A-" or above by S&P or "A-" or above by Fitch;
- (d) the Aggregate Principal Balance of all Non-Conforming Securities linked to assets 50 per cent. of which are located in the United Kingdom;
- (e) the Aggregate Principal Balance of all CMBS;

- (f) the Aggregate Principal Balance of all Prime RMBS linked to assets 50 per cent. of which are located in any given country;
- (g) the Aggregate Principal Balance of all CMBS by country of incorporation or organisation of the relevant obligor;
- (h) the Aggregate Principal Balance of all CDOs;
- (i) the Aggregate Principal Balance of all ABS;
- (j) the Aggregate Principal Balance of all PIK Obligations;
- (k) the Aggregate Principal Balance of all Collateral Debt Securities that bear interest at a fixed rate that are not the subject of a Collateral Interest Rate Swap;
- (l) the Aggregate Principal Balance of all Non-Euro Obligations;
- (m) the Aggregate Principal Balance of Collateral Debt Securities with a rating of “Baa3” or above by Moody’s or “BBB-” or above by S&P or “BBB-” or above by Fitch;
- (n) the Aggregate Principal Balance of Collateral Debt Securities with a rating of below “Baa3” by Moody’s and below “BBB-” by S&P and below “BBB-” by Fitch;
- (o) the Aggregate Principal Balance of Collateral Debt Securities issued by the same obligor, such Collateral Debt Securities being of the same tranche and the ratings of each such Collateral Debt Security;
- (p) the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Aa3” or above by Moody’s, “AA-” or above by S&P or “AA-” or above by Fitch;
- (q) the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Baa2” to “A1” by Moody’s, “BBB” to “A+” by S&P or “BBB” to “A+” by Fitch;
- (r) the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Baa3” by Moody’s, “BBB-” by S&P or “BBB-” by Fitch;
- (s) the Aggregate Principal Balance of Collateral Debt Securities of the same tranche, issued by a particular obligor and rated “Ba1” or below by Moody’s, “BB+” or below by S&P or “BB+” or below by Fitch;
- (t) the Aggregate Principal Balance of Collateral Debt Securities of multiple tranches of a single obligor;
- (u) the Aggregate Principal Balance of Collateral Debt Securities with a public rating by S&P;
- (v) the Aggregate Principal Balance of Collateral Debt Securities with a public rating by Moody’s;
- (w) the Aggregate Principal Balance of Collateral Debt Securities with a legal maturity later than November 2045;
- (x) the Aggregate Principal Balance of Collateral Debt Securities with Underlying Collateral consisting of mortgage obligations more than 50 per cent. of which by value are linked to property in The Netherlands and have a legal maturity falling after the end of November 2054;
- (y) the Aggregate Principal Balance of Collateral Debt Securities with a legal maturity later than November 2054;

- (z) (i) the level of each of the Coverage Tests (A) as of the date of each acquisition of a Collateral Debt Security since the last Monthly Report Fixing Date, (B) as of the relevant Monthly Report Fixing Date, and (ii) the level at which each such Coverage Test is satisfied;
- (aa) (i) the level of each of the Collateral Quality Tests (A) as of the date of each acquisition of a Collateral Debt Security since the last Monthly Report Fixing Date, calculated both before and after giving effect to such acquisition, (B) as of the relevant Monthly Report Fixing Date, and (ii) the level at which each such Collateral Quality Test is satisfied;
- (bb) the calculation of the internal rate of return as of the latest Payment Date for the Subordinated Notes, taking into account the cumulative cashflow paid and received by the Subordinated Noteholders;
- (cc) the Aggregate Principal Balance of Collateral Debt Securities serviced by the same servicer and the Aggregate Principal Balance of any related Synthetic Credit Linked Securities and details of any Underlying Collateral and the seller of Reference Obligations;
- (dd) the Aggregate Principal Balance of the Eligible Investments purchased with Principal Proceeds;
- (ee) the Aggregate Principal Balance of Collateral Debt Securities (i) for which the public rating refers only to principal or (ii) which are rated below “BBB”- by S&P or “BBB-” by Fitch and are subject to the Available Funds Cap; and
- (ff) the Aggregate Principal Balance of Collateral Debt Securities paying interest quarterly or more frequently.

Notes:

- (a) (i) the Principal Amount Outstanding of the Notes of each Class, (ii) the Principal Amount Outstanding of the Notes of each Class as a percentage of the Principal Amount Outstanding of the Notes of such Class on the first day of the immediately preceding Interest Period (and in the case of the Class A1 Revolving Notes, the immediately preceding Revolving Note Interest Period), (iii) the amount of any Class C Deferred Interest, (iv) the amount of any Class D Deferred Interest (v) the amount of principal payments to be made on the Notes of each Class on the next Payment Date (including in respect of any Class C Deferred Interest or Class D Deferred Interest) and, in the case of the Class A1 Revolving Notes, on the next Revolving Note Payment Date, (vi) the Principal Amount Outstanding of the Notes of each Class after giving effect to such principal payments, (vii) the Principal Amount Outstanding of the Notes of each Class as a percentage of the original Principal Amount Outstanding of the Notes of such Class and (viii) the Class A1 Funded Amount in respect of the Class A1 Revolving Notes and the Class A1 Funded Amount in respect of the Class A1 Delayed Draw Notes; and
- (b) the Interest Amounts payable to the holders of the Notes (in the aggregate and by Class) for the following Payment Date and, in the case of the Class A1 Revolving Notes, for the following Revolving Note Payment Date;

Revolving Note Payment Date and Payment Date Payments:

- (a) the Administrative Expenses to be paid on the following Payment Date or paid during the relevant Due Period on an itemised basis;
- (b) each of the Class A1 Rate of Interest, the Revolving Note Rate of Interest, the Delayed Draw Note Rate of Interest, the Class A2 Rate of Interest, the Class B Rate of Interest, the Class C Rate of Interest and the Class D Rate of Interest for the Interest Period, Revolving Note Interest Period or Funding Period ending on the next Payment Date or Revolving Note Payment Date, as the case may be;
- (c) if the Monthly Report is being issued as of a Determination Date or a Revolving Note Determination Date, the Issuer Covered Expenses, the Liquidity Drawing Base, the Shortfall (if any), the Liquidity Facility Fee, the interest payable on the Liquidity Facility and the amount that will be available to the Issuer to repay the Liquidity Loan on the next Payment Date; and

- (d) the amounts paid to the Subordinated Noteholders.

Accounts:

- (a) for the Interest Collection Account:
 - (i) the balance on deposit in the Interest Collection Account;
 - (ii) if the Monthly Report is being issued as of a Determination Date or a Revolving Note Determination Date:
 - (A) the amounts payable from the Interest Collection Account pursuant to Condition 3(b) on the Business Day prior to the next Payment Date or Revolving Note Payment Date, as the case may be; and
 - (B) the balance remaining in the Interest Collection Account immediately after all payments and deposits to be made on such Business Day; and
 - (iii) if the Monthly Report is being issued as of a Determination Date, the amount of any Class C Deferred Interest or Class D Deferred Interest that may arise on the Class C Notes or the Class D Notes, respectively, in respect of any Due Period;
- (b) for the Principal Collection Account:
 - (i) the balance on deposit in the Principal Collection Account;
 - (ii) if a Monthly Report is being issued as of a Determination Date or a Revolving Note Determination Date:
 - (A) the amounts payable from the Principal Collection Account pursuant to Condition 3(b) on the Business Day prior to the next Payment Date or Revolving Note Payment Date, as the case may be; and
 - (B) the balance remaining in the Principal Collection Account immediately after all payments and deposits to be made on such Business Day;
- (c) the balance of the Interest Collection Account, the Principal Collection Account, the Payment Account, the Expense Account, the Uninvested Proceeds Account, each Currency Account, the Reserved Collateral Management Fee Account and any Liquidity Downgrade Drawing Account and a description of the Eligible Investments, if any, acquired from amounts standing to the credit of any Account;
- (d) the source and amount of any proceeds in the Interest Collection Account and Principal Collection Account received since the last Monthly Report Fixing Date;
- (e) the aggregate amount, if any, by which the notional amount of any of the Collateral Hedge Swaps has been reduced since the last Monthly Report Fixing Date;
- (f) for each Collateral Debt Security sold since the last Monthly Report Fixing Date, the amount, if any, by which the Sale Proceeds received by the Issuer in connection with such sale exceed the price at which the Issuer acquired such Collateral Debt Security;
- (g) the amounts received and paid during the related Due Period in respect of any Credit Default Swap; and
- (h) the ratings of (a) the Account Bank, (b) the Custodian, (c) the Hedge Counterparty, and (d) the Liquidity Facility Provider; and the Required Rating of each of them and the amount of any collateral posted by the Liquidity Facility Provider and/or the Hedge Counterparty.

Governing Law

The Collateral Administration Agreement will be governed by the laws of England.

TAX CONSIDERATIONS

A. Irish Taxation

The following summary is based on the laws and practices currently in force in Ireland. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of the Notes. Where it refers to the tax position of investors that reference is only to investors beneficially owning their Notes and the interest thereon. This summary should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.

Taxation of the Issuer

Corporation tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5 per cent. in relation to trading income and 25 per cent. in relation to income that is not income from a trade. However, Section 110 of the Taxes Consolidation Act 1997, as amended (*TCA 1997*), provides for special treatment in relation to qualifying companies. A **qualifying company** means a company:

- (a) which is resident in Ireland;
- (b) which either acquires qualifying assets from a person, holds or manages qualifying assets as a result of an arrangement with another person or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;
- (c) which carries on in Ireland a business of holding qualifying assets or the management of qualifying assets or both;
- (d) which, apart from activities ancillary to that business, carries on no other activities in Ireland;
- (e) in relation to which the market value of qualifying assets held or managed by the company or the market value of qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than €10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered (which is itself a qualifying asset); and
- (f) which has notified the Revenue Commissioners in the prescribed manner that it intends to be a qualifying company;

but a company will not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arm's length apart from where that transaction is the payment of consideration for the use of principal (other than where that consideration is paid to certain companies within the charge to Irish corporation tax as part of a scheme of tax avoidance).

A **qualifying asset**, in relation to a qualifying company, means an asset which consists of, or of an interest in, a financial asset.

If a company is a qualifying company for the purposes of Section 110 of TCA 1997, then profits arising from its activities will be treated as annual profits and gains within Schedule D and will be chargeable to corporation tax under Case III (which is applicable to non-trading income) at a rate of 25 per cent. However, for that purpose the profits will be computed in accordance with the provisions applicable to Case I of the Schedule (which is applicable to trading income). On this basis and on the basis that the interest on the Notes:

- (a) does not represent more than a reasonable commercial return on the principal outstanding and it is not dependant on the results of the company's business; and
- (b) is not paid to certain companies within the charge to Irish corporation tax as part of a scheme of tax avoidance,

then the interest on the Notes issued will be deductible in determining the taxable profits of the company.

It is expected that the Issuer will be a qualifying company for the purposes of Section 110 of the TCA 1997.

Withholding tax on interest

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of yearly interest (payment of interest in respect of a debt where the maturity of the debt is not predetermined as being less than one year), made by an Irish company which would include interest payable on the Notes.

In respect of yearly interest, Section 246 of the TCA 1997 (**Section 246**) provides certain exemptions from this general obligation to withhold tax. Section 246 provides an exemption in respect of interest payments by a qualifying company within the meaning of Section 110 of the TCA 1997 to a person resident in a relevant territory except where such person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency.

Also Section 246 provides an exemption where interest is paid by a company in the ordinary course of a trade or business carried on by it to a company resident in a relevant territory.

A relevant territory for this purpose is a Member State of the European Communities, other than Ireland, or not being such a Member State, a territory with which a double taxation treaty with Ireland is in effect. A person is resident in a relevant territory for this purpose, if, where that territory is an EU Member State, the person is tax resident in that Member State pursuant to the laws of that Member State, or, if it is a territory with which Ireland has entered into a double taxation treaty, the person is a resident of that territory for the purposes of the double taxation treaty. As of the date of this Offering Memorandum, Ireland has entered into a double taxation treaty which is in effect with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, India, Israel, Italy, Japan, Korea (Republic of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, the United Kingdom, the United States of America and Zambia. New tax treaties with Greece and Iceland were signed on 2 November, 2003 and 17 December, 2003 respectively. It is expected that these treaties will enter into effect in 2005. Negotiations for agreements with Egypt, Malta and Singapore are completed, it is expected that these will also be signed during 2004. New treaties with Argentina, Chile, Tunisia, Turkey and Ukraine are in the course of being negotiated.

Separately, Section 64 of the TCA 1997 provides for the payment of interest in respect of quoted Eurobonds without deduction of tax in certain circumstances. A **quoted Eurobond** is defined in Section 64 of the TCA 1997 as a security which:

- (a) is issued by a company;
- (b) is quoted on a recognised stock exchange (the Irish Stock Exchange is a recognised stock exchange for this purpose);
- (c) is in bearer form; and
- (d) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland; or

- (b) the payment is made by or through a person in Ireland, and
 - (i) the quoted Eurobond is held in a recognised clearing system (the Irish Revenue Commissioners have designated Euroclear and Clearstream, Luxembourg recognised clearing systems); or
 - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

As the Bearer Notes to be issued by the Issuer will qualify as quoted Eurobonds and as they will be held in Euroclear and Clearstream, Luxembourg, the payment of interest in respect of such Bearer Notes should be capable of being made without withholding tax regardless of where the Noteholder is resident.

Encashment tax

Interest on any Note which qualifies for exemption from withholding tax on interest because it is a quoted Eurobond (see above) realised or collected by an agent in Ireland on behalf of a holder of the relevant Note may be subject to a withholding for Irish income tax at the standard rate (currently 20 per cent.). This is unless the beneficial owner of the relevant Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form and such interest is not deemed, under the provisions of Irish tax legislation, to be income of another person resident in Ireland.

Taxation of Noteholders

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

Interest payable in respect of the Notes has an Irish source, therefore interest earned on such Notes is Irish source income. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax (and levies if applicable), subject to the provisions of any applicable double taxation treaty. Ireland has currently 42 double tax treaties in effect (see *Withholding tax on interest* above) and many of them exempt interest from Irish tax when received by a resident of the other territory. Thus a Noteholder may be entitled to exemption from Irish tax under the terms of the double taxation treaty between Ireland and the Noteholder's territory.

Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish companies, where the income is not attributable to a branch or agency of the company in Ireland (whereby it would be subject to Irish corporation tax), are subject to income tax at the standard rate. Therefore any withholding tax suffered should be equal to and in satisfaction of the full liability.

Section 198 of the TCA 1997

There is an exemption from Irish income tax under Section 198 of the TCA 1997 in certain circumstances.

These circumstances include:

- (a) where interest is paid by a qualifying company within the meaning of Section 110 of the TCA 1997 to a person not resident in Ireland that is resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double taxation treaty under the terms of that treaty;
- (b) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a territory with which Ireland has a double taxation treaty.

- (c) where interest is payable by a company to a person that is not a resident of Ireland and is regarded as being resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double taxation treaty and the interest is exempt from withholding tax because it is payable on a quoted Eurobond (see above);

If, however, the exemption under Section 198 does not apply and the double taxation treaty does not exempt the interest earned or there is no double taxation treaty between Ireland and the Noteholder's territory there is a long-standing practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby the Revenue Commissioners do not take any action to pursue any liability to such tax in respect of persons who are not regarded as being resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Irish Revenue Commissioners will apply this practice in the case of the holders of the Notes.

Capital Gains Tax

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes provided that holder is not resident (nor ordinarily resident in the case of an individual) in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponer or if the disponer's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponer's successor (primarily), or the disponer, may be liable to Irish capital acquisitions tax. The Registered Notes would be regarded as property situate in Ireland if the principal register of such Notes is maintained in Ireland. The Bearer Notes would be regarded as property situate in Ireland if the Bearer Notes were ever to be physically kept or located in Ireland with a depository or otherwise.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation until 1 December 2004 or later and then only in specified circumstances.

Stamp Duty

On the basis of an exemption in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999, for as long as the proceeds of the Notes are used in the course of the Issuer's business and provided the Issuer is a qualifying company within the meaning of Section 110 of the TCA 1997, no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes.

Value Added Tax

The provision of financial services is an exempt transaction for Irish Value Added Tax (*VAT*) purposes. Accordingly, in general the Issuer should not be entitled to recover Irish VAT suffered. However, to the extent that financial services income is generated outside of the EU, such income represents what is known under Irish VAT law as income from a "qualifying activity". Such income, even though it is not taxable for the purposes of charging VAT, is treated the same as turnover from the provision of taxable supplies for the purposes of reclaiming VAT suffered.

B. United Kingdom Taxation

The following is a general summary of the United Kingdom law and practice relating to taxation of the Notes at the date hereof. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide and should be treated with appropriate caution. Some aspects do not apply to certain cases of taxpayer (such as dealers and/or Noteholders who are connected with the Issuer for relevant tax purposes). Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom. This summary does not take into consideration any United Kingdom tax implications of a substitution of the Issuer as contemplated by Condition 9.

The references to **interest** below mean **interest** as understood in United Kingdom tax law and do not take into account any different definitions of **interest** or **principal** which may prevail under any other law or which may be created by the Conditions or any related documentation.

Payments of Interest

If the interest on the Notes does not have a United Kingdom source, no withholding or deduction for or on account of United Kingdom tax will fall to be made from payments of interest on the Notes.

Interest on the Notes may however constitute United Kingdom source income for United Kingdom tax purposes. For example, interest on the Notes secured on assets situated in the United Kingdom may have a United Kingdom source.

Even if the interest does have a United Kingdom source, the Notes will constitute "quoted Eurobonds" within the meaning of section 349 of the Income and Corporation Taxes Act 1988 (the *Act*) provided they are and continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Act. The Irish Stock Exchange is a recognised stock exchange for this purpose. Accordingly, payments of interest on the Notes made by the Issuer or any paying agent (or received by any collecting agent) may be made (or received, as the case may be) without withholding or deduction for or on account of United Kingdom income tax provided the Notes remain listed on a recognised stock exchange at the time of payment.

Interest with a United Kingdom source received without deduction or withholding on account of United Kingdom income tax will not be chargeable to United Kingdom income tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

Any paying agent or other person through whom interest is paid to, or by whom interest is received on behalf of, an individual (whether resident in the United Kingdom or elsewhere) may be required to provide information in relation to the payment and the individual concerned to the United Kingdom Inland Revenue. The Inland Revenue may communicate this information to the tax authorities of other jurisdictions.

Neither the Issuer nor any paying agent will be obliged to make any additional payments to a Noteholder in respect of any withholding or deduction required to be made by applicable law.

United Kingdom corporation taxpayers

In general, Noteholders which are within the charge to United Kingdom corporation tax (other than investment trusts, venture capital trusts, authorised unit trusts and open-ended investment companies, which are dealt with

below) will be treated for tax purposes as realising profits, gains or losses (including exchange gains and losses) in respect of the Notes on a basis which is broadly in accordance with their statutory accounting treatment so long as the accounting treatment is in accordance with a mark-to-market or an accruals basis which is authorised for tax purposes. In relation to periods of account on or after 1 January 2005, Noteholders which are within the charge to United Kingdom corporation tax will be treated for tax purposes as realising profits, gains or losses (including exchange gains and losses) in respect of the Notes on a basis which is broadly in accordance with generally accepted accounting practice as that term is defined for tax purposes. Such profits, gains and losses will be taken into account in computing taxable income for corporation tax purposes.

Noteholders may wish to seek accounting advice as to the precise way in which profits, gains or losses will be recognised, including with respect to the manner in which interest arises on the Notes.

Noteholders that are investment trusts, venture capital trusts, authorised unit trusts or open-ended investment companies will be subject to the same taxation treatment in respect of the Notes as other Noteholders that are within the charge to United Kingdom corporation tax, other than with respect to profits, gains and losses carried to or sustained by a capital reserve in the case of investment trusts and venture capital trusts, and other than with respect to profits and losses of a capital nature in respect of the Notes in the case of authorised unit trusts and open-ended investment companies.

Other United Kingdom taxpayers

Accrued income scheme - The Notes are "variable rate securities" for the purposes of the "accrued income scheme" under Part XVII of the Act. Accordingly a transfer of a Note by a Noteholder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable (other than a holder within the charge to corporation tax with respect to the Notes) may give rise to a charge to tax on income in respect of an amount representing interest on the Note which has accrued since the preceding interest payment date in such amount as is just and reasonable. A transferee of Notes which rank as variable rate securities with accrued interest will not be entitled to any allowance under the accrued income scheme. Generally, persons who are neither resident nor ordinarily resident in the United Kingdom and who do not carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable will not be subject to these rules. For further information in this regard, Noteholders should seek their own professional advice.

Taxation of chargeable gains - The Notes will not constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 because they are denominated in euro. Therefore the disposal (including a redemption) of a Note by a holder who is resident or ordinarily resident in the United Kingdom or who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable and who is not subject to United Kingdom corporation tax in respect of the Note may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom taxation of chargeable gains (calculated to include currency exchange rate differences calculated by ascertaining the difference between the pound sterling equivalent at the date of acquisition of the consideration given for the Notes and the pound sterling equivalent at the date of disposal of the proceeds received on disposal of those Notes) depending on individual circumstances and subject to any taper relief which may be due.

Stamp duty and SDRT – No stamp duty, SDRT or similar tax or duty will be imposed in the United Kingdom on the issue, transfer or redemption of the Notes, provided that none of the Class A1 Revolving Notes or the Class A1 Delayed Draw Notes are at any time registered in a register kept in the United Kingdom by or on behalf of the Issuer.

C. European Union Directive on the Taxation of Savings Income

On 3 June, 2003, the European Council of Economics and Finance Ministers adopted a directive (the *Directive*) on the taxation of savings income under which Member States will be required, if a number of important conditions are met and from 1 July 2005, to provide to the tax authorities of other Member States details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual in another Member State, except that, for a transitional period, Austria, Belgium and Luxembourg will instead impose (unless during that period they elect otherwise) a withholding system in relation to such payments (the ending of

such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

The Directive has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "residual entity" then that interest payment is a "deemed interest payment" of the "residual entity" for the purpose of this legislation. A "residual entity", in relation to "deemed interest payments", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "deemed interest payments".

Residual entity means a person or undertaking established in Ireland or in another Member State or in an "associated territory" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "associated territory", or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an "associated territory" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "associated territory", will apply from a date not earlier than 1 January 2005 to be specified by the Minister for Finance of Ireland. For the purposes of these paragraphs "associated territory" means Aruba, Netherlands Antilles, Jersey, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands.

BOOK-ENTRY CLEARANCE PROCEDURES RELATING TO GLOBAL BEARER NOTES

The information set out below has been obtained from sources which the Issuer believes to be reliable, but prospective investors should make their own enquiries as to such procedures. In particular, such information is subject to any change in the interpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator or any Agent will have any responsibility for the performance by the Clearing Systems or their respective participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in Global Bearer Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisations which are accountholders therein.

Bearer Notes

The Issuer will make applications to Euroclear and Clearstream, Luxembourg for acceptance in their respective book-entry systems of the Bearer Notes to be represented by a Global Bearer Note to be held in such clearing systems. Each such Global Bearer Note will have an ISIN and a Common Code and will be held by a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Payments and Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Bearer Note represented by a Global Bearer Note must look solely to Euroclear or Clearstream, Luxembourg for his share of each payment made by the Issuer to the holder of such Global Bearer Note and in relation to all other rights arising under the Global Bearer Note, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). The Issuer expects that, upon receipt of any payment in respect of Bearer Notes represented by a Global Bearer Note, the common depository by whom such Global Bearer Note is held will immediately credit the relevant accountholders' accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Bearer Note as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by accountholders in any Clearing System to owners of beneficial interests in any Global Bearer Note held through such accountholders in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons will have no claim directly against the Issuer in respect of payments due on the Bearer Notes for so long as the Bearer Notes of each Class are represented by a Global Bearer Note and the obligations of the Issuer will be discharged by payment to the holder of such Global Bearer Note in respect of each amount so paid. None of the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Bearer Note or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Bearer Notes

Subject to the rules and procedures of each Clearing System, purchases of Bearer Notes represented by a Global Bearer Note held within a Clearing System must be made by or through accountholders, which will receive a credit for such Bearer Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Bearer Note (the **Beneficial Owner**) will in turn be recorded on the records of the relevant accountholder. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the relevant accountholder through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Bearer Notes represented by a Global Bearer Note held within the Clearing System will be effected by entries made on the books of accountholders, as the case may be, acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Bearer Notes, unless, and until an interest in any Global Bearer Note held within a Clearing System is exchanged for Definitive Bearer Notes.

No Clearing System has knowledge of the actual Beneficial Owners of the Bearer Notes represented by a Global Bearer Note held within such Clearing Systems and their records will reflect only the identity of the accountholders to whose accounts such Bearer Notes are credited, which may or may not be the Beneficial Owners. The accountholders will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to accountholders and by accountholders to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Noteholders holding interests in Bearer Notes represented by a Global Bearer Note through Euroclear or Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Interests in such Bearer Notes will be credited to the securities custody accounts of Euroclear and Clearstream, Luxembourg accountholders on the business day following the Closing Date (backdated to the Closing Date) against payment for value on the Closing Date.

Transfers between accountholders in Euroclear and Clearstream, Luxembourg will be effected in the ordinary way in accordance with their respective rules and operating procedures.

On or after the Closing Date, transfers between accountholders in Clearstream, Luxembourg and Euroclear will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Bearer Notes and cross-market transfers of the Bearer Notes associated with secondary market trading.

Although Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in Global Bearer Notes among accountholders of Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or to continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Collateral Manager, the Collateral Administrator or any Agent will have any responsibility for the performance by Clearstream, Luxembourg or Euroclear or their respective accountholders of their respective obligations under the rules and procedures governing their operations.

SUBSCRIPTION AND SALE

Subject to the terms and conditions set out in the Notes Placement Agreement, the Issuer will agree to issue and the Notes Placement Agent will agree to use its reasonable endeavours to procure purchasers to subscribe for the Class A1 Term Notes, the Class A2 Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Subordinated Notes. Subject to the terms and conditions set out in the Class A1 Notes Purchase Agreement, the Issuer will agree to issue and the Class A1 Notes Purchaser will agree to purchase from the Issuer the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes.

The obligations of the Notes Placement Agent under the Notes Placement Agreement will be subject to certain conditions precedent and the Notes Placement Agent will be entitled to terminate the Notes Placement Agreement if any of the conditions are not satisfied on or prior to the Closing Date. The Notes Placement Agent will be entitled to an upfront placement fee and the Placement Instalments in accordance with the terms of the Notes Placement Agreement and the Class A1 Notes Purchase Agreement.

United States of America

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

The Notes Placement Agent will agree with the Issuer that it will not offer, sell or deliver the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes or the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period, as defined in Regulation S under the Securities Act, a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

The Notes (except for the Class A1 Revolving Notes) will be in bearer form for U.S. federal income tax purposes and therefore 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 and regulations thereunder.

Notwithstanding that the Class A1 Delayed Draw Notes will be issued in registered form at the Closing Date, the Class A1 Delayed Draw Notes will convert into bearer form on the Class A1 Consolidation Date and so will be deemed to be in bearer form as of the Closing Date for U.S. federal income tax purposes.

United Kingdom

The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement that:

- (a) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom except 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 otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act (the *FSMA*)) in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

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

Ireland

The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement that:

- (a) other than in circumstances which do not constitute an offer or sale to the public in Ireland or elsewhere by means of a prospectus within the meaning of the Companies Acts, 1963 to 2003 of Ireland (i) prior to application for listing of the Notes being made and the Irish Stock Exchange having approved this Offering Memorandum in accordance with the European Communities (Stock Exchange) Regulations, 1984 (as amended) (the **Regulations**), it has not offered or sold and will not offer or sell, in Ireland or elsewhere, by means of any document or other means of visual reproduction, including electronic means, any of the Notes, (ii) subsequent to application for listing of the Notes being made and the Irish Stock Exchange approving this Offering Memorandum in accordance with the Regulations, it has not offered or sold and will not offer or sell, in Ireland or elsewhere, any of the Notes by means of any document or other means of visual reproduction, including electronic means, other than this Offering Memorandum (or any document including electronic means of visual reproduction approved as aforesaid, which sets out listing particulars in relation to the Notes prepared in accordance with the Regulations) and only where this Offering Memorandum (or such other listing particulars as aforesaid) is accompanied by an application form or an application form is issued which indicates where this Offering Memorandum (or such other listing particulars as aforesaid) can be obtained or inspected and (iii) it has not issued and will not issue at any time, in Ireland or elsewhere any application form for any of the Notes unless the application form is accompanied by this Offering Memorandum (or a document including electronic means of visual reproduction, which sets out listing particulars in relation to the Notes prepared in accordance with the Regulations and approved by the Irish Stock Exchange) or the application form indicates where this Offering Memorandum or such listing particulars can be obtained or inspected;
- (b) it has not made and will not make at any time any offer of any of the Notes in Ireland to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland would apply;
- (c) it will not sell any Notes pursuant to this Offering Memorandum and it will not take any proceedings on applications made pursuant to this Offering Memorandum until the fourth business day in Ireland after the date of this Offering Memorandum;
- (d) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of the Notes Placement Agent acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in the case of the Notes Placement Agent acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and
- (e) in respect of an offer of the Notes to the public in Ireland or elsewhere within the meaning of the Companies Acts, 1963 to 2003 of Ireland, it will comply with the requirements of Section 56 and 57 of the Companies Act, 1963 of Ireland.

Germany

The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement not to offer or sell, whether directly or indirectly, the Notes described in this Offering Memorandum in Germany other than in compliance with the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 9 September 1998, as amended, or any other laws applicable in Germany governing the issue, offering and sale

of securities. The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement that, according to § 2 no.4 of the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*), a sales prospectus for the Notes described in this Offering Memorandum does not have to be deposited or published.

Hong Kong

The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent) or (ii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32) of Hong Kong; and
- (b) it has not issued, or had in its possession and will not issue, or have in its possession for the purposes of issue, any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to *professional investors* within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

Japan

The Notes have not been, and will not be, registered under the Securities and Exchange Law of Japan (the *Securities and Exchange Law*). Neither the Notes nor any interest therein shall be offered, sold, resold or otherwise transferred, directly or indirectly, in Japan or to or for the account of any resident of Japan except in circumstances which result in compliance with an exemption from the registration provisions of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan. For the purpose of this paragraph, *resident of Japan* shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan, and, with respect to any entity organised under the laws of a jurisdiction other than Japan, its branches or offices located in Japan.

France

The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement that (i) it has not offered, marketed, distributed, sold, resold or otherwise transferred and will not offer, market, distribute, sell, resell or otherwise transfer, directly or indirectly, any Notes to the public in the Republic of France and (ii) any offers, marketing, distributions, sales, re-sales or other transfers of Notes in the Republic of France have been and will only be made to qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in, and in accordance with article L.411-2 of the French *Code monétaire et financier* and *décret* no. 98-880 dated 1 October, 1998.

The Notes have not been and will not be subject to any approval by or registration (visa) with the French *Autorité des Marchés Financiers*. The direct or indirect offer, marketing, distribution, sale, re-sale or other transfer of the Notes to the public in the Republic of France must comply with articles L. 411-1, L.411-2, L.412-1 and L.621-8 of the French *Code monétaire et financier*.

In addition, each of the Notes Placement Agent and the Issuer will represent and agree that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in the Republic of France the Offering Memorandum or any other offering material relating to the Notes other than to investors to whom offers, marketing, distributions, sales, re-sales or other transfers of Notes in the Republic of France may be made as described above.

Austria

The Offering Memorandum does not constitute a prospectus for the purpose of the Austrian Capital Market Act (*Kapitalmarktgesetz*), and no public offer, or public solicitation of offers for the purchase, of the Notes may be

made in Austria (all terms of this sentence to be interpreted in accordance with their meaning under the Austrian Capital Market Act). The Notes Placement Agent will represent to and agree with the Issuer in the Notes Placement Agreement that it has neither offered, nor solicited offers for the purchase of, nor sold, and that it will neither offer, nor solicit offers for the purchase of, nor sell, the Notes directly or indirectly to the public in Austria and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in Austria the Offering Memorandum or any other offering material in relation to the Notes and that any offers, solicitations of offers, sales and distribution have been and will only be made to a limited number of not more than 250 investors, each of which has been identified by its name prior to dispatching the offer, solicitation for the offer, sale or distribution, and in all cases only in circumstances not constituting a public offering of the Notes in Austria within the definition of the Austrian Capital Market Act (*Kapitalmarktgesetz*), as amended, or where an exemption from the duty to publish a prospectus under the Austrian Capital Market Act is applicable.

Cayman Islands

The Notes may not be sold by or on behalf of the Issuer within the Cayman Islands (nor may they be offered from a place of business in the Cayman Islands or through an internet service provider or other electronic service provider located in the Cayman Islands) if such sale (or offering) would require the Issuer to be registered as a foreign company under the Companies Law (2004 Revision) of the Cayman Islands.

General

Other than the application to list the Notes on the Official List of the Irish Stock Exchange, the approval of this Offering Memorandum as listing particulars in accordance with the requirements of the Regulations and the delivery of a copy of this Offering Memorandum to the Registrar of Companies in Ireland for registration pursuant to regulation 13(1) of the Regulations, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction. Accordingly, the Notes Placement Agent will agree with the Issuer in the Notes Placement Agreement that it will not, directly or indirectly, offer or sell any Notes in any country or jurisdiction where action for that purpose is required and neither this Offering Memorandum nor any other circular, prospectus, form of application, advertisement or other material will be distributed by it in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations.

LISTING AND GENERAL INFORMATION

1. The issue of the Notes, the creation of the security relating thereto and the entry into of the Transaction Documents and the other relevant documents to which it is a party were authorised by a resolution of the Board of Directors of the Issuer passed on 21 October, 2004.
2. Since the date of its incorporation, the Issuer has not commenced operations and no statutory accounts have been made up as of the date of this Offering Memorandum.
3. Since the date of its incorporation, there has been no material adverse change, or any development reasonably likely to involve any material adverse change, in the condition (financial or otherwise) of the Issuer.
4. No legal or arbitration proceedings are pending or threatened against the Issuer, nor has the Issuer been involved in any legal or arbitration proceedings, which may have had, since its incorporation, a significant effect on its financial position.
5. The Issuer has appointed NCB Stockbrokers Limited, whose specified office is, at the date hereof, at 3 George's Dock, International Financial Services Centre, Dublin 1, as its Paying Agent in Ireland. For so long as any of the Notes are listed on the Irish Stock Exchange, the Issuer will maintain a Paying Agent in Ireland.
6. The Notes (other than the Class A1 Revolving Notes and the Class A1 Delayed Draw Notes) have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The ISIN, Common Code and WKN allocated by Euroclear and Clearstream, Luxembourg to the Notes of each such Class is as follows:

	<i>ISIN</i>	<i>Common Code</i>	<i>WKN</i>
Class A1 Term Notes	XS0202635040	20263504	-AODD4L-
Class A2 Notes	XS0202637418	20263741	- AODD4M-
Class B Notes	XS0202637848	20263784	- AODD4N-
Class C Notes	XS0202638499	20263849	- AODD4P-
Class D Notes	XS0202639208	20263920	- AODD4Q-
Subordinated Notes	XS0202642921	20264292	- AODD4R-

On the Class A1 Consolidation Date, the Class A1 Delayed Draw Notes will be accepted for clearance through Clearstream, Luxembourg and Euroclear and will be allocated the ISIN and Common Code set out above for the Class A1 Term Notes.

7. Copies of the following documents may be inspected and, in the case of the documents listed in paragraphs (c) and (d), may be obtained during usual business hours at the registered office of the Issuer and at the specified office of the Irish Paying Agent at any time after the date of this Offering Memorandum:
 - (a) the memorandum and articles of association of the Issuer;
 - (b) prior to the Closing Date, drafts (subject to modification) and after the Closing Date, copies of the Transaction Documents;
 - (c) as soon as published, the latest financial statements of the Issuer; and
 - (d) as soon as published, each Monthly Report.
8. This Offering Memorandum includes as Appendix VII a form of application for Notes solely to comply with certain Irish legal requirements. It is not necessary for potential purchasers to complete the application form to apply for Notes. Neither the Issuer nor the Notes Placement Agent will be bound in any way whatsoever to issue or sell any Notes to any person who completes and returns such application form.

APPENDIX I

MOODY'S DIVERSITY SCORE TEST

The *Moody's Diversity Score Test* will be satisfied if the Moody's Diversity Score of all Collateral Debt Securities is equal to or exceeds 17.0.

The formula used to calculate the Moody's Diversity Score under this methodology is set forth below:

$$D = \frac{\left(\sum_{i=1}^n p_i F_i \right) \left(\sum_{i=1}^n q_i F_i \right)}{\sum_{i=1}^n \sum_{j=1}^n p_{ij} \sqrt{p_i q_i p_j q_j} F_i F_j}$$

Moody's assumes that the actual portfolio consists of n bonds; bond i has a face value F_i , and a default probability p_i that is implied by the rating and maturity of the bond. The probability of survival for bond i is q_i , which equals $1 - p_i$. In addition, the correlation coefficient of default between bond i and j is P_{ij} . Consequently, the actual collateral pool can be replicated by D homogeneous securities with independent default risk.

$$\text{Average Face Value} = \frac{F = \left(\sum_{i=1}^n F_i \right) / D}$$

$$\text{Average Default Probability} = \frac{p = \left(\sum_{i=1}^n p_i F_i \right) / \left(\sum_{i=1}^n F_i \right)}$$

To calculate the Moody's Diversity Score, portfolio parameters need to be input, including the rating profile, the par amount, the maturity profile and the default correlation assumptions.

The par amount of any Collateral Debt Security that provides for payment of interest but not principal is deemed to be zero.

In addition, Moody's assumes that the default correlation is associated with the credit quality of the Collateral Debt Security. For example, the default correlation among investment grade Collateral Debt Securities is lower than the default correlation among below investment grade Collateral Debt Securities. Finally, the cross correlation of defaults among various types of Collateral Debt Securities plays an important role as well. In order to take account of issuer concentration and vintage effects, the following assumptions apply (the **Correlation Matrix**):

- (a) If two Collateral Debt Securities are guaranteed by the same guarantor, assume a high correlation between them.
- (b) If two Collateral Debt Securities are issued in the same transaction and only one of them is guaranteed, then no adjustment need be made.
- (c) If two Collateral Debt Securities are guaranteed by the same guarantor, assume a 75 per cent. correlation between them if they are issued within one year of one another, a 50 per cent. correlation between them if they are not issued within one year but are issued within two years of one another and a 25 per cent. correlation otherwise.

- (d) If two Collateral Debt Securities are rated at least “Baa3” by Moody’s and are not supported by the same Underlying Collateral and are guaranteed by the same guarantor and the same person transferred, or arranged for the transfer of, such Underlying Collateral to the issuer or issuers of such Collateral Debt Securities, assume a 75 per cent. correlation between them if they are issued within one year of one another, a 50 per cent. correlation between them if they are not issued within one year of one another but are issued within two years of one another and a 25 per cent. correlation otherwise.
- (e) If two Collateral Debt Securities are not rated at least “Baa3” by Moody’s and are not supported by the same Underlying Collateral and are guaranteed by the same guarantor and the same person transferred, or arranged for the transfer of, such Underlying Collateral to the issuer or issuers of such Collateral Debt Securities, assume a 100 per cent. correlation between them if they are issued within one year of one another, a 70 per cent. correlation between them if they are not issued within one year of one another but are issued within two years of one another and a 40 per cent. correlation otherwise.

The maximum correlation is determined in accordance with the following formula:

$$P_{min} (1-P_{max}) / \text{Sqrt} (P_{min} \times (1-P_{min}) \times P_{max} \times (1-P_{max}))$$

where,

P_{min} means the probability of default for the bond with the lower default probability; and

P_{max} means the probability of default for the bond with the higher default probability.

APPENDIX II

MOODY'S WEIGHTED AVERAGE RATING

The **Weighted Average Rating** of all Collateral Debt Securities on any Measurement Date is the number determined by dividing (i) the sum of the series of products obtained for Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due or Defaulted Securities) by multiplying the Principal Balance on such Measurement Date of each such Collateral Debt Security by its respective Moody's Rating Factor on such Measurement Date by (ii) the sum of the Aggregate Principal Balance on such Measurement Date of all Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due or Defaulted Securities).

The **Moody's Rating Factor** relating to any Collateral Debt Security is the applicable number set forth in the table below opposite the Moody's Rating of such Collateral Debt Security:

Moody's Rating	Moody's Rating Factor
"Aaa"	1
"Aa1"	10
"Aa2"	20
"Aa3"	40
"A1"	70
"A2"	120
"A3"	180
"Baa1"	260
"Baa2"	360
"Baa3"	610
"Ba1"	940
"Ba2"	1,350
"Ba3"	1,766
"B1"	2,220
"B2"	2,720
"B3"	3,490
"Caa1"	4,770
"Caa2"	6,500
"Caa3"	8,070
"Ca or lower"	10,000

The **Moody's Rating** with respect to any Collateral Debt Security will be determined as follows; provided that, if a Collateral Debt Security is on credit watch for possible upgrade or downgrade by Moody's, for the purpose of calculating the Weighted Average Rating, such Collateral Debt Security will be deemed to have a Moody's Rating (i) one (1) subcategory above or below (as applicable) the existing Moody's Rating of such Collateral Debt Security if such Collateral Debt Security has a Moody's Rating of "A3" or higher, and (ii) two (2) subcategories above or below (as applicable) the existing Moody's Rating of such Collateral Debt Security if such Collateral Debt Security has a Moody's Rating of "Baa1" or lower, in each case until such Collateral Debt Security is no longer on credit watch for possible upgrade or downgrade (as applicable) by Moody's, whereupon such Collateral Debt Security's actual Moody's Rating shall apply.

If such Collateral Debt Security is rated by Moody's, the Moody's Rating shall be such rating, or if such Collateral Debt Security is not rated by Moody's, but the Issuer or the Collateral Manager on behalf of the Issuer has requested that Moody's assign a rating to such Collateral Debt Security, the Moody's Rating shall be the rating so assigned by Moody's.

With respect to any Collateral Debt Security, if such Collateral Debt Security is not rated by Moody's, then the Issuer or the Collateral Manager on behalf of the Issuer may present such Collateral Debt Security to Moody's for an estimate of such Collateral Debt Security's rating, from which its corresponding Moody's Rating may be determined, which should be used to determine its Moody's Rating Factor.

APPENDIX III

S&P RECOVERY RATE AND S&P RATING

A S&P Recovery Rate shall be determined for each Collateral Debt Security as follows:

(a) Collateral Debt Obligation other than Synthetic Credit Linked Securities

Senior Asset Class	Liability Rating						
Rating of Collateral Debt Security upon acquisition by the Issuer thereof	“AAA”	“AA”	“A”	“BBB”	“BB”	“B”	“CCC”
“AAA”	80.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
“AA”	70.0 per cent.	75.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
“A”	60.0 per cent.	65.0 per cent.	75.0 per cent.	85.0 per cent.	90.0 per cent.	90.0 per cent.	90.0 per cent.
“BBB”	50.0 per cent.	55.0 per cent.	65.0 per cent.	75.0 per cent.	85.0 per cent.	85.0 per cent.	85.0 per cent.

Junior Asset Class	Liability Rating						
Rating of Collateral Debt Security upon acquisition by the Issuer thereof	“AAA”	“AA”	“A”	“BBB”	“BB”	“B”	“CCC”
“AA”	55.0 per cent.	65.0 per cent.	75.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.
“A”	40.0 per cent.	45.0 per cent.	55.0 per cent.	65.0 per cent.	80.0 per cent.	80.0 per cent.	80.0 per cent.
“BBB”	30.0 per cent.	35.0 per cent.	40.0 per cent.	45.0 per cent.	50.0 per cent.	60.0 per cent.	70.0 per cent.
“BB”	10.0 per cent.	10.0 per cent.	10.0 per cent.	25.0 per cent.	35.0 per cent.	40.0 per cent.	50.0 per cent.
“B”	2.5 per cent.	5.0 per cent.	5.0 per cent.	10.0 per cent.	10.0 per cent.	20.0 per cent.	25.0 per cent.
“CCC”	0.0 per cent.	0.0 per cent.	0.0 per cent.	0.0 per cent.	2.5 per cent.	5.0 per cent.	5.0 per cent.

(b) Synthetic Credit Linked Securities.

The rating and S&P Recovery Rate assigned by S&P with respect thereto.

A Collateral Debt Security is considered senior if it occupies the most senior position in the capital structure of the respective transaction. Collateral Debt Securities not fitting this criteria will be considered subordinated for the purposes of determining the Weighted Average S&P Recovery Rates.

The **S&P Rating** with respect to any Collateral Debt Security as of any date of determination shall be determined as follows:

- (i) if a Collateral Debt Security is on credit watch for possible upgrade or downgrade by S&P for purposes of the Standard & Poor’s CDO Monitor Test, such Collateral Debt Security shall be deemed to have a S&P Rating one subcategory above or below (as applicable) the existing S&P Rating of such Collateral Debt Security until such Collateral Debt Security is no longer on credit watch for possible upgrade or downgrade (as applicable) by S&P, whereupon such Collateral Debt Security’s actual rating by S&P shall apply;

- (ii) if a Collateral Debt Security is not a “pikable” obligation which is part of the highest rated tranche of the Underlying Collateral and such Collateral Debt Security is in technical default as evidenced by a notice of default from the collateral manager or the trustee of such Underlying Collateral, for the purposes of the Standard & Poor’s CDO Monitor Test, such Collateral Debt Security shall be deemed to have an S&P Rating one subcategory below the existing S&P Rating of such Collateral Debt Security until such Collateral Debt Security is no longer in technical default as evidenced by a notice of default from the collateral manager or the trustee of such Underlying Collateral, whereupon such Collateral Debt Security’s actual rating by S&P shall apply;
- (iii) if a Collateral Debt Security is a Non-PIK Obligation which is part of any other tranche (other than the highest rated tranche) of the Underlying Collateral and such Collateral Debt Security is in technical default as evidenced by a notice of default from the collateral manager or the trustee of such Underlying Collateral, for the purposes of the Standard & Poor’s CDO Monitor Test, such Collateral Debt Security shall be deemed to have a S&P Rating two subcategories below the existing S&P Rating of such Collateral Debt Security until such Collateral Debt Security is no longer in technical default, whereupon such Collateral Debt Security’s actual rating by S&P shall apply;
- (iv) if there is a credit rating of such Collateral Debt Security, or the guarantor who unconditionally and irrevocably guarantees such Collateral Debt Security, then the S&P Rating shall be such rating;
- (v) if no other security or obligation of the obligor is rated by S&P or Moody’s, then the Issuer or the Collateral Manager on behalf of the Issuer, may apply to S&P for a credit estimate, which shall be its S&P Rating; and
- (vi) if there is no obligor credit rating published by S&P and such Collateral Debt Security is not rated by S&P, and no other security or obligation of the obligor is rated by S&P and neither the Issuer nor the Collateral Manager obtains a S&P Rating for such Collateral Debt Security pursuant to sub paragraph (v) above, then the S&P Rating of such Collateral Debt Security may be determined using the methods provided in Appendix VI.

APPENDIX IV

MOODY'S RECOVERY RATE

(A) Structured Finance Securities whose Underlying Collateral includes automobile receivables, car rental receivables, credit card receivables and student loan receivables.

Tranche as per cent. of capital structure	Rating of a Tranche					
	"Aaa"	"Aa"	"A"	"Baa"	"Ba"	"B"
>70 per cent.	85 per cent.	80 per cent.	70 per cent.	60 per cent.	50 per cent.	40 per cent.
<=70 per cent. and >10 per cent.	75 per cent.	70 per cent.	60 per cent.	50 per cent.	40 per cent.	30 per cent.
<=10 per cent.	70 per cent.	65 per cent.	55 per cent.	45 per cent.	35 per cent.	25 per cent.

(B) Structured Finance Securities that are RMBS.

Tranche as per cent. of capital structure	Rating of a Tranche					
	"Aaa"	"Aa"	"A"	"Baa"	"Ba"	"B"
>70 per cent.	85 per cent.	80 per cent.	65 per cent.	55 per cent.	45 per cent.	30 per cent.
<=70 per cent. and >10 per cent.	75 per cent.	70 per cent.	55 per cent.	45 per cent.	35 per cent.	25 per cent.
<=10 per cent. and >5 per cent.	65 per cent.	55 per cent.	45 per cent.	40 per cent.	30 per cent.	20 per cent.
<=5 per cent. and >2 per cent.	55 per cent.	45 per cent.	40 per cent.	35 per cent.	25 per cent.	15 per cent.
<=2 per cent.	45 per cent.	35 per cent.	30 per cent.	25 per cent.	15 per cent.	10 per cent.

(C) Structured Finance Securities that are not in (A) or (B) above or are CMBS.

Tranche as per cent. of capital structure	Rating of a Tranche					
	"Aaa"	"Aa"	"A"	"Baa"	"Ba"	"B"
>70 per cent.	85 per cent.	80 per cent.	65 per cent.	55 per cent.	45 per cent.	30 per cent.
<=70 per cent. and >10 per cent.	75 per cent.	70 per cent.	55 per cent.	45 per cent.	35 per cent.	25 per cent.
<=10 per cent. and >5 per cent.	65 per cent.	55 per cent.	45 per cent.	35 per cent.	25 per cent.	15 per cent.
<=5 per cent. and >2 per cent.	55 per cent.	45 per cent.	35 per cent.	30 per cent.	20 per cent.	10 per cent.
<=2 per cent.	45 per cent.	35 per cent.	25 per cent.	20 per cent.	10 per cent.	5 per cent.

(D) CDOs whose Underlying Collateral has a Moody's Diversity Score less than or equal to 20.

Tranche as per cent. of capital structure	Rating of a Tranche					
	"Aaa"	"Aa"	"A"	"Baa"	"Ba"	"B"
>70 per cent.	80 per cent.	75 per cent.	60 per cent.	50 per cent.	45 per cent.	30 per cent.
<=70 per cent. and >10 per cent.	70 per cent.	60 per cent.	55 per cent.	45 per cent.	35 per cent.	25 per cent.
<=10 per cent. and >5 per cent.	60 per cent.	50 per cent.	45 per cent.	35 per cent.	25 per cent.	15 per cent.
<=5 per cent. and >2 per cent.	50 per cent.	40 per cent.	35 per cent.	30 per cent.	20 per cent.	10 per cent.
<=2 per cent.	30 per cent.	25 per cent.	20 per cent.	15 per cent.	7 per cent.	4 per cent.

(E) CDOs whose Underlying Collateral has a Moody's Diversity Score greater than 20.

Tranche as per cent. of capital structure	Rating of a Tranche					
	"Aaa"	"Aa"	"A"	"Baa"	"Ba"	"B"
>70 per cent.	85 per cent.	80 per cent.	65 per cent.	55 per cent.	45 per cent.	30 per cent.
<=70 per cent. and >10 per cent.	75 per cent.	70 per cent.	60 per cent.	50 per cent.	40 per cent.	25 per cent.
<=10 per cent. and >5 per cent.	65 per cent.	55 per cent.	50 per cent.	40 per cent.	30 per cent.	20 per cent.
<=5 per cent. and >2 per cent.	55 per cent.	45 per cent.	40 per cent.	35 per cent.	25 per cent.	10 per cent.
<=2 per cent.	45 per cent.	35 per cent.	30 per cent.	25 per cent.	10 per cent.	5 per cent.

Moody's Recovery Rate means, on any Measurement Date, the aggregate of the products of (1) the recovery rate assigned to each Collateral Debt Security (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due or Defaulted Securities) determined pursuant to tables (A) through (E) above and (2) the Principal Balance of each Collateral Debt Security on each Measurement Date, divided by the Aggregate Principal Balance of the Collateral Debt Securities (other than Collateral Debt Securities which the Collateral Manager reasonably believes will default with respect to payment when next due or Defaulted Securities) on such Measurement Date.

APPENDIX V

**FITCH WEIGHTED AVERAGE RATING
AND FITCH RECOVERY RATE**

Part A: Fitch Weighted Average Rating

The *Fitch Weighted Average Rating* is determined by taking the sum of the products obtained by multiplying the Principal Balance of each Collateral Debt Security other than a Defaulted Security by its Fitch Rating Factor, dividing such sum by the aggregate Principal Balance of all such Collateral Debt Securities, and rounding the result up to the nearest whole number.

For the purpose of computing the Fitch Weighted Average Rating, with respect to any Collateral Debt Security on any Measurement Date, the Fitch Rating Factor shall be the number set forth in the table below opposite the Fitch Rating of such Collateral Debt Security and Eligible Investment:

Fitch Rating	Fitch Rating Factor	Fitch Rating	Fitch Rating Factor
AAA	0.19	BB	13.53
AA+	0.57	BB-	18.46
AA	0.89	B+	22.84
AA-	1.15	B	27.67
A+	1.65	B-	34.98
A	1.85	CCC+	43.36
A-	2.44	CCC	48.52
BBB+	3.13	CC	77.00
BBB	3.74	C	95.00
BBB-	7.26	DDD-D	100.00
BB+	10.18		

Part B: Fitch Recovery Rate

With respect to any Defaulted Security or Deferred Interest PIK Obligation on any Measurement Date, the *Fitch Recovery Rate* shall be an amount equal to the percentage corresponding to the domicile and seniority of such Defaulted Security or Deferred Interest PIK Obligation, as applicable, as set forth below; provided that, the applicable percentage shall be the percentage corresponding to the original rating of the most senior outstanding class of notes then rated by Fitch.

Seniority	AAA	AA	A	BBB	BB	B
ABS Senior (>10 per cent.)	60 per cent.	65 per cent.	75 per cent.	85 per cent.	90 per cent.	95 per cent.
ABS Senior (<10 per cent.)	48 per cent.	56 per cent.	64 per cent.	72 per cent.	76 per cent.	80 per cent.
ABS Mezzanine IG (>10 per cent.)	30 per cent.	38 per cent.	46 per cent.	54 per cent.	65 per cent.	75 per cent.

ABS Mezzanine IG (<10 per cent.)	20 per cent.	27 per cent.	35 per cent.	42 per cent.	50 per cent.	55 per cent.
ABS Non IG (>10 per cent.)	15 per cent.	18 per cent.	21 per cent.	26 per cent.	32 per cent.	35 per cent.
ABS Non IG (<10 per cent.)	0 per cent.	4 per cent.	8 per cent.	12 per cent.	16 per cent.	20 per cent.

APPENDIX VI

NOTCHING

1. General

If the Collateral Debt Security is not rated by a Rating Agency, such Rating Agency may, for purposes of conducting their analysis, proceed to notch such Collateral Debt Security in accordance with the following criteria.

2. S&P Notching

With respect to any Collateral Debt Security that is in the reasonable opinion of the Collateral Manager primarily backed by European assets, if such Collateral Debt Security is not rated by S&P, the following notching provisions apply:

(A) with respect to any Collateral Debt Securities which are in the following asset classes and are rated by both Moody's and Fitch:

ASSET CLASS	Lower of Rating by Moody's or Fitch AAA to BBB-/Baa3	Lower of Rating by Moody's or Fitch below BBB-/Baa3
Auto-Prime	1	2
Consumer Loans	1	2
Credit Card	1	2
Leases other than Italian Leases	1	2
Italian Leases	1	2
SME Loan Collateral Debt Obligations	1	2
Cash Flow Residential Mortgages – prime	1	2
Cash Flow Residential Mortgages – non prime	2	3
CMBS	2	3
Cashflow CBO/CLO backed by pool of corporate loans	1	2

(B) with respect to any Collateral Debt Securities which are in the following asset classes:

ASSET CLASS	Lower of Rating by Moody's and Fitch AAA to AA-/Aa3	Lower of Rating by Moody's and Fitch below AA-/Aa3 and above A-/A3
Operating Company Securitisation Security rated by Moody's and Fitch	2	3
Non-Performing Loans	1	n/a

provided that

- a. in the case of Italian Leases the highest S&P Rating for a Collateral Debt Security that is an Italian Lease determined pursuant to this provision shall be "AA-" unless the originator of such Collateral Debt Security is rated "Baa3" or higher by Moody's and "BBB-" or higher by Fitch;

- b. a Collateral Debt Obligation which is a Synthetic Credit Linked Security and is rated “Aaa” by Moody’s and “AAA” by Fitch shall be “AA+”;
- c. a German RMBS that is not rated “Aaa” by Moody’s and “AAA” by Fitch may not be determined by notching;
- d. a European RMBS with multi-family properties and/or construction dwellings may not be determined by notching;
- e. with respect to any Collateral Debt Security in respect of which the relevant obligor is organised in The Netherlands or in the opinion of the Collateral Manager is a Dutch RMBS, the relevant rating of Moody’s and Fitch for the purposes of the foregoing shall be the lower of the ratings assigned by such Rating Agency to such obligor and any insurance company that guarantees payments in respect of such European RMBS;
- f. Collateral Debt Securities may only be notched in accordance with the above provisions to the extent that the underlying assets of the Collateral Debt Securities that are notched belong to jurisdictions such as Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Italy, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom; and
- g. the Aggregate Principal Balance of Collateral Debt Securities not publicly rated by S&P, but notched utilising the aforementioned notching provisions will comprise no more than 20 per cent. of the Minimum Investment Amount.

3. **Moody’s Notching**

(a) *For European Collateral Debt Securities*

If the asset is not rated by Moody’s, for the purposes of determining the Eligibility Criteria of such Collateral Debt Security and compliance with the Portfolio Criteria, the Moody’s Rating for such asset shall be determined as follows:

If Collateral Debt Security is rated by S&P and Fitch, the Moody’s rating will be assumed to be one subcategory below the Moody’s equivalent of the lowest of the ratings assigned by S&P and Fitch if such Fitch Rating or S&P Rating is equal or above “BBB-”. If the lowest of the S&P Rating and Fitch Rating is below “BBB-”, then the ‘notched’ Moody’s rating is two subcategories below the lowest of such ratings. However, this general rule does not apply to CDOs, CMBS or German RMBS deals.

For CDOs, the above notching convention is only applicable where Moody’s has rated the senior tranche of the deal (and there may be certain exemptions here). Notching will not take place in respect of CDOs of CDO/ABS/CMBS/RMBS (resecritisations).

For CMBS, the Moody’s rating will be 2.5 subcategories below the lowest of the ratings assigned by S&P and Fitch if such Fitch Rating or S&P Rating is equal or above “BBB-”, provided that other certain criteria, as determined by Moody’s on a case-by-case basis are met.

With German RMBS deals, notching is allowed for S&P and Fitch rated “AAA” tranches only - with the ‘notched’ Moody’s rating as one subcategory below the “AAA”.

In situations where Moody’s does not accept notched ratings, an estimated rating shall be provided by Moody’s upon request.

(b) *For U.S. Collateral Debt Securities*

The following notching conventions are with respect to S&P. (The figures represent the number of notches to be subtracted from the S&P rating. For example, a “1” applied to an S&P rating of “BBB” implies a Moody’s rating of “Baa3”).

ASSET CLASS	AA to AA-	A+ to BBB-	Below BBB-
Asset Backed	1	2	3
Agricultural and Industrial Equipment loans	2	3	4
Aircraft and Auto leases	1	2	3
Arena and Stadium Financing	1	2	3
Auto loan	1	2	3
Boat, Motorcycle, RV, Truck	1	2	3
Computer, Equipment and small-ticket item leases	1	2	3
Consumer Loans	1	3	4
Credit Card	1	2	3
Cross-border transactions	1	2	3
Entertainment Royalties	1	2	3
Floorplan	1	2	3
Franchise Loans	1	2	4
Future Receivables	1	1	2
Health Care Receivables	1	2	3
Manufactured Housing	1	2	3
Mutual Fund Fees	1	2	4
Small Business Loans	1	2	3
Stranded Utilities	1	2	3
Structured Settlements	1	2	3
Student Loan	1	2	3
Tax Liens	1	2	3
Trade Receivables	2	3	4
Residential Mortgage Related			
Home Equity Loans	1	2	3
Jumbo A	1	2	3
Residential B & C	1	2	3

The following notching conventions are with respect to Fitch:

Residential Mortgage Related			
Jumbo A	2	3	4

The following notching conventions are with respect to S&P and Fitch.

ASSET CLASS	Tranche Rated by Fitch and S&P, no tranche in deal rated by Moody's	Tranche Rated by Fitch and/or S&P, at least one other tranche in deal rated by Moody's
Commercial Mortgage Backed Securities		
Conduit [#]	2 notches from lower of Fitch/S&P	1.5* notches from lower of Fitch/S&P
Credit Tenant Lease	Follow corporate notching practice	Follow corporate notching practice
Large Loan	<i>No Notching Permitted</i>	

[#] For this purpose, conduits are defined as fixed rate, sequential pay, multi-borrower transactions having a Herfindahl score of 40 or higher at the loan level with all collateral (conduit loans, A notes, large loans, CTLs and any other real estate collateral) factored in.

* A 1.5 notch haircut implies, for example, that if the S&P/Fitch rating were "BBB", then the Moody's rating factor would be halfway between the "Baa3" and "Ba1" rating factors.

CDOs – No notching permitted. (Moody's must in all cases assign a rating or a rating estimate to the CDO tranche to be included in a securitisation transaction).

(c) *General consideration*

The S&P Ratings and the Fitch Ratings to be used for purposes of notching should comply with the following criteria:

- Such rating must be “conventional” in the sense that they address the full return of interest and principal,
- Such rating must be nonexclusive; i.e., are not for the benefit of a single investor and remain valid if the rated instrument is transferred to other buyers,
- Such rating must be actual ratings, as opposed to rating estimates,
- Such rating must be monitored throughout the life of the collateral debt instrument.

4. **Fitch Notching**

If the asset is not rated by Fitch, for the purposes of determining the Eligibility Criteria of such Collateral Debt Security and compliance with the Portfolio Criteria, (i) if there is a publicly available rating for such item by Moody’s or S&P (but not both), the rating by Fitch shall be the rating that corresponds to S&P or Moody’s rating, as the case may be; (ii) if there is a publicly available rating for such item by Moody’s and S&P, the rating by Fitch shall be the rating that corresponds to the lower of the Moody’s or S&P rating; or (iii) if the rating cannot be assigned pursuant to (i) or (ii) above, the Issuer or the Collateral Manager, on behalf of the Issuer, shall apply to Fitch for a private rating which shall then be the rating by Fitch.

If any such asset has been put on rating watch negative or negative credit watch for possible downgrade by the Rating Agency whose rating is used under (i) or (ii) above, then the rating used to determine the Fitch Rating above shall be one rating subcategory below such rating by that Rating Agency, and (y) if such asset has been put on rating watch positive or positive credit watch for possible upgrade by such Rating Agency, then the rating used to determine the rating by Fitch above shall be one rating subcategory above such rating by that Rating Agency, and (z) notwithstanding the above, Fitch reserves the right to issue a rating estimate for any asset in the Portfolio at any time.

5. **Table of Equivalent Ratings**

For the purposes of such notching, the following shall be a table of equivalent ratings (which may be adjusted in good faith by the Collateral Manager upon consultation with the Rating Agencies):

Fitch	Moody’s	S&P
“AAA”	“Aaa”	“AAA”
“AA+”	“Aa1”	“AA+”
“AA”	“Aa2”	“AA”
“AA-”	“Aa3”	“AA-”
“A+”	“A1”	“A+”
“A”	“A2”	“A”
“A-”	“A3”	“A-”
“BBB+”	“Baa1”	“BBB+”
“BBB”	“Baa2”	“BBB”
“BBB-”	“Baa3”	“BBB-”
“BB+”	“Ba1”	“BB+”
“BB”	“Ba2”	“BB”
“BB-”	“Ba3”	“BB-”
“B+”	“B1”	“B+”

Fitch	Moody's	S&P
"B"	"B2"	"B"
"B-"	"B3"	"B-"
"CCC+"	"Caa1"	"CCC+"
"CCC"	"Caa2"	"CCC"
"CCC-"	"Caa3"	"CCC-"
"CC"	"Ca"	"CC"
"C"	"C"	"C"
"DDD"	"WR"	"D"
"DD"		
"D"		

APPENDIX VII
APPLICATION FORM

THIS APPLICATION FORM IS ISSUED WITH THIS OFFERING MEMORANDUM IN ACCORDANCE WITH THE REQUIREMENTS OF THE EUROPEAN COMMUNITIES (STOCK EXCHANGE) REGULATIONS, 1984 (AS AMENDED) OF IRELAND. IF YOU HAVE ALREADY RECEIVED A CONFIRMATION OF YOUR PURCHASE OF NOTES WITH THIS OFFERING MEMORANDUM, YOU SHOULD NOT TAKE ANY ACTION WITH REGARD TO THIS APPLICATION FORM. NEITHER STANTON MBS I p.l.c. NOR CANADIAN IMPERIAL BANK OF COMMERCE SHALL BE BOUND IN ANY WAY WHATSOEVER TO SELL ANY NOTES TO ANY PERSON WHO COMPLETES AND RETURNS THIS APPLICATION FORM

To: Canadian Imperial Bank of Commerce
Cottons Centre
Cottons Lane
London, SE1 2QL

I/We offer to purchase *Notes issued by STANTON MBS I p.l.c. in the aggregate principal amount of Euro

*specify Class A1 Term/Revolving/Delayed Draw and/or Class A2 and/or Class B and/or Class C and/or Class D and/or Subordinated Notes, as appropriate

NAME
ADDRESS IN FULL

SIGNATURE

Any joint applicants should complete the following details:

NAME
ADDRESS IN FULL

SIGNATURE

NAME
ADDRESS IN FULL

SIGNATURE

Listing particulars in respect of the Notes have been approved by The Irish Stock Exchange Limited, in accordance with the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland. Copies of such listing particulars can be inspected at, or obtained from, the offices of the Paying Agent in Ireland, NCB Stockbrokers Limited, 3 George's Dock, International Financial Services Centre, Dublin 1, Ireland.

APPENDIX VIII

ADDITIONAL MOODY'S REQUIREMENTS

Unless the Ramp-up Effective Date has occurred, on the date falling six calendar months following the Closing Date or, if such day is not a Business Day, the following Business Day (the ***First Test Date***) and on the date falling three calendar months after the First Test Date or if such date is not a Business Day, the following Business Day, (the ***Second Test Date***), the Collateral Manager will inform Moody's if the following tests, calculated as of such day, are met:

Test	First Test Date	Second Test Date
Diversity Score Test	At least 13	At least 13
Weighted Average Rating Factor Test	Not greater than 700	Not greater than 655
Weighted Average Spread Test	At least 1.60	At least 1.65

If any of such tests is not met, the Collateral Manager will present Moody's with a report on the current and proposed Portfolio indicating the measures the Collateral Manager plans to take in respect of any prospective purchases of Collateral Debt Securities in order to bring such test back in compliance by the Ramp-up Effective Date. Under such circumstances, the Collateral Manager has agreed in the Collateral Management Agreement to use its reasonable efforts to bring the Portfolio back in compliance on or before the Ramp-up Effective Date.

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