Arran Corporate Loans No. 1 B.V.

(incorporated with limited liability in the Netherlands)

£605,550,000 Class A1 Secured Floating Rate Notes due 2025
€1,025,200,000 Class A2 Secured Floating Rate Notes due 2025
$2,860,000,000 Class A3 Secured Floating Rate Notes due 2025
£90,500,000 Class B1 Secured Floating Rate Notes due 2025
€110,000,000 Class B2 Secured Floating Rate Notes due 2025
$73,000,000 Class B3 Secured Floating Rate Notes due 2025
£26,250,000 Class C1 Secured Floating Rate Notes due 2025
€38,000,000 Class C2 Secured Floating Rate Notes due 2025
£42,500,000 Class D1 Secured Floating Rate Notes due 2025
€50,000,000 Class D2 Secured Floating Rate Notes due 2025
£39,250,000 Class E1 Secured Floating Rate Notes due 2025
€38,000,000 Class E2 Secured Floating Rate Notes due 2025
$28,000,000 Class E3 Secured Floating Rate Notes due 2025
£70,500,000 Class F1 Secured Floating Rate Notes due 2025
€10,000,000 Class F2 Secured Floating Rate Notes due 2025
$5,000,000 Class F3 Secured Floating Rate Notes due 2025
£119,091,000 Class G Secured Floating Rate Notes due 2025

The Notes will be issued by Arran Corporate Loans No. 1 B.V. (the "**Issuer**"), a company incorporated and resident in the Netherlands. The Notes will be constituted by a Trust Deed dated on or about 29 June 2006 (the "**Closing Date**") between, amongst others, the Issuer and Deutsche Trustee Company Limited (the "**Trustee**"). The Notes will be secured in the manner described in the Conditions. The Notes will accrue interest from and including the Closing Date. Interest on the relevant Notes will be payable quarterly in arrear in accordance with the Available Income Funds Priority of Payments, on 20 March, 20 June, 20 September and 20 December in each year commencing on 20 September 2006 to, and including, the Legal Final Maturity Date, subject to adjustment in accordance with the Conditions and unless previously redeemed in accordance with the Conditions.

Concurrently with the issuance of the Notes, the Issuer will enter into a credit default swap agreement (the "**Credit Default Swap Agreement**") with The Royal Bank of Scotland plc (in such capacity, the "**CDS Counterparty**") with respect to a portfolio of loans to UK incorporated entities (the "**Reference Portfolio**"). Pursuant to the Credit Default Swap Agreement, on each Payment Date the Issuer will pay to the CDS Counterparty the Credit Protection Amount, if any, as determined on the immediately preceding Assessment Date in connection with the occurrence of Credit Events relating to the Reference Portfolio. In return, the CDS Counterparty will pay, *inter alia*, the CDS Counterparty Payment to the Issuer as determined by The Royal Bank of Scotland plc as calculation agent (in such capacity, the "**CDS Calculation Agent**"), as described herein. During the period from the Closing Date to and including the Revolving Period End Date, the Reference Portfolio may be replenished by the CDS Counterparty under certain conditions in accordance with the criteria described herein. The Reference Portfolio will have an initial notional amount of £3,500,000,000.

It is expected that on issuance the Class A Notes will be rated "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") "Aaa" by Moody's Investors Service Limited ("**Moody's**") and "AAA" by Fitch Ratings Ltd. ("**Fitch**"), that the Class B Notes will be rated "AA" by S&P, "Aa2" by Moody's and "AA+" by Fitch, that the Class C Notes will be rated "A" by S&P, "A2" by Moody's and "A+" by Fitch, that the Class D Notes will be rated "BBB" by S&P, "Baa2" by Moody's and "BBB+" by Fitch, that the Class E Notes will be rated "BB" by S&P, "Ba2" by Moody's and "BB+" by Fitch, and that the Class F Notes will be rated "B" by S&P, "B2" by Moody's and "B+" by Fitch. The Class G Notes will not be rated. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to a revision, suspension or withdrawal at any time by the assigning rating organisation.

Application has been made to the Irish Stock Exchange for each Class of Notes to be admitted to the Official List and to trading on its regulated market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act ("**Regulation S**"), except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Notes are being sold (i) outside the United States in offshore transactions in reliance on Regulation S to non-U.S. persons, as defined in Regulation S, and (ii) in the United States only to "qualified institutional buyers" ("**Qualified Institutional Buyers**" or "**QIBs**"), as defined in Rule 144A under the Securities Act ("**Rule 144A**"), who are also qualified purchasers ("**QPs**"), as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**"), in reliance on the exemption from registration under the Securities Act provided by Rule 144A. The Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act. Sterling Notes, Euro Notes and U.S. dollar Notes will be issued in registered form in the denominations of £50,000, €50,000 and $250,000 and integral multiples of £1,000, €1,000 and $1,000, in excess thereof, respectively.

The Notes are offered by the Issuer through The Royal Bank of Scotland plc and Greenwich Capital Markets, Inc. (in such respective capacities, the "**Joint Lead Managers**") and UniCredit Banca Mobiliare S.p.A, Bayerische Hypo-und Vereinsbank AG, Banc of America Securities Limited, Fortis Bank nv-sa, Banca IMI S.p.A., Bayerische Landesbank, IXIS Corporate & Investment Bank, Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja, Standard Chartered Bank (the "**Co-Managers**"). Any Notes to be offered to a prospective purchaser will be offered to such prospective purchaser by the Joint Lead Managers and the Co-Managers, as the case may be, in individually negotiated transactions at varying prices to be determined at the time of sale in compliance with the selling restrictions contained herein. The Notes are offered when, as and if issued by the Issuer, subject to the prior sale or withdrawal, cancellation or modification of the offer without notice and subject to the approval of certain legal matters by counsel and subject to other conditions. It is expected that delivery of the Notes will be made on or about the Closing Date, against payment in immediately available funds.

FOR A DISCUSSION OF CERTAIN FACTORS REGARDING THE ISSUER AND THE NOTES THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE NOTES, SEE "*RISK FACTORS*".

Joint Lead Managers

The Royal Bank of Scotland **RBS Greenwich Capital**

Arranger and Sole Bookrunner
The Royal Bank of Scotland

Senior Co-Managers

UBM HVB Banc of America Securities Limited Fortis Bank IXIS Corporate & Investment Bank

Co-Managers

Bancaja Bayern LB IMI Standard Chartered Bank

The date of this Prospectus is 28 June 2006

The Issuer will issue £605,550,000 Class A1 Secured Floating Rate Notes due 2025 (the "**Class A1 Notes**"), €1,025,200,000 Class A2 Secured Floating Rate Notes due 2025 (the "**Class A2 Notes**"), $2,860,000,000 Class A3 Secured Floating Rate Notes due 2025 (the "**Class A3 Notes**" and, together with the Class A1 Notes and the Class A2 Notes, the "**Class A Notes**"), £90,500,000 Class B1 Secured Floating Rate Notes due 2025 (the "**Class B1 Notes**"), €110,000,000 Class B2 Secured Floating Rate Notes due 2025 (the "**Class B2 Notes**"), $73,000,000 Class B3 Secured Floating Rate Notes due 2025 (the "**Class B3 Notes**" and, together with the Class B1 Notes and the Class B2 Notes, the "**Class B Notes**"), £26,250,000 Class C1 Secured Floating Rate Notes due 2025 (the "**Class C1 Notes**"), €38,000,000 Class C2 Secured Floating Rate Notes due 2025 (the "**Class C2 Notes**" and, together with the Class C1 Notes, the "**Class C Notes**"), £42,500,000 Class D1 Secured Floating Rate Notes due 2025 (the "**Class D1 Notes**"), €50,000,000 Class D2 Secured Floating Rate Notes due 2025 (the "**Class D2 Notes**" and, together with the Class D1 Notes, the "**Class D Notes**"), £39,250,000 Class E1 Secured Floating Rate Notes due 2025 (the "**Class E1 Notes**"), €38,000,000 Class E2 Secured Floating Rate Notes due 2025 (the "**Class E2 Notes**"), $28,000,000 Class E3 Secured Floating Rate Notes due 2025 (the "**Class E3 Notes**" and, together with the Class E1 Notes and the Class E2 Notes, the "**Class E Notes**"), £70,500,000 Class F1 Secured Floating Rate Notes due 2025 (the "**Class F1 Notes**"), €10,000,000 Class F2 Secured Floating Rate Notes due 2025 (the "**Class F2 Notes**") $5,000,000 Class F3 Secured Floating Rate Notes due 2025 (the "**Class F3 Notes**" and, together with the Class F1 Notes and the Class F2 Notes, the "**Class F Notes**") and £119,091,000 Class G Secured Floating Rate Notes due 2025 (the "**Class G Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, the "**Notes**").

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes are together referred to as the "**Rated Notes**".

The Notes are limited recourse debt obligations of the Issuer, secured by, and payable solely from, the proceeds of the Collateral pledged by the Issuer as described herein. The Collateral will consist primarily of (i) certain of the Issuer's rights under the Credit Default Swap Agreement, (ii) the balance standing to the credit of the Cash Deposit Account into which the proceeds of the issuance of the Notes will be credited on the Closing Date and (iii) the balance (if any) standing to the credit of the Reserve Account. The relative priority of the claims of the CDS Counterparty, the Cross-currency Swap Counterparty and the Noteholders in respect of the Collateral will be governed by the Priorities of Payments.

Application has been made to the Irish Financial Services Regulatory Authority ("**IFSRA**") as competent authority under Directive 2003/71/EC of the European Parliament and of the Council of 04 November 2003 (the "**Prospectus Directive**") for this Prospectus to be approved. Application has been made to the Irish Stock Exchange for each Class of Notes to be admitted to the Official List and to trading on its regulated market. Upon approval by and filing with IFSRA, this Prospectus will constitute a "prospectus" for the purposes of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as set out below under "*Subscription and Sale*" and "*Transfer Restrictions*" and as permitted under applicable U.S. state securities laws. In addition, no sale or other transfer of the Notes (or any interests therein) will be permitted if, as a consequence, the Issuer is required to register as an "investment company" under the Investment Company Act. The Issuer is exempted, and will maintain its exemption, from such registration only if it reasonably believes at the time of such sales or transfer that each transferee of Notes that is a U.S. person is a QP. Each purchaser of Notes that is a U.S. person (as defined in Regulation S under the Securities Act, a "**U.S. person**") will be deemed to have made certain representations as set out under "*Subscription and Sale*" and "*Transfer Restrictions*". In addition, if at any time the Issuer determines that it does not have a reasonable belief that an owner of Notes (or any interests therein) that is a U.S. person is also a QP, the Issuer may require such owner to sell such Notes (or any interests therein) to a person (A) who is also a QP and who is otherwise qualified to purchase Notes in a transaction exempt from registration under the Securities Act or (B) who is not a U.S. person within the meaning of Regulation S or redeem such Notes as described herein on any date. All sales and other transfers of Notes (or any interests therein) will be subject to the foregoing restrictions and, therefore, the ability of such owner to resell or otherwise transfer such owner's Notes (or any interests therein) will be limited.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority, and none of the foregoing authorities has passed upon or endorsed the merits of any Notes or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence. This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, The Royal Bank of Scotland plc, the Managers or any of their respective affiliates to subscribe for, or purchase, any Notes.

Notwithstanding anything in this Prospectus to the contrary, each investor (and any employee, representative, or other agent of any investor) may disclose to any and all persons, without limitation of any kind, the U.S. federal tax treatment and the U.S. federal tax structure of the transactions contemplated by this Prospectus and all materials of any kind (including opinions or other tax analyses) that are provided to it relating to such U.S. federal tax treatment and U.S. federal tax structure.

The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus, and the offer and sale of the Notes, in the United States, the United Kingdom and the Netherlands. None of the Issuer, the Trustee, any other Transaction Party or any of their respective affiliates makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws.

This Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Notes described herein. The Issuer, having made all reasonable enquiries, confirms that this Prospectus contains all information regarding the Issuer and the Notes that is material in the context of the issue and offering of the Notes, that the information contained in this Prospectus is true and accurate in every material respect and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which makes misleading any statement, whether of fact or opinion, contained herein. Except as described below, the Issuer accepts responsibility for the information contained in this Prospectus and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that this is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to The Royal Bank of Scotland Group plc and its subsidiaries, which is set out in the sections of this Prospectus headed "*Origination of Loans*" and "*Servicing of Loans*", and the information relating to The Royal Bank of Scotland Group plc and its subsidiaries, which is set out in the section of this Prospectus headed "*The Royal Bank of Scotland plc*", has been accurately reproduced from information made available by The Royal Bank of Scotland plc. So far as the Issuer is aware and is able to ascertain from information published by The Royal Bank of Scotland plc, no facts have been omitted which would render the reproduced information misleading.

None of the Transaction Parties (other than the Issuer) or any of their respective affiliates has separately verified the information contained in this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility or liability is accepted, by any of the Transaction Parties (other than the Issuer) or any of their respective affiliates as to the accuracy or completeness of the information contained in this Prospectus, or any other information supplied in connection with the sale of the Notes. Each person receiving this Prospectus or any other information supplied in connection with the sale of the Notes acknowledges that such person has not relied on any of the Transaction Parties or any of their respective affiliates in connection with the accuracy of such information or its investment decision. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors that may be relevant to it in connection with such investment.

Unless expressly stated otherwise herein, all information contained herein is given as of the date of this Prospectus. Neither the delivery of this Prospectus nor any sales made in connection herewith shall under any circumstances create any implication that there has been no change in the information contained herein since the date hereof.

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the Borrowers in respect of the Reference Obligations and the Issuer. Each prospective purchaser of the Notes is responsible for its own independent appraisal of and investigation into the Reference Portfolio, as well as the risks in respect of such Notes and their terms, including, without limitation, any tax, accounting, credit, legal and regulatory risks.

None of the Issuer, any of the other Transaction Parties or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it. However, where a Note is held by or on behalf of a U.S. person (as defined in Regulation S) who is not both a QIB and a

QP, the Issuer may, in its discretion and at the expense and risk of such holder, compel any such holder to sell the Note to a person (A) who is both a QIB and a QP or (B) who is not a U.S. person within the meaning of Regulation S or redeem such Notes as described herein.

This Prospectus contains summaries of certain provisions of, or extracts from, the Trust Deed in respect of the Notes, the documents and agreements referred to therein and the other Transaction Documents. Such summaries and extracts are subject to, and are qualified in their entirety by, the actual provisions of such documents and agreements, copies of which are available for inspection at the registered office of the Issuer, the principal office of the Trustee, the specified office of the Principal Paying Agent and the specified office of the Transfer and Paying Agent. Holders of the Notes to which this Prospectus relates, and any other person into whose possession this Prospectus comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of such Notes.

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

In this Prospectus, references to "**£**", "**Sterling**" and "**pounds sterling**" are to the lawful currency for the time being of the United Kingdom, references to "**euro**", "**EUR**" and "**€**" are to the currency of the member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and references to "**$**", "**U.S. dollars**" and "**U.S.$**" are to the lawful currency for the time being of the United States of America.

The Offering

This Prospectus has been prepared by the Issuer solely for use in connection with the offering of the Notes described herein (the "**Offering**"). Each of the Issuer and each Manager reserves the right to reject any offer to purchase Notes in whole or in part for any reason, or to sell less than the stated initial principal amount of any Class of Notes offered hereby. This Prospectus is personal to each offeree to whom it has been delivered by the Issuer, a Manager or any affiliate thereof and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution of this Prospectus to any persons other than the offeree and those persons, if any, retained to advise such offeree with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Prospectus, agrees to the foregoing and to make no photocopies of this Prospectus or any documents related hereto and, if the offeree does not purchase the Notes or the Offering is terminated, to return this Prospectus and all documents attached hereto to: The Royal Bank of Scotland plc, 135 Bishopsgate, London EC2M 3UR, United Kingdom.

Stabilisation

In connection with the issue of the Notes, The Royal Bank of Scotland plc will act as stabilising manager (the "**Stabilising Manager**"). The Stabilising Manager may over-allot Notes (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate nominal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than which might otherwise prevail. However, there is no assurance that the Stabilising Manager will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes.

Notice to Investors from The Royal Bank of Scotland plc

Neither The Royal Bank of Scotland plc nor any of its affiliates is under any legal, regulatory or moral obligation to support any losses suffered by the Issuer or the purchasers of any Notes or to repurchase or make a market in any Notes. Neither The Royal Bank of Scotland plc nor its affiliates guarantees or stands behind the Issuer or the Issuer's obligations under any Notes and none of them will make good or be under any obligation to make good any losses under the Credit Default Swap Agreement or any other agreements that the Issuer might enter into with any third parties. The Issuer and each person into whose possession this document comes will be deemed to have acknowledged and agreed to the foregoing.

Available Information

To permit compliance with Rule 144A under the Securities Act in connection with the sale of the Notes, the Issuer will be required pursuant to the Trust Deed to furnish, upon request of a holder of a Note, to such holder and a prospective purchaser designated by such holder, the information required to be delivered under Rule

144A(d)(4) under the Securities Act if at the time of the request the Issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act. All information made available by the Issuer pursuant to the terms of this paragraph may also be obtained during usual business hours free of charge at the office of the Transfer and Paying Agent in Ireland.

Notice to New Hampshire Residents

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

Forward-Looking Statements

This Prospectus contains forward-looking statements, which can be identified by words like "expect", "anticipate", "could" and "intend" and by similar expressions. Prospective investors should not place reliance on forward-looking statements. Actual results could differ materially from those referred to in forward-looking statements for many reasons, including the risks described in "*Risk Factors*". Forward-looking statements are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying any forward-looking statements will not materialise or will vary significantly from actual results. Variations between assumptions and results may be material.

Without limiting the foregoing, the inclusion of forward-looking statements by the Issuer, the Managers, the CDS Counterparty or the Cross-currency Swap Counterparty or any of their respective affiliates or any other person are estimates and should not be regarded as representations of the results that will actually be achieved in relation to the Notes. None of the foregoing persons has any obligation to update or otherwise revise any forward-looking statements, including revisions to reflect changes in any circumstances arising after the date hereof relating to any assumptions or otherwise.

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PRINCIPAL CHARACTERISTICS OF THE NOTES

The following summary is a brief overview of certain features of the Notes, does not purport to be complete and is qualified in its entirety by the detailed information contained elsewhere in this Prospectus, including the Conditions, and in the Transaction Documents.

Class	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B1 Notes	Class B2 Notes	Class B3 Notes
Currency	Sterling	Euro	U.S. dollars	Sterling	Euro	U.S. dollars
Initial Principal Amount	£605,550,000	€1,025,200,000	$2,860,000,000	£90,500,000	€110,000,000	$73,000,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Rate of Interest	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR	3 month EURIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month EURIBOR	3 month U.S. dollar LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month U.S. dollar LIBOR	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR	3 month EURIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month EURIBOR	3 month U.S. dollar LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month U.S. dollar LIBOR
Estimated Weighted Average Life of the Notes (years)[1]	2.87	2.87	2.87	6.50	6.50	6.50
Margin	0.17 per cent. per annum	0.17 per cent. per annum	0.17 per cent. per annum	0.33 per cent. per annum	0.33 per cent. per annum	0.33 per cent. per annum
First Payment Date	20 September 2006	20 September 2006	20 September 2006	20 September 2006	20 September 2006	20 September 2006
Day Count Fraction	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)	Actual/360	Actual/360	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)	Actual/360	Actual/360
Legal Final Maturity Date	20 June 2025	20 June 2025	20 June 2025	20 June 2025	20 June 2025	20 June 2025
Expected S&P Rating	AAA	AAA	AAA	AA	AA	AA
Expected Moody's Rating	Aaa	Aaa	Aaa	Aa2	Aa2	Aa2
Expected Fitch Rating	AAA	AAA	AAA	AA+	AA+	AA+

Class	Class C1 Notes	Class C2 Notes	Class D1 Notes	Class D2 Notes	Class E1 Notes	Class E2 Notes	Class E3 Notes
Currency	Sterling	Euro	Sterling	Euro	Sterling	Euro	U.S. dollars
Initial Principal Amount	£26,250,000	€38,000,000	£42,500,000	€50,000,000	£39,250,000	€38,000,000	$28,000,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Rate of Interest	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR	3 month EURIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month EURIBOR	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR	3 month EURIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month EURIBOR	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR	3 month EURIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month EURIBOR	3 month U.S. dollar LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month U.S. dollar LIBOR
Estimated Weighted Average Life of the Notes (years)[1]	7.32	7.32	7.68	7.68	7.72	7.72	7.72
Margin	0.60 per cent. per annum	0.60 per cent. per annum	1.00 per cent. per annum	1.00 per cent. per annum	3.25 per cent. per annum	3.25 per cent. per annum	3.25 per cent. per annum
First Payment Date	20 September 2006	20 September 2006	20 September 2006	20 September 2006	20 September 2006	20 September 2006	20 September 2006
Day Count Fraction	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)	Actual/360	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)	Actual/360	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)	Actual/360	Actual/360
Legal Final Maturity Date	20 June 2025	20 June 2025	20 June 2025	20 June 2025	20 June 2025	20 June 2025	20 June 2025
Expected S&P Rating	A	A	BBB	BBB	BB	BB	BB
Expected Moody's Rating	A2	A2	Baa2	Baa2	Ba2	Ba2	Ba2
Expected Fitch Rating	A+	A+	BBB+	BBB+	BB+	BB+	BB+

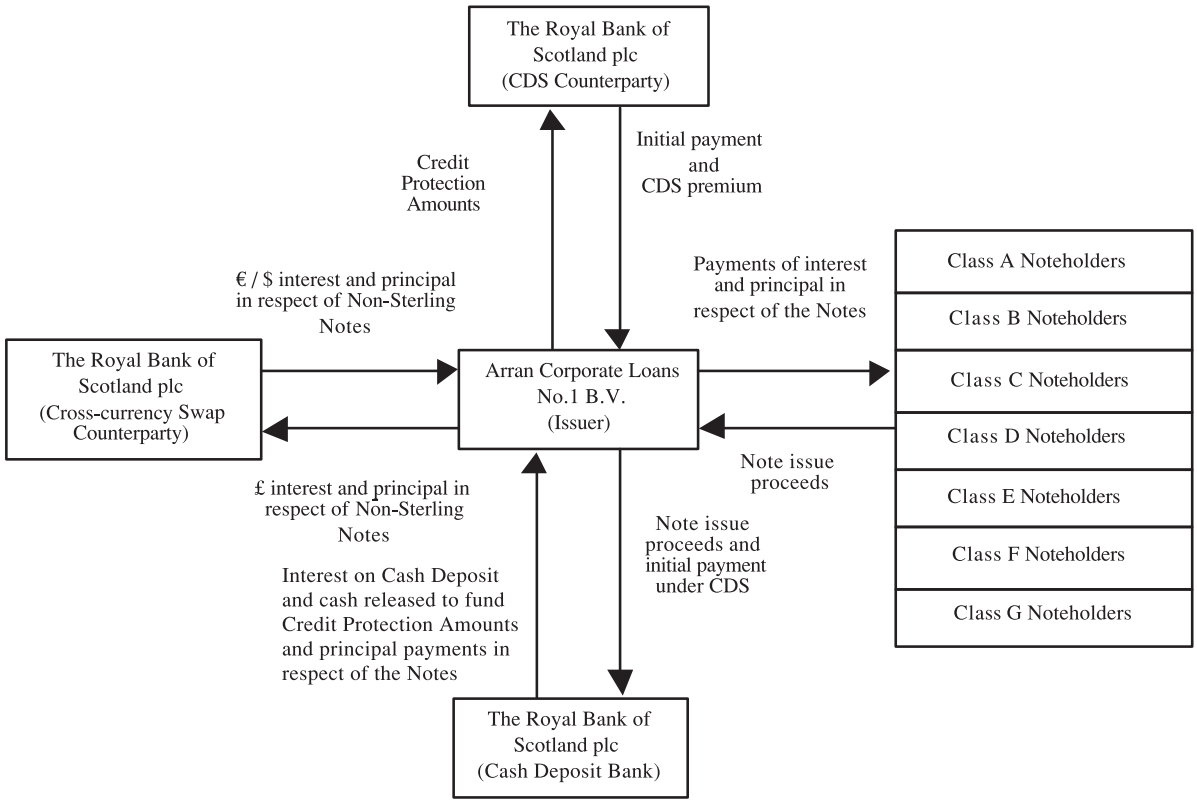
Class	Class F1 Notes	Class F2 Notes	Class F3 Notes	Class G Notes
Currency	Sterling	Euro	U.S. dollars	Sterling
Initial Principal Amount	£70,500,000	€10,000,000	$5,000,000	£119,091,000
Issue Price	100 per cent.	100 per cent.	100 per cent.	100 per cent.
Rate of Interest	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR	3 month EURIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month EURIBOR	3 month U.S. dollar LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month U.S. dollar LIBOR	3 month Sterling LIBOR or, in the case of the first Payment Period, the linear interpolation of 2 month and 3 month Sterling LIBOR
Estimated Weighted Average Life of the Notes (years)[1]	7.72	7.72	7.72	7.72
Margin	5.50 per cent. per annum	5.50 per cent. per annum	5.50 per cent. per annum	7.50 per cent. per annum
First Payment Date	20 September 2006	20 September 2006	20 September 2006	20 September 2006
Day Count Fraction	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)	Actual/360	Actual/360	The actual number of days in the Payment Period divided by 365 (or, if the Payment Period ends in a leap year, 366)
Legal Final Maturity Date	20 June 2025	20 June 2025	20 June 2025	20 June 2025
Expected S&P Rating	B	B	B	Unrated
Expected Moody's Rating	B2	B2	B2	Unrated
Expected Fitch Rating	B+	B+	B+	Unrated

Class	Class A1 Notes	Class A2 Notes	Class A3 Notes	Class B1 Notes	Class B2 Notes	Class B3 Notes	Class C1 Notes	Class C2 Notes	Class D1 Notes	Class D2 Notes	Class E1 Notes	Class E2 Notes	Class E3 Notes	Class F1 Notes	Class F2 Notes	Class F3 Notes	Class G Notes
Credit Enhancement	(i) Subordination of Class B, Class C, Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class B, Class C, Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class B, Class C, Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class C, Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class C, Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class C, Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class D, Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class E, Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class F and Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	(i) Subordination of Class G Notes, (ii) excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date and (iii) Reserve Account	Excess spread of 0.3 per cent. per annum of the Swap Notional Amount on each Payment Date
Clearance and Settlement	Euroclear/ Clearstream	Euroclear/ Clearstream	DTC (and Euroclear/ Clearstream as participants of DTC)	Euroclear/ Clearstream	Euroclear/ Clearstream	DTC (and Euroclear/ Clearstream as participants of DTC)	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream	Rule 144A Notes – Definitive Regulation S Notes – Euroclear/ Clearstream
Minimum Denomination	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	$250,000 and integral multiples of $1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	$250,000 and integral multiples of $1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	$250,000 and integral multiples of $1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof	€50,000 and integral multiples of €1,000 in excess thereof	$250,000 and integral multiples of $1,000 in excess thereof	£50,000 and integral multiples of £1,000 in excess thereof
U.S. Tax Treatment	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Debt for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"	Equity for U.S. federal income tax purposes, subject to the important considerations set out in "*Tax Considerations – United States Taxation of the Issuer*"
ERISA Eligible	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	Yes, subject to the important considerations set out in "*Certain U.S. ERISA and other Considerations*"	No	No	No	No	No	No	No

1 See "Weighted Average Life of the Notes" for a description of the assumptions made in calculating the estimated weighted average life of the Notes

TRANSACTION DIAGRAM

The following diagram does not purport to be complete and is qualified in its entirety by the more detailed information contained elsewhere in this Prospectus, including, without limitation, the Conditions and in the Transaction Documents.



TRANSACTION OVERVIEW

The following transaction overview does not purport to be complete and is qualified in its entirety by reference to the detailed information contained elsewhere in this Prospectus, including the Conditions, and the Transaction Documents. Words and expressions not defined in this transaction overview shall have the meanings given to them elsewhere in this Prospectus.

Parties

The Issuer	Arran Corporate Loans No. 1 B.V., a special purpose vehicle company incorporated and resident in the Netherlands. All share capital of the Issuer is held by Stichting Arran Corporate Loans No. 1, a foundation (*stichting*) established under Dutch law.
CDS Counterparty	The Royal Bank of Scotland plc.
Cash Deposit Bank	The Royal Bank of Scotland plc.
Transaction Account Bank	The Royal Bank of Scotland plc.
Reserve Account Bank	The Royal Bank of Scotland plc.
Cross-currency Swap Counterparty	The Royal Bank of Scotland plc.
Trustee	Deutsche Trustee Company Limited.
Managing Director of the Issuer	Structured Finance Management (Netherlands) B.V.
Registrar	Deutsche Bank Trust Company Americas.
Principal Paying Agent	Deutsche Bank AG, London Branch.
Transfer and Paying Agent	Deutsche International Corporate Services (Ireland) Limited.
Note Calculation Agent	The Royal Bank of Scotland plc.
Cash Administrator	The Royal Bank of Scotland plc.
Independent Verification Accountant	Deloitte & Touche LLP.
Joint Lead Managers	The Royal Bank of Scotland plc and Greenwich Capital Markets, Inc.
Arranger and Sole Bookrunner	The Royal Bank of Scotland plc.
Co-Managers	UniCredit Banca Mobiliare S.p.A, Bayerische Hypo-und Vereinsbank AG, Banc of America Securities Limited, Fortis Bank nv-sa, Banca IMI S.p.A., Bayerische Landesbank, IXIS Corporate & Investment Bank, Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja, Standard Chartered Bank
Irish Listing Agent	Arthur Cox Listing Services Limited.
Rating Agencies	Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., Moody's Investors Service Limited and Fitch Ratings Ltd.

Description of the Principal Features of the Notes

Note Classes	The Issuer will issue £605,550,000 Class A1 Secured Floating Rate Notes due 2025 (the "**Class A1 Notes**"), €1,025,200,000 Class A2 Secured Floating Rate Notes due 2025 (the "**Class A2 Notes**"), $2,860,000,000 Class A3 Secured Floating Rate Notes due 2025 (the "**Class A3 Notes**"), £90,500,000 Class B1 Secured Floating Rate Notes due 2025 (the "**Class B1 Notes**"), €110,000,000 Class B2

	Secured Floating Rate Notes due 2025 (the "**Class B2 Notes**"), $73,000,000 Class B3 Secured Floating Rate Notes due 2025 (the "**Class B3 Notes**"), £26,250,000 Class C1 Secured Floating Rate Notes due 2025 (the "**Class C1 Notes**"), €38,000,000 Class C2 Secured Floating Rate Notes due 2025 (the "**Class C2 Notes**"), £42,500,000 Class D1 Secured Floating Rate Notes due 2025 (the "**Class D1 Notes**"), €50,000,000 Class D2 Secured Floating Rate Notes due 2025 (the "**Class D2 Notes**"), £39,250,000 Class E1 Secured Floating Rate Notes due 2025 (the "**Class E1 Notes**"), €38,000,000 Class E2 Secured Floating Rate Notes due 2025 (the "**Class E2 Notes**"), $28,000,000 Class E3 Secured Floating Rate Notes due 2025 (the "**Class E3 Notes**"), £70,500,000 Class F1 Secured Floating Rate Notes due 2025 (the "**Class F1 Notes**"), €10,000,000 Class F2 Secured Floating Rate Notes due 2025 (the "**Class F2 Notes**"), $5,000,000 Class F3 Secured Floating Rate Notes due 2025 (the "**Class F3 Notes**") and £119,091,000 Class G Secured Floating Rate Notes due 2025 (the "**Class G Notes**"). The Notes will be constituted by the Trust Deed and will be limited recourse debt obligations of the Issuer. Payments of principal and interest in respect of the Notes will be made solely from the proceeds of the Collateral.
Ratings	The Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes and Class F Notes (together, the "**Rated Notes**") are expected to be rated by S&P, Moody's and Fitch as respectively set out in "*Principal Characteristics of the Notes*". The ratings assigned by S&P and Fitch to the Rated Notes address the timely payment of interest and principal in respect of the Class A Notes and the Class B Notes and the ultimate payment of interest and principal in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. The ratings assigned by Moody's to the Rated Notes address the expected loss posed to investors by the Legal Final Maturity Date. It is not anticipated that the Class G Notes will be rated. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time.
Note Interest	The Notes will bear interest from, and including, the Closing Date to, but excluding, the Legal Final Maturity Date on their respective Principal Amounts Outstanding as at the relevant Payment Date (prior to any payments of principal on such date).
Payment Dates	20 March, 20 June, 20 September and 20 December in each year commencing on 20 September 2006 to, and including, the Legal Final Maturity Date, provided that if any Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day, unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day.
Payment Periods	The period beginning on and including the Closing Date and ending on but excluding the first Payment Date and each successive period beginning on and including a Payment Date and ending on but excluding the next Payment Date.
Interest Amount	The amount of interest accruing in respect of any Note for any period shall be calculated by the Note Calculation Agent by multiplying the product of the Rate of Interest and the Principal Amount Outstanding of such Note by the relevant Day Count

	Fraction. Such interest will be payable subject to the availability of funds to the Issuer to make such payments pursuant to the application of the Available Income Funds Priority of Payments and, in respect of each Class of Non-Sterling Notes, the Cross-currency Swap Agreement in respect of such Class of Notes.
Rate of Interest	The Rate of Interest in respect of each Class of Notes for any Payment Period shall be the sum of the Relevant Screen Rate in respect of such Payment Period and the Margin in respect of such Class of Notes, subject to the fallback provisions set out in Conditions 8.3(B) and 8.3(C). The Relevant Screen Rate, Margin and Day Count Fraction in respect of each Class of Notes are set out in "*Principal Characteristics of the Notes*".
Deferred Interest	An interest amount equal to any Interest Shortfall (after application of the Available Income Funds Priority of Payments) shall be deferred (in respect of any Class of Notes other than the Class A Notes and the Class B Notes) and shall, to the extent of funds available, be payable on the next Payment Date in accordance with the Available Income Funds Priority of Payments. Deferred Interest (and any interest thereon) in respect of any Class of Notes will itself bear interest at the Rate of Interest payable in respect of such Class.
Business Days	London, New York and TARGET Settlement Days.
Pre-enforcement Priority of Payment	See Condition 5.1 (*Application of Available Income Funds*) in "*Conditions of the Notes*".
Post-enforcement Priority of Payment	See Condition 5.2 (*Application of Proceeds upon Enforcement*) in "*Conditions of the Notes*".
Principal Deficiency Ledgers	The Cash Administrator will maintain a ledger in respect of each outstanding Class of Notes (each, a "**Principal Deficiency Ledger**"). On the Closing Date the balance of each Principal Deficiency Ledger will be zero. Thereafter the balance of each Principal Deficiency Ledger will be calculated as follows. Upon payment of any Credit Protection Amount by the Issuer to the CDS Counterparty under the Credit Default Swap Agreement, the Principal Deficiency Ledgers will be credited with an amount equal to such Credit Protection Amount, such amount being applied to increase the balance of the Principal Deficiency Ledger in respect of each Class of Notes beginning with the most junior Class of Notes then outstanding until, in the case of each Principal Deficiency Ledger, the earlier of (i) such Credit Protection Amount is exhausted or (ii) such Principal Deficiency Ledger equals the then Outstanding Principal Balance of the corresponding Class of Notes, in which case any unapplied Credit Protection Amount shall be applied to the Principal Deficiency Ledger of the next most senior Class of Notes. On each Payment Date, after the application of the Available Income Funds of the Issuer in accordance with the Available Income Funds Priority of Payments, the balance of the Principal Deficiency Ledger in respect of each Class of Notes will be reduced by an amount equal to the Cash Deposit Replenishment Amount in respect of such Class of Notes. All calculations in respect of the Principal Deficiency Ledgers will be made in Sterling.
Denominations	The Regulation S Notes and Rule 144A Notes of each Class of Sterling Notes will be issued in minimum denominations of £50,000 and integral multiples of £1,000 in excess thereof.

The Regulation S Notes and Rule 144A Notes of each Class of Euro Notes will be issued in minimum denominations of €50,000 and integral multiples of €1,000 in excess thereof.

The Regulation S Notes and Rule 144A Notes of each Class of U.S. dollar Notes will be issued in minimum denominations of $250,000 and integral multiples of $1,000 in excess thereof.

Security

The Notes will be secured under the Trust Deed in favour of the Trustee for itself and the Secured Parties by (i) an assignment by way of security of the Issuer's rights against the Cash Deposit Bank under the Cash Deposit Agreement and a first fixed charge over the Cash Deposit Account and any cash held therein and the debts represented thereby; (ii) an assignment by way of security of the Issuer's rights against the Transaction Account Bank under the Transaction Account Bank Agreement and a first fixed charge over the Income Collection Account, each of the Issuer Expense Accounts and any other account opened by the Issuer with the Transaction Account Bank pursuant to the Transaction Account Bank Agreement and any cash held therein and the debts represented thereby (including any Authorised Investments); (iii) an assignment by way of security of the Issuer's rights against the CDS Prepayment Account Bank under the CDS Prepayment Account Agreement and a first fixed charge over the CDS Prepayment Account and any other account opened by the Issuer with the CDS Prepayment Account Bank pursuant to the CDS Prepayment Account Agreement and any cash held therein and the debts represented thereby (including any Authorised Investments); (iv) an assignment by way of security of the Issuer's rights against the Reserve Account Bank under the Reserve Account Agreement and a first fixed charge over the Reserve Account and any cash held therein and the debts represented thereby (including any Authorised Investments); (v) an assignment by way of security over the Issuer's rights, title and interest in, under and pursuant to the Credit Default Swap Agreement and all proceeds thereof and sums arising therefrom, except for certain specified amounts in respect of the Issuer's expenses, and any sums and other assets derived therefrom; (vi) an assignment by way of security over the Issuer's rights, title and interest in, under and pursuant to each Cross-currency Swap Agreement and all proceeds thereof and sums arising therefrom; (vii) a first fixed charge on any funds held from time to time by the Principal Paying Agent on behalf of the Issuer to meet payments due under the Notes; (viii) an assignment by way of security of the Issuer's rights, title and interest in, under and pursuant to the Transaction Documents (other than those specifically referred to in items (i) to (vi) above) and all sums derived therefrom; and (ix) a first floating charge over the whole of the Issuer's undertaking and all of its property and assets whatsoever and wheresoever situated, present and future,

excluding for the purpose of (i) to (ix) above, (A) any and all assets, property or rights which are located in, or governed by the laws of the Netherlands (except for contractual rights or receivables (*rechten of vorderingen op naam*) which are assigned or charged to the Trustee pursuant to (i) to (ix) above); (B) the Issuer's rights under the Management Agreement; and (C) amounts standing to the credit of the Issuer Dutch Account.

Credit Enhancement	Senior subordinated structure — the Notes rank sequentially in order of priority set out in the Available Income Funds Priority of Payments, Enforcement Priority of Payments and Available Amortisation Funds Priority of Payments; Excess spread — an Additional Payment of 0.3 per cent. per annum of the Swap Notional Amount on the day before each Payment Date will be paid by the CDS Counterparty to the Issuer on each Payment Date under the Credit Default Swap Agreement; and Reserve Account — see "*Description of the Collateral — Reserve Account*" below.
Governing Law	The Notes will be governed by English Law.
Listing	Application has been made to the Irish Stock Exchange for each Class of Notes to be admitted to the Official List and to trading on its regulated market.
Closing Date	29 June 2006.

Description of the Principal Features of the Credit Default Swap Agreement

General

Credit Default Swap Agreement	On the Closing Date, The Royal Bank of Scotland plc as swap counterparty (the "**CDS Counterparty**") will enter into the Credit Default Swap Agreement with the Issuer. The Credit Default Swap Agreement will provide an amount of credit protection in an amount equal to 100 per cent. of the Initial Reference Portfolio Notional Amount on the Closing Date.
CDS Counterparty Payments	The CDS Counterparty will be required to make a periodic premium payment to the Issuer on each Payment Date. The periodic premium payments will be calculated in respect of each Payment Period and, together with income from the Cash Deposit Account, and payments from the Cross-currency Swap Counterparty under the Cross-currency Swap Agreements will be available to meet interest payable to investors under the Notes, subject to application of the Available Income Funds Priority of Payments, as described below.
Expense Payments	The CDS Counterparty will additionally be required to make initial payments and quarterly payments to the Issuer under the Credit Default Swap Agreement in respect of the Issuer's Operating Expenses. These amounts will be paid into the Issuer Expense Accounts and will be available to the Issuer to meet its Operating Expenses.
Payment of CDS Counterparty Payments and Expense Payments in advance upon CDS Counterparty Downgrade Event	If the CDS Counterparty does not have, at any time, the CDS Counterparty Required Ratings, the CDS Counterparty will be obliged to pay in advance to the Issuer before each Payment Date an amount estimated to be equal to the CDS Counterparty Payment due on the Payment Date falling in the third month thereafter until such time as it has the CDS Counterparty Required Ratings, which amount will be credited to the CDS Prepayment Account established by the Issuer for such purpose, provided that the amount of each such payment will be adjusted by an amount equal to the amount of interest (if any) which will accrue on such account during the succeeding Payment Period and by any previous underpayments by the CDS Counterparty. The CDS Counterparty will also be required to pay its expense payments in advance upon the occurrence of a CDS Counterparty Downgrade Event.

Reference Portfolio

Reference Obligations	The Reference Portfolio will comprise the Reference Obligations listed in the Reference Register. The Reference Register will be maintained by the CDS Counterparty and will be updated from time to time to reflect any changes in the Reference Portfolio.
Initial Reference Portfolio Notional Amount	£3,500,000,000.
Reference Portfolio Notional Amount	The Reference Portfolio Notional Amount, on any date, will be an amount equal to the aggregate on such date of the Reference Obligation Notional Amounts of all Reference Obligations, as described in more detail in "*The Credit Default Swap Agreement — Reference Portfolio Notional Amount and Swap Notional Amount*".
Swap Notional Amount	The Swap Notional Amount, on any date, will be an amount equal to the aggregate of the Adjusted Principal Balance in respect of each Class of Notes on such date. The initial notional amount of the Credit Default Swap Agreement (the "**Initial Swap Notional Amount**") will be equal to the aggregate Adjusted Principal Balance in respect of each Class of Notes on the Closing Date, which will be £3,500,000,984.84.
Replacements	Subject to compliance with the Reference Obligation Criteria and the Replacement Reference Portfolio Criteria, the CDS Counterparty will have the right to make changes to the composition of the Reference Portfolio by adding a new Reference Obligation and/or by increasing the Reference Obligation Notional Amount of a Reference Obligation which is already in the Reference Portfolio. The circumstances of any such addition or increase are as follows: (i) the Reference Obligation Notional Amount of a Reference Obligation has been reduced (including to zero) to reflect prepayment, repayment, amortisation, termination or renewal of such Reference Obligation; or (ii) the Reference Obligation has been sold or transferred; or (iii) the CDS Counterparty has elected to replace all or part of the Reference Obligation Undrawn Amount of a Reference Obligation; or (iv) the Reference Obligation Undrawn Amount in respect of a Reference Obligation has been reduced to zero upon the satisfaction of the Conditions to Settlement in respect of such Reference Obligation. Any such addition and/or increase in the circumstances described above is referred to as a "**Replacement**". The CDS Counterparty will have the right to make Replacements on any Business Day during the Revolving Period (any such day on which a Replacement is made, a "**Replacement Date**"). On each Replacement Date on which a Replacement is made, each Replacement Reference Obligation must comply with the Reference Obligation Criteria and, in aggregate with the other Reference Obligations (taking into account all Replacements on that date), the Replacement Reference Portfolio Criteria or, if the Reference Portfolio is not in compliance with the Replacement Reference Obligation Criteria (other than (ii), (v), (vi) and (vii) thereof) immediately prior to the proposed Replacements on such

Replacement Date, then such Replacements must not in aggregate increase the extent of non-compliance with such criteria on the Replacement Date.

The Credit Default Swap Agreement will provide that, in addition to making Replacements during the Revolving Period, the CDS Counterparty will be entitled at any time to remove from the Reference Portfolio any Reference Obligation that it discovers did not comply with the Reference Obligation Criteria at the time it was added to the Reference Portfolio and to substitute a new Reference Obligation that complies with the Reference Obligation Criteria.

Revolving Period End Date

The earlier of (i) the Assessment Date immediately following the occurrence of an Early Amortisation Event and (ii) the Assessment Date falling in June 2007.

An "**Early Amortisation Event**" will occur, at the option of the CDS Counterparty, if the Reference Portfolio Notional Amount is smaller than the Swap Notional Amount on two consecutive Payment Dates.

Effect of Credit Events

Credit Events

Bankruptcy, Failure to Pay and Restructuring. For further details see "*The Credit Default Swap Agreement — Credit Events*".

Conditions to Settlement

Delivery of a Credit Event Notice and, if an Independent Verification Accountant Trigger Event has occurred, a Credit Event Verification Report. For further details see "*The Credit Default Swap Agreement — Conditions to Settlement*".

Calculation of Credit Protection Calculation Amount

If the Conditions to Settlement are satisfied in respect of a Reference Obligation (each such Reference Obligation, a "**Defaulted Reference Obligation**"), the CDS Calculation Agent will (subject to verification as further described below) calculate the "**Credit Protection Calculation Amount**" in relation to that Defaulted Reference Obligation, in an amount equal to:

(i) the Reference Obligation Drawn Amount of such Defaulted Reference Obligation on the date of the relevant Credit Event Notice; less

(ii) any Recovery Amounts in respect of a principal amount of that Defaulted Reference Obligation equal to the Reference Obligation Drawn Amount of that Reference Obligation realised or deemed to be realised during the Valuation Period (subject to any estimate by the Independent Verification Accountant),

subject to a minimum of zero and a maximum of the Reference Obligation Drawn Amount of the Defaulted Reference Obligation on the date of the relevant Credit Event Notice.

"**Recovery Amount**" means, in respect of a Defaulted Reference Obligation, such Defaulted Reference Obligation's *pro rata* portion of the sum of each of the following amounts received by the holder(s) in respect of such Defaulted Reference Obligation after the occurrence of the Credit Event: (i) any amounts repaid in respect of such Defaulted Reference Obligation by or on behalf of the Borrower or Guarantor; (ii) the amount of any Cash Collateral; (iii) to the extent not covered by (ii) above, any amounts in respect of which the holder(s) in respect of such Defaulted Reference

Obligation have successfully exercised against any obligor (including any Guarantor) of such Defaulted Reference Obligation (or Qualifying Guarantee, as the case may be) a right of set-off in respect of amounts due under such Defaulted Reference Obligation (or Qualifying Guarantee, as the case may be); (iv) the sale proceeds or other proceeds of enforcement of any Reference Collateral; and (v) to the extent not included in (iv), any payments received by the holder(s) in respect of such Defaulted Reference Obligation from any other related security.

For the avoidance of doubt, in determining any Recovery Amount in respect of a Defaulted Reference Obligation, any amounts received by the holder(s) of such Defaulted Reference Obligation in respect of items (i) to (v) of the definition of Recovery Amount shall be allocated first in respect of the outstanding principal amount of such Defaulted Reference Obligation up to the amount of such outstanding principal amount.

"**Cash Collateral**" means, in respect of a Reference Obligation, such Reference Obligation's *pro rata* portion of any cash deposit held in respect of such Reference Obligation as security for the obligations of the obligor under such Reference Obligation and recorded in the Reference Register.

"**Reference Collateral**" means, in respect of a Reference Obligation, such Reference Obligation's *pro rata* portion of any mortgage, charge, guarantee or other security interest granted to or held for the benefit of any holder in respect of such Reference Obligation as security for the obligations of the obligor under such Reference Obligation.

The CDS Calculation Agent will calculate the amount of the Credit Protection Calculation Amount as at the last day of the Valuation Period in relation to the relevant Defaulted Reference Obligation. If an Independent Verification Accountant Trigger Event has occurred, the Independent Verification Accountant will check and recalculate such Credit Protection Calculation Amount. In addition, with regard to any Defaulted Reference Obligation in relation to which the Valuation Period ended prior to any determination by the CDS Calculation Agent that there is no prospect of any further Recovery Amount in respect of such Defaulted Reference Obligation, the Recovery Amount will be deemed to be equal to the Reference Obligation Notional Amount of such Defaulted Reference Obligation multiplied by a specified Recovery Percentage.

In respect of any Defaulted Reference Obligation, in the event that the Credit Event is a Failure to Pay that relates to amounts of interest and not principal and (i) any delinquency (and any related penalty interest in respect thereof) is cured by the Borrower during the Valuation Period; (ii) the Borrower is not in default of any principal repayment obligation under that Defaulted Reference Obligation; and (iii) no enforcement proceedings are instituted in respect of that Defaulted Reference Obligation, then the Recovery Amount for that Defaulted Reference Obligation shall be deemed to be the Reference Obligation Notional Amount of that Reference Obligation, the related Credit Protection Calculation Amount shall be deemed to be zero, the Defaulted Reference Obligation shall be deemed not to be a Defaulted Reference Obligation and that Defaulted Reference Obligation shall remain in the Reference Portfolio.

Valuation Period

For any Defaulted Reference Obligation, "**Valuation Period**" means the period from (and including) the date of the Credit Event in respect of such Defaulted Reference Obligation to (but excluding):

(i) if at any time during the determination of the relevant Credit Protection Calculation Amount, the Notes have been called for redemption in whole for whatever reason, the date which is 30 Business Days prior to the date of such early redemption; or

(ii) if paragraph (i) does not apply, the earlier of: (a) the date upon which the CDS Calculation Agent determines that there is no further prospect of any further Recovery Amounts in respect of the relevant Defaulted Reference Obligation (provided that the CDS Calculation Agent may not make such determination less than three years after the Event Determination Date in respect of such Defaulted Reference Obligation); and (b) 30 Business Days prior to the Legal Final Maturity Date.

Verification of Credit Protection Calculation Amounts

Once the Valuation Period in respect of a Defaulted Reference Obligation has ended, the CDS Calculation Agent will deliver to the Issuer, the Independent Verification Accountant, the Cash Administrator and the Trustee during the period (the "**Credit Protection Calculation Notice Delivery Period**") commencing on the final day of such Valuation Period and ending on the earlier of (a) 30 Business Days prior to the Legal Final Maturity Date and (b) the day that is 60 days after the CDS Calculation Agent first became aware of such Valuation Period ending, a Credit Protection Calculation Notice setting out the Credit Protection Calculation Amount in respect of such Defaulted Reference Obligation.

If an Independent Verification Accountant Trigger Event has occurred, the Independent Verification Accountant shall, within 30 days after receipt of a Credit Protection Calculation Notice from the CDS Calculation Agent (but no later than six Business Days prior to any date of redemption of the Notes), deliver to the Issuer, the Cash Administrator, the CDS Calculation Agent and the Trustee a Credit Protection Verification Report confirming the calculation of the Credit Protection Calculation Amount the subject of such Credit Protection Calculation Notice.

A Defaulted Reference Obligation in respect of which a Credit Protection Calculation Notice has been delivered to the Issuer, the Independent Verification Accountant, the Cash Administrator and the Trustee or, following the occurrence of the Independent Verification Accountant Trigger Event, in respect of which a Credit Protection Verification Report has been delivered to the Issuer, the Cash Administrator, the CDS Calculation Agent and the Trustee will be a "**Liquidated Reference Obligation**". A Credit Protection Calculation Amount that has been verified (and, if necessary, adjusted as described below) in a Credit Protection Verification Report will be a "**Credit Protection Verified Amount**".

Following the occurrence of an Independent Verification Accountant Trigger Event, the Independent Verification Accountant will additionally be required to issue:

(i) in respect of each Reference Obligation that became a Defaulted Reference Obligation before the occurrence of such Independent Verification Accountant Trigger Event, a

Credit Event Verification Report within 30 days after the occurrence of such Independent Verification Accountant Trigger Event; and

(ii) in respect of each Reference Obligation that became a Liquidated Reference Obligation before the occurrence of such Independent Verification Accountant Trigger Event, a Credit Protection Verification Report within 30 days after the occurrence of such Independent Verification Accountant Trigger Event.

In the event that the Independent Verification Accountant determines in the course of preparing a Credit Event Verification Report (of the type referred to in (i) above) that it is unable to make the requested checks or, in the course of preparing a Credit Protection Verification Report (of the type referred to in (ii) above) that a Credit Event previously specified in a Credit Event Notice is unable to be verified or that a Credit Protection Calculation Amount previously notified was too small or too large, the CDS Calculation Agent will make the necessary adjustments to each subsequent Credit Protection Verified Amount (as applicable) as necessary, in each case, to take account of any overpayment or underpayment that might previously have occurred in connection with any previous Credit Protection Amount.

Credit Protection Amounts

On each Assessment Date, the CDS Calculation Agent will calculate the Credit Protection Amount in respect of Defaulted Reference Obligations that became Liquidated Reference Obligations in the Assessment Period ending on such Assessment Date. The amount of the Credit Protection Amount will be satisfied by the Issuer liquidating relevant portions of the Cash Deposit and by paying the relevant amount to the CDS Counterparty on the next Payment Date.

The Credit Protection Amount in respect of any Assessment Period is an amount equal to (i) the aggregate of all Credit Protection Calculation Amounts (if any) that were the subject of Credit Protection Calculation Notices delivered during such Assessment Period or (ii) following the occurrence of an Independent Verification Accountant Trigger Event, the aggregate of all Credit Protection Verified Amounts (if any) and Credit Protection Shortfall Amounts (if any) that were the subject of Credit Protection Verification Reports delivered during such Assessment Period.

"**Assessment Date**" means each day that falls three Business Days prior to a Payment Date or an Early Termination Date (as defined in the Credit Default Swap Agreement).

"**Assessment Period**" means, in respect of an Assessment Date, the period from (and including) the immediately preceding Assessment Date (or, in the case of the first Assessment Date, from and including the Closing Date) to (but excluding) such Assessment Date.

Early Termination of the Credit Default Swap Agreement

The Credit Default Swap Agreement is subject to early termination in certain specified circumstances, including: (i) at the option of the CDS Counterparty on any Payment Date on which the Reference Portfolio Notional Amount is less than 10 per cent. of the Initial Reference Portfolio Notional Amount, and (ii) upon the occurrence of a CDS Tax Event. For further details see "*The Credit Default Swap Agreement — Early Termination of the Credit Default Swap Agreement*".

Description of the Collateral

The Cash Deposit

On the Closing Date, the Issuer will utilise the proceeds of the issuance of the Notes to make a deposit (the "**Cash Deposit**") with The Royal Bank of Scotland plc as Cash Deposit Bank pursuant to the Cash Deposit Agreement which provides for periodic interest payments in relation to the Cash Deposit.

The Cash Deposit Agreement will provide that: (a) in the event that a Credit Protection Amount is owing by the Issuer under the Credit Default Swap Agreement, a commensurate amount of the Cash Deposit will be released to the Issuer in order to satisfy such amount, (b) in the event that an Amortisation Amount is owing by the Issuer under Condition 9.1 (*Amortisation of Notes*), a commensurate amount of the Cash Deposit will be released to the Issuer in order to satisfy such amount and (c) on each Payment Date, interest amounts earned in relation to the Cash Deposit will be released to the Issuer in order to be applied in the payment of interest on the Notes.

The Royal Bank of Scotland plc will have the right to set off amounts owed by it (in the capacity of Cash Deposit Bank) to the Issuer against Credit Protection Amounts owed by the Issuer to it (in the capacity of CDS Counterparty under the Credit Default Swap Agreement).

Downgrade of Cash Deposit Bank

If the Cash Deposit Bank does not have, at any time, the Cash Deposit Bank Required Ratings, the Cash Deposit Bank will be obliged, within 14 calendar days:

(i) to use commercially reasonable efforts to obtain (at its expense) an on-demand, irrevocable and legally enforceable guarantee in respect of its obligations under the Cash Deposit Agreement from a third party acceptable to the Trustee and which has at least the Cash Deposit Bank Required Ratings; or

(ii) to find (at its expense) a replacement Cash Deposit Bank acceptable to the Trustee, meeting the requirements set out in the Cash Deposit Agreement including having at least the Cash Deposit Bank Required Ratings, to act as Cash Deposit Bank under the Cash Deposit Agreement; or

(iii) to take such other appropriate action acceptable to the Trustee which the Rating Agencies have previously confirmed in writing to the Issuer and the Trustee will not cause the then applicable ratings of the Notes to be downgraded, withdrawn or qualified.

Termination of Cash Deposit Agreement

The appointment of the Cash Deposit Bank may be terminated in certain circumstances. Such termination will not become effective until a replacement entity acceptable to the Trustee and the Rating Agencies has been appointed on the same terms as the Cash Deposit Agreement.

Reserve Account

The Issuer will credit to the Reserve Account on each Payment Date the amount required for the balance standing to the credit of the Reserve Account to be equal to the Reserve Account Required Amount, subject to the Issuer having available funds to do so in accordance with the Available Income Funds Priority of Payments.

"**Reserve Account Required Amount**" means zero on the Closing Date and any Payment Date until, on any Payment Date, the aggregate of the Reference Obligation Notional Amounts of all Defaulted Reference Obligations exceeds 3.4 per cent. of the

aggregate of the Outstanding Principal Balance of all Classes of Notes, whereupon the Reserve Account Required Amount shall be increased to 1 per cent. of the aggregate of the Initial Principal Balance of all Classes of Notes with effect from and including such Payment Date and shall not be reduced on any subsequent Payment Date.

Available Income Funds of the Issuer

(i) Each amount of Issuer Income received by the Issuer under the Cash Deposit Agreement;

(ii) the amount required to be transferred from the Reserve Account to the Income Collection Account on each Payment Date;

(iii) each CDS Counterparty Payment received by the Issuer from the CDS Counterparty on each Payment Date (other than any CDS Prepayment Amount paid prior to the immediately preceding Payment Date and any CDS Prepayment Adjustment Amount paid on the immediately preceding Payment Date, which will be paid to the CDS Prepayment Account);

(iv) on the Business Day prior to each Payment Date on which a CDS Counterparty Downgrade Event is continuing and on the Business Day prior to the first Payment Date thereafter, an amount equal to:

(a) the amount standing to the credit of the CDS Prepayment Account on such date; minus

(b) any CDS Prepayment Amount credited to the CDS Prepayment Account three Business Days prior to such Payment Date; and

(v) any Cross-currency Swap Premium Excess,

will be paid into the Income Collection Account established in the name of the Issuer with the Transaction Account Bank, pending application on each Payment Date in accordance with the Available Income Funds Priority of Payments.

Cross-currency Swap Agreements

In order that the Issuer is able to pay amounts due on the Non-Sterling Notes in the relevant currency, on the Closing Date, The Royal Bank of Scotland plc as Cross-currency Swap Counterparty will enter into separate cross-currency swap agreements (each comprising a master agreement, schedule, confirmation and credit support annex relating thereto and each a "**Cross-currency Swap Agreement**") in respect of each Class of Non-Sterling Notes with the Issuer. On the Closing Date, the Issuer will pay the proceeds of the issuance of each Class of Non-Sterling Notes to the Cross-currency Swap Counterparty in exchange for an amount in pounds sterling at a foreign currency exchange rate determined by the Cross-currency Swap Counterparty (the "**Relevant FX Rate**").

On each Payment Date, the Issuer will pay to the Cross-currency Swap Counterparty a Sterling amount of interest calculated by reference to the Outstanding Principal Balance of a Class of Non-Sterling Notes (prior to any reduction thereof on such date) to the extent available under the Available Income Funds Priority of Payments and the Cross-currency Swap Counterparty will pay an amount to the Principal Paying Agent on behalf of the Issuer for payment to the Noteholders of the relevant Class calculated by

reference to the Rate of Interest payable in respect of such Class and the Principal Amount Outstanding thereof and proportionate to the amount paid to the Cross-currency Swap Counterparty pursuant to the Available Income Funds Priority of Payments.

On each Payment Date during the Amortisation Period, the Issuer will pay to the Cross-currency Swap Counterparty the Sterling equivalent (determined using the Relevant FX Rate) of the amount payable by it in respect of principal of a Class of Non-Sterling Notes, as determined under the Available Amortisation Funds Priority of Payments and the Cross-currency Swap Counterparty will pay an amount to the Principal Paying Agent on behalf of the Issuer for payment to the Noteholders of the relevant Class of Non-Sterling Notes equal to the amount payable by the Issuer in respect of principal with regard to such Class of Notes in the currency of denomination of such Class of Notes.

Redemption of the Notes

Effect of Credit Protection Amounts on Adjusted Principal Balance of Notes

The Adjusted Principal Balance of each Class of Notes will be reduced on each Payment Date by an amount equal to the amount credited to the balance of the Principal Deficiency Ledger in respect of such Class of Notes on such date.

Amortisation Period

If on any Payment Date during the Amortisation Period the Reference Portfolio Notional Amount is less than the Swap Notional Amount, a commensurate amount of the Cash Deposit will be released, the proceeds of such release will be paid to Noteholders on such Payment Date and each Note will amortise as determined in accordance with the Available Amortisation Funds Priority of Payments.

Available Amortisation Funds Priority of Payments

See Condition 9.1 (Amortisation of Notes) in "*Conditions of the Notes*".

Legal Final Maturity Date

The Legal Final Maturity Date of the Notes will be the Payment Date falling in June 2025.

Mandatory Early Redemption of the Notes

Clean-up Call

In the event that the Reference Portfolio Notional Amount is less than 10 per cent. of the Initial Reference Portfolio Notional Amount, the CDS Counterparty will have the option to terminate the Credit Default Swap Agreement in full on any Payment Date after the occurrence of such event. In the event of any such termination, the Notes will become due and repayable, the Collateral will be realised and the proceeds of such realisation will be paid on such Payment Date to the holders of each Class of Notes in the order of priority, and in the manner, set out in the Enforcement Priority of Payments. See "*Conditions of the Notes — Condition 9.5 (Mandatory Redemption in Whole following Termination of the Credit Default Swap Agreement*)".

Regulatory Call

If a Regulatory Event occurs, the Issuer (or any assignee or novatee of the regulatory call option) will have the option on any Payment Date falling on or before 1 January 2009 to call the Notes of all or any Classes (provided that the Regulatory Call Option may not ever be exercised in respect of the Class A Notes) for a purchase price equal to the then Adjusted Principal Balance of such Notes (converted, in the case of Non-Sterling Notes into the relevant currency at the Relevant FX Rate) (the "**Regulatory Call Option**") and the Noteholders of such Classes will be required to sell all of

their Notes of such Classes to the Issuer (or such assignee or novatee).

"**Regulatory Event**" means delivery of a notice from The Royal Bank of Scotland plc to the Issuer and the Trustee which states either that the regulatory capital treatment applicable to The Royal Bank of Scotland plc in respect of: (i) the transaction to which the issuance of the Notes relates has become materially impaired; or (ii) any Reference Obligation comprised in the Reference Portfolio has been materially impaired, in either case, as a result of the implementation of the Basel II Framework (as described in the document entitled "The International Convergence of Capital Measurement and Capital Standards: a Revised Framework" published in June 2004 by the Basel Committee on Banking Supervision) in the United Kingdom, whether by rule of law, recommendation of best practices or by any other regulation (including pursuant to the implementation in the United Kingdom of the EU Capital Requirements Directive), provided that (a) a Mandatory Early Redemption Event shall not have occurred on or prior to the relevant Payment Date for the exercise of the Regulatory Call Option and (b) each Rating Agency has confirmed to the Issuer in writing that its then current ratings of the Notes would not be adversely affected by the exercise of the Regulatory Call Option.

Redemption for Taxation Reasons or on Early Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement

If a Tax Redemption Event occurs or if an Early Termination Event occurs under the Cash Deposit Agreement or if a Cross-currency Swap Agreement is terminated without replacement, the Notes will become due and repayable, the Collateral will be realised and the proceeds of such realisation will be paid to the holders of each Class of Notes on the immediately following Payment Date in the order of priority, and in the manner set out in, the Enforcement Priority of Payments. See "*Conditions of the Notes — Condition 9.4 (Redemption for Taxation Reasons)*" and "— Condition 9.6 (*Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement*)".

Events of Default

The Events of Default in respect of the Notes are set out in Condition 11.1 (*Events of Default*) in "*Conditions of the Notes*".

The Offering

Summary of U.S. Selling Restrictions

The Notes of each Class will be offered (a) outside of the United States to non-U.S. persons (as defined in Regulation S under the Securities Act) in an "offshore transaction" in reliance on Regulation S under the Securities Act and (b) within the United States to persons who are QIBs and are also QPs in reliance on Rule 144A.

The Notes of any Class sold to non-U.S. persons in reliance on Regulation S under the Securities Act (the "**Regulation S Notes**") will be represented by a global registered certificate in respect of such Class (each a "**Regulation S Global Registered Certificate**"). See "*Selling Restrictions".*

The Notes of any Class sold to U.S. persons who are QIBs and QPs (the "**Rule 144A Notes**") will be represented by a registered certificate in respect of such Class. In the case of each Class of Notes other than the Class E Notes, the Class F Notes and the Class G Notes such registered certificate will be in global form (each a "**Rule 144A Global Registered Certificate**"). In the case of Class E, Class F and Class G such registered certificate will be in

definitive form (each a "**Rule 144A Definitive Registered Certificate**").

Settlement and Clearing

The Regulation S Global Registered Certificates and the Rule 144A Global Registered Certificates representing Sterling Notes and Euro Notes and the Regulation S Global Registered Certificates representing the Class E3 Notes and the Class F3 Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg.

The Regulation S Global Registered Certificates representing the U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes and the Rule 144A Global Registered Certificates representing U.S. dollar Notes will be deposited with a custodian for DTC and registered in the name of Cede & Co., as nominee for DTC. The U.S. dollar denominated Notes sold in reliance on Regulation S will be made eligible for trading through Euroclear and Clearstream, Luxembourg as participants in DTC.

Beneficial interests in a Global Registered Certificate representing Sterling Notes or Euro Notes may be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg at any time. Beneficial interests in a Global Registered Certificate representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes may be held through, and transfers thereof will only be effected through, records maintained by DTC and its respective participants, including (where applicable) Euroclear and Clearstream, Luxembourg. See "*Form of the Notes*" and "*Book-Entry Clearance Procedures*" below. U.S. persons (as defined in Regulation S under the Securities Act) may not hold interests represented by Regulation S Global Registered Certificates.

Except in the limited circumstances described herein, Definitive Registered Certificates representing the Notes will not be issued in exchange for beneficial interests in either the Regulation S Global Registered Certificates or the Rule 144A Global Registered Certificates. See "*Form of the Notes — Exchange of Global Registered Certificates for Definitive Registered Certificates*" below.

Certain ERISA and Other Considerations

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and interests therein may be acquired by employee benefit plans subject to the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"). However, the Class E Notes, the Class F Notes and the Class G Notes (including interests therein) are not designed to be acquired or held by a "benefit plan investor" within the meaning of 29 CFR §2510.3-101(f)(2) (a "**Benefit Plan Investor**") that is subject to ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended. See "*Certain U.S. ERISA and Other Considerations*" below. Consequently, the Class E Notes, the Class F Notes and the Class G Notes may not be purchased or held by or on behalf of any Benefit Plan Investor or any investor using the assets of such a Benefit Plan Investor. Sales and transfers of the Class E Notes, the Class F Notes and the Class G Notes to Benefit Plan Investors or for or on behalf of Benefit Plan Investors or any investor using the assets of a Benefit Plan Investor will be void *ab initio* and will not be honoured by the Issuer. If, at any time, a Class E Note, a Class F Note or a Class G Note is held by or on behalf of a Benefit Plan

Investor or any investor using the assets of a benefit plan investor, the Issuer shall have the right at any time, at the expense and risk of the holder of the Class E Note, the Class F Note or the Class G Note held in violation of the applicable transfer restrictions, (i) to require such holder to sell such Class E Note, Class F Note or Class G Note to an eligible investor who is not a Benefit Plan Investor or (ii) to sell such Class E Note, Class F Note or Class G Note on behalf of such holder.

Netherlands Transfer Restrictions

Each Noteholder will be deemed to have represented that it is a professional market party as defined in Section 1, paragraph e, of the Dutch Ministerial Regulation of 26th June, 2002, as amended from time to time, implementing, *inter alia*, Section 6, paragraph 2 of the 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*) of the Netherlands, as amended from time to time. Sales or transfers of Notes to a person who is not a professional market party will be void *ab initio*.

An investment in the Notes of any Class involves certain risks. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in this Prospectus, prior to investing in the Notes of any Class. Prospective investors should form their own opinions of the transactions described in this Prospectus prior to making any investment decision and should take their own legal, financial, accounting, tax and other relevant advice as to the merits and viability of their investment.

The Reference Portfolio

Exposure to Reference Obligations

The amount repayable in respect of the Notes is dependent in part upon whether one or more Credit Events have occurred in relation to any Reference Obligation on or before the Legal Final Maturity Date or any Mandatory Early Redemption Date and the extent of any Recovery Amounts (there being no assurance that any Recovery Amounts may be received in respect of the relevant Defaulted Reference Obligation). Accordingly, the Issuer and, therefore, the Noteholders will have exposure to the credit risk of the Reference Portfolio and the Noteholders may lose some or all of the amounts invested in the Notes as the result of Credit Events occurring with respect to all or a portion of the Reference Portfolio. None of the Issuer, the Trustee, the Registrar, the Principal Paying Agent, the Transfer and Paying Agent or the Noteholders will have any right to know the details of any Reference Obligation, including the identity of the Borrower in respect thereof.

Any Credit Protection Amount arising under the Credit Default Swap Agreement and payable by the Issuer to the CDS Counterparty will be funded from the Cash Deposit Account. The amounts available to pay principal and interest in respect of the Notes will be reduced accordingly. As a result, Noteholders will be exposed to the credit risk of the Reference Obligations to the full extent of their investment in the Notes, with the most deeply subordinated classes of Noteholders having the highest degree of exposure pursuant to the Priorities of Payment.

United Kingdom Economic Conditions

Each Borrower in respect of a Reference Obligation, as of the day on which such Reference Obligation first becomes part of the Reference Portfolio, will be incorporated in the United Kingdom. If the United Kingdom suffers a general economic downturn, the ability of a Borrower to service its obligations in respect of the relevant Reference Obligation may be adversely affected and therefore higher rates of loss may be experienced in respect of Reference Obligations, thereby leading to an increase in the frequency of Credit Events and a decrease in the ability to effect recoveries in respect of Reference Obligations, potentially resulting in losses to Noteholders. The United Kingdom's general economic condition may be adversely affected by a variety of events, including natural disasters, acts of war or terrorism, civil disturbances and/or any downturn in world or European economic activity. No prediction can be made as to the effect of such scenarios on the rate of delinquencies and losses on the Reference Obligations.

Volatility in Underlying Markets

The credit markets may react strongly to certain events, which may have a leveraged impact on the value of the Notes. The occurrence of a Credit Event, downgrade or general spread widening with respect to a Reference Obligation is likely to affect adversely the value of the Notes, but the value of the Notes may also be affected by other events or conditions that affect the credit markets, including general economic conditions and conditions that affect obligations similar to such Reference Obligation. In particular, the market value of the Notes may be negatively impacted by a downgrade of the rating, or a decline in credit quality, of one or more Borrowers. The Notes may be subject to price volatility and limited liquidity, particularly following the occurrence of a Credit Event or a downgrade of the rating of one or more Borrowers.

Reliance on the Performance of the Servicer Effectively to Service the Reference Obligations

Recovery Amounts in respect of Defaulted Reference Obligations will affect the quantum of any Credit Protection Amount in respect thereof, thereby potentially affecting Credit Protection Amounts being paid to the CDS Counterparty (see "*Calculation of Credit Protection Amounts and Verification Procedures — Calculation and Verification of Credit Protection Calculation Amount*" and "*The Credit Default Swap Agreement — Conditions to Settlement — Calculation and Satisfaction of Credit Protection Amount*"). The quantum of any Credit Protection Amounts payable by the Issuer (and related write downs in Adjusted Principal Balance of the Notes) may therefore in part be dependent on the servicing procedures operated by the servicer of such Defaulted Reference Obligations to service the Defaulted Reference Obligations and maximise Recovery Amounts.

Limited Provision of Information about the Borrowers, the Reference Obligations and the Reference Portfolio

After the Closing Date, none of the Issuer, the Trustee or the Noteholders will have the right to obtain information as to the specific identity of any Borrowers or Reference Obligations from time to time designated in the Reference Register, or to receive information regarding any Borrower or Reference Obligation except for data set forth in the Quarterly Reference Portfolio Periodic Report. The data set forth in each Quarterly Reference Portfolio Periodic Report will contain no personal information related to, or be capable of interpretation to identify, any Borrower or Reference Obligation, and Noteholders will have no right to obtain, nor is any party obligated to provide to Noteholders, any information regarding the compliance of the Reference Portfolio with the Reference Obligation Criteria, the Replacement Reference Portfolio Criteria or regarding any other matters arising in relation to any Borrower or Reference Obligation.

None of the Issuer, the Trustee or the Noteholders will have the right to inspect any records of the CDS Counterparty and the CDS Counterparty will be under no obligation to disclose any further information or evidence regarding the existence or terms of any Reference Obligation, of any Borrower, of any matters arising in relation thereto or otherwise regarding any Borrower, any guarantor or any other person. However, the Independent Verification Accountant will have access to information regarding Reference Obligations and related Borrowers in connection with verification of the matters relating to the occurrence of Credit Events and the calculation of Credit Protection Amounts. The Independent Verification Accountant will be subject to strict confidentiality obligations.

The Credit Default Swap Agreement

Credit Risk

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Notes including any credit risk associated with the Issuer, the CDS Counterparty or any other obligor with respect to the Collateral.

If the CDS Counterparty fails to make due and timely payment, or otherwise honour its obligations, under the Credit Default Swap Agreement, a loss of principal and/or interest under the Notes may result. Accordingly, the Noteholders assume the credit risk of the CDS Counterparty.

None of the Issuer, any of the other Transaction Parties or any of their affiliates have made or will make any investigation of, or makes any representation or warranty, express or implied, as to, (i) the existence or financial or other condition of the CDS Counterparty or (ii) whether the Credit Default Swap Agreement constitutes legal, valid and binding obligations of the CDS Counterparty.

Replacements

Pursuant to the Credit Default Swap Agreement, the CDS Counterparty is entitled to make Replacements in the following circumstances: if during the Revolving Period the Reference Obligation Notional Amount of a Reference Obligation has been reduced to reflect prepayment, repayment, amortisation, termination or renewal of such Reference Obligation, the CDS Counterparty may reallocate up to the amount by which such Reference Obligation Notional Amount has been reduced; or, if a Reference Obligation has been sold or transferred the CDS Counterparty may reallocate some or all of the Reference Obligation Notional Amount of such Reference Obligation; or, if the Reference Obligation Notional Amount in respect of a particular Reference Obligation relates to an undrawn commitment in respect of such Reference Obligation, the CDS Counterparty may reallocate some or all of such Reference Obligation Notional Amount to the extent it relates to such undrawn commitment; provided in each case that the Reference Obligation Criteria and, in aggregate with the other Reference Obligations, the Replacement Reference Portfolio Criteria are met or, if the Reference Portfolio is not in compliance with the Replacement Reference Portfolio Criteria (other than (ii), (v), (vi), and (vii) thereof) immediately prior to the proposed Replacements on the relevant Replacement Date, provided that the Replacements made on such date do not increase the extent of non-compliance with such criteria on such date. As a consequence, a Replacement may mean that the composition of the Reference Portfolio may vary over time and that the overall quality of the Reference Portfolio could diminish. Accordingly, the characteristics of the Reference Portfolio on the Closing Date, as described in "*The Reference Portfolio*" below, could change in the future in a way that would have a detrimental effect on an investment in the Notes.

Each Reference Obligation in the Reference Portfolio may be either a Term Facility or a Revolving Facility. Approximately 48.55 per cent. of the provisional Reference Portfolio Notional Amount (calculated as at 30 April 2006) consists of undrawn commitments of principal to Borrowers under either Term Facilities or

Revolving Facilities. The CDS Counterparty may elect at any time during the Revolving Period to replace all or part of the notional amount of a Reference Obligation representing an undrawn commitment. In addition, at the commencement of the Amortisation Period all such undrawn commitments in respect of Term Facilities will be cancelled automatically leading to an immediate amortisation of a corresponding amount of principal of the Notes. Any such cancellation could materially alter the credit risk of the Reference Portfolio.

Synthetic Exposure — No Interest in Borrowers or Reference Obligations

Under the Credit Default Swap Agreement, the Issuer will have a contractual relationship only with the CDS Counterparty and not with any Borrower. Furthermore, the CDS Counterparty will not be, and will not be deemed to be acting as, the agent or trustee of the Issuer in connection with the exercise of, or the failure to exercise, the rights or powers (if any) of the CDS Counterparty arising under or in connection with any Reference Obligation. Consequently, the Credit Default Swap Agreement does not constitute a purchase, assignment or other acquisition of any interest in any Reference Obligation forming part of the Reference Portfolio (or any Cash Collateral or Reference Collateral relating thereto). Therefore, the Issuer and the Trustee will have rights solely against the CDS Counterparty in accordance with the Credit Default Swap Agreement and will have no recourse against any Borrower or to any Reference Obligation or any Reference Collateral.

No Actual Loss

On each Payment Date, the Issuer is obligated to make payments of amounts equal to the Credit Protection Amount to the CDS Counterparty pursuant to the Credit Default Swap Agreement, in respect of Liquidated Reference Obligations where the Credit Protection Amount has been calculated, irrespective of whether the CDS Counterparty has suffered an actual loss in respect of, or is exposed to the risk of loss on, a Defaulted Reference Obligation or of the size of such loss or risk of such loss. Other than in accordance with the calculation of the Credit Protection Amount pursuant to the Credit Default Swap Agreement (see "*The Credit Default Swap Agreement — Conditions to Settlement — Calculation and Satisfaction of Credit Protection Amount*"), the CDS Counterparty is under no obligation to account, and will not account, for any amount that may be recovered in respect of a Defaulted Reference Obligation by the holder thereof after the Valuation Period in respect thereof.

Credit Events

The Credit Events provided for in the Credit Default Swap Agreement are "Failure to Pay", "Bankruptcy" and "Restructuring". Any event or circumstance affecting an obligor in relation to a Reference Obligation that may give rise to a Credit Event may result in a loss to the Noteholders. In addition, Credit Events may occur under the Credit Default Swap Agreement notwithstanding the fact that the occurrence of such Credit Event arises directly or indirectly from, *inter alia,* a lack of authority or capacity of such obligor, an illegality or unenforceability of a Reference Obligation, any applicable law or change in interpretation thereof or the imposition of restrictions by any monetary or other authority even if such matters were subsisting at the time the relevant Reference Obligation entered the Reference Portfolio.

The Cross-currency Swap Agreements

Repayments of principal and payments of interest in respect of the Euro Notes by the Issuer will be made in euro and repayments of principal and payments of interest in respect of the U.S. dollar Notes by the Issuer will be made in U.S. dollars, but all payments received by the Issuer under the Cash Deposit Agreement and the Credit Default Swap Agreement will be in Sterling. In order to mitigate the Issuer's currency exchange rate exposure, including any interest rate exposure connected with that currency exposure, the Issuer will enter into separate Cross-currency Swap Agreements with the Cross-currency Swap Counterparty in respect of each Class of Euro Notes and each Class of U.S. dollar Notes.

The Cross-currency Swap Counterparty will only be obliged to make payments to the Issuer under a Cross-currency Swap Agreement on any date for payment to the same extent that the Issuer complies with its payment obligations under such Cross-currency Swap Agreement on such date. In the event that the amount available to make payment to the Cross-currency Swap Counterparty under the Cross-currency Swap Agreement in respect of any Class of Non-Sterling Notes, following application of any of the relevant Priorities of Payment, is insufficient to make such payment in full, the amount in euro or U.S. dollars, as applicable, payable by such Cross-currency Swap Counterparty to the Principal Paying Agent on behalf of the Issuer for payment to the Noteholders of the relevant Non-Sterling Class will be reduced accordingly.

If the Cross-currency Swap Counterparty defaults in its obligations to make payments of amounts in euro or U.S. dollars equal to the full amount to be paid to the Issuer on the payment dates under a Cross-currency Swap

Agreement, the Issuer will be exposed to changes in currency exchange rates and could have insufficient funds to enable it to make payments under the relevant Class of Non-Sterling Notes.

If the Cross-currency Swap Counterparty defaults under the Cross-currency Swap Agreement in respect of any Class of Non-Sterling Notes, the Issuer will have the right under certain circumstances to terminate such Cross-currency Swap Agreement. Upon such termination, the Issuer is obliged to enter into a replacement currency swap agreement. There can be no assurance that a suitable swap counterparty could be found to enter into such a replacement currency swap agreement.

If a Cross-currency Swap Agreement terminates prior to its scheduled termination date, a termination payment may be payable either to the Issuer by the Cross-currency Swap Counterparty or vice versa. If such termination payment is payable by the Issuer and it cannot be funded directly by any premium or upfront payment paid to the Issuer in connection with the entering into of a replacement Cross-currency Swap Agreement, such payment will be made subject to the Available Income Funds Priority of Payment or the Enforcement Priority of Payments, as applicable. As a result thereof, the Issuer could have insufficient funds to enable it to make payments under a Class of Notes to which a Cross-currency Swap Agreement that is terminated early relates and each Class of Notes that is subordinated to such Class.

If a Cross-currency Swap Agreement is terminated for any reason and not replaced within 30 days, it will constitute an Event of Default in respect of the Notes.

The Notes

Limited Recourse

All payments to be made by the Issuer in respect of the Notes and the Swap Agreements will only be due and payable from, and to the extent of, the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Collateral in respect of the Notes.

Upon enforcement of security over the Collateral following the occurrence of an Event of Default under the Conditions, it is likely that the net sums either derived from, or realised on, enforcement of such security will be insufficient to meet all amounts due to the Noteholders under the Notes.

To the extent that such sums are less than the amount which the Noteholders, the CDS Counterparty and the Cross-currency Swap Counterparty expected to receive (the difference being referred to herein as a "**shortfall**"), such shortfall will be borne, following enforcement of the security in respect of the Collateral, in the inverse of the order of priorities on enforcement specified in Condition 5.2 (*Application of Proceeds upon Enforcement*).

In connection with such enforcement, it is noted that:

(i) the Noteholders and the other Secured Parties may look solely to the sums referred to in the second paragraph of this section, as applied in accordance with the order of priorities referred to in the second paragraph of this section (the "**Relevant Sums**"), for payments to be made by the Issuer in respect of the Notes and the Swap Agreements;

(ii) the obligations of the Issuer to make payments in respect of the Notes and the Swap Agreements will be limited to the Relevant Sums and the Noteholders and the other Secured Parties have no further recourse to the Issuer (or any of its rights, assets or properties), the Managers, the CDS Counterparty or any other Transaction Party or person and, without limiting the generality of the foregoing, any right of the Noteholders and the other Secured Parties to claim payment of any amount exceeding the Relevant Sums shall be deemed automatically extinguished; and

(iii) the Trustee, the Noteholders, the CDS Counterparty, the Cross-currency Swap Counterparty and the other Transaction Parties are not entitled to petition for the winding up of the Issuer as a consequence of any such shortfall or otherwise.

Possible Insufficiency of the Issuer's Assets to make Payments when due on the Notes

Provision has been made for the payment of the Issuer's operating expenses in connection with the issue of the Notes. To the extent that any unanticipated or extraordinary costs and expenses of the Issuer which are payable by the Issuer arise in connection with the Notes or otherwise, the Issuer may have no available funds to pay such costs and expenses and there is a risk that it might become insolvent as a result thereof. The value of an investment in the Notes could be reduced if such an insolvency occurred.

In addition, there can be no assurance that the distributions or payments on the Issuer's assets will be sufficient to make payments on the Notes after making payments that rank senior to payments of principal and interest on the relevant Classes of Notes. If distributions or payments on the Issuer's assets are insufficient to make payments on the Notes, the Issuer will have no other assets available for payment of the deficiency.

Subordination of the Classes

The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are fully subordinated as to payment and priority to the Class A Notes; the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are fully subordinated as to payment and priority to the Class A Notes and the Class B Notes; the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are fully subordinated as to payment and priority to the Class A Notes, the Class B Notes and the Class C Notes; the Class E Notes, the Class F Notes and the Class G Notes are fully subordinated as to payment and priority to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; the Class F Notes and the Class G Notes are fully subordinated as to payment and priority to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; and the Class G Notes are fully subordinated as to payment and priority to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

Prior to any enforcement of the security in respect of the Collateral, no payments of interest will be made on the Class B Notes until interest on the Class A Notes has been paid in full; no payments of interest will be made on the Class C Notes until interest on the Class B Notes has been paid in full; no payments of interest will be made on the Class D Notes until interest on the Class C Notes has been paid in full; no payments of interest will be made on the Class E Notes until interest on the Class D Notes has been paid in full; no payments of interest will be made on the Class F Notes until interest on the Class E Notes has been paid in full and no payments of interest will be made on the Class G Notes until interest on the Class F Notes has been paid in full. No payments of principal will be made in respect of the Class B Notes until the Class A Notes have been redeemed in whole; no payments of principal will be made in respect of the Class C Notes until the Class B Notes have been redeemed in whole; no payments of principal will be made in respect of the Class D Notes until the Class C Notes have been redeemed in whole; no payments of principal will be made in respect of the Class E Notes until the Class D Notes have been redeemed in whole; no payments of principal will be made in respect of the Class F Notes until the Class E Notes have been redeemed in whole; and no payments of principal will be made in respect of the Class G Notes until the Class F Notes have been redeemed in whole, in each case in accordance with the Available Amortisation Funds Priority of Payments.

Following enforcement of the security in respect of the Collateral, no payments of principal and interest will be made in respect of the Class B Notes until interest and principal in respect of the Class A Notes have been paid in full; no payments of principal and interest will be made in respect of the Class C Notes until interest and principal in respect of the Class B Notes have been paid in full; no payments of principal and interest will be made in respect of the Class D Notes until interest and principal in respect of the Class C Notes have been paid in full; no payments of principal and interest will be made in respect of the Class E Notes until interest and principal in respect of the Class D Notes have been paid in full; no payments of principal and interest will be made in respect of the Class F Notes until interest and principal in respect of the Class E Notes have been paid in full and no payments of principal and interest will be made in respect of the Class G Notes until interest and principal in respect of the Class F Notes have been paid in full.

Remedies pursued by the holders of the Senior Outstanding Class of Notes then outstanding could be adverse to the interest of the holders of the Notes of any more junior Class of Notes.

Ratings of the Notes

The ratings assigned to the Rated Notes by the Rating Agencies are based on the terms and conditions of the Notes, the Reference Portfolio, the Credit Default Swap Agreement, each Cross-currency Swap Agreement, the Cash Deposit Agreement and other relevant structural features of the transaction and such ratings reflect only the views of the Rating Agencies. An entity's current financial condition may be better or worse than a rating indicates. The ratings assigned by S&P and Fitch to the Rated Notes address the timely payment of interest and principal in respect of the Class A Notes and Class B Notes and the ultimate payment of interest and principal in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. The ratings assigned by Moody's to the Rated Notes address the expected loss posed to investors by the Legal Final Maturity Date. The Class G Notes will not be rated by any of the Rating Agencies. A rating is not a recommendation to buy, sell or

hold securities and will depend, amongst other things, on the performance of the Reference Portfolio and the creditworthiness of the CDS Counterparty, the Cross-currency Swap Counterparty and the Cash Deposit Bank.

There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by the Rating Agencies (or any one of them) as a result of changes in, or unavailability of, information or if, in the judgment of any of the Rating Agencies, circumstances so warrant. Future events, including changes in the economic conditions of the United Kingdom and the downgrade of the rating of one or more Borrowers, could also have an adverse impact on the ratings of the Notes.

No Assurance of Secondary Market; Limited Liquidity

There is currently no market for the Notes. Although the Joint Lead Managers may from time to time make a market in the Notes, they are under no obligation to do so. If either of the Lead Managers commence any market-making, it may discontinue the same at any time. There can be no assurance given that an active secondary market for the Notes will develop or, if such a market does develop, that it will provide the Noteholders with liquidity or that it will continue for the life of the Notes. Moreover, the limited scope of information available to the Issuer, the Trustee and the Noteholders regarding the Borrowers, Reference Obligations and the nature of any Credit Event may affect the liquidity of the market for and the value of the Notes, especially the more junior Classes of Notes. In addition, the Notes are subject to restrictions on transfer, as described in "*Subscription and Sale*" and "*Transfer Restrictions*". Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Application has been made to the Irish Financial Services Regulatory Authority, as competent authority under Directive 2003/71/EC, for this Prospectus to be approved. Application has been made to the Irish Stock Exchange for each Class of Notes to be admitted to the Official List and to trading on its regulated market.

Average Life of the Notes and Prepayment Considerations

The average life of each Class of Notes is expected to be shorter than the number of years until Legal Final Maturity Date. The average life of each Class of Notes will be affected by, among other things, the actual rate of repayments on the Reference Obligations. See "*Weighted Average Life of the Notes*".

Restrictions on Transfer

The Notes have not been registered under the Securities Act, under any U.S. state securities or "Blue Sky" laws or under the securities laws of any other jurisdiction and are being issued and sold in reliance upon exemptions from registration provided by such laws. No Note may be sold, assigned, participated, pledged or transferred unless such sale, assignment, participation, pledge or transfer (a) is exempt from the registration requirements of the Securities Act (for example, the exemption provided by Rule 144A under the Securities Act or the exemption provided by Regulation S under the Securities Act and applicable state securities laws) and (b) is in compliance with the transfer restrictions and certification requirements described in the sections entitled "*Subscription and Sale*" and "*Transfer Restrictions*".

Investment Company Act and ERISA

The Issuer has not registered and will not register with the SEC as an "investment company" pursuant to the Investment Company Act. The Issuer has not so registered in reliance on an exception for investment companies organised under the laws of a jurisdiction other than the United States or any state thereof (a) whose investors resident in the United States are solely "qualified purchasers" (within the meaning given to such term in the Investment Company Act and the regulations of the SEC thereunder) or certain transferees thereof identified in Rule 3c-6 under the Investment Company Act and (b) which do not make a public offering of their securities in the United States.

If the SEC or a court of competent jurisdiction were to find that the Issuer was required, but in violation of the Investment Company Act had failed, to register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Issuer could sue the Issuer and recover any damages caused by the violation; and (iii) any contract to which the Issuer is a party that is made in, or whose performance involves a, violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that under the circumstances enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Furthermore, if the Issuer was required to register under the Investment Company Act, its activities and capital structure would not satisfy the requirements applicable to all investment companies. Should the Issuer be subjected to any or all of the foregoing, the Issuer would be materially and adversely affected.

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

Sales or transfers of Notes that would cause the Issuer to be required to register as an "investment company" under the Investment Company Act will be void *ab initio* and will not be honoured by the Issuer and the Issuer shall have the right at any time, at the expense and risk of the holder of the Notes held by or on behalf of a U.S. person who is not a QP at the time it purchases such Notes, (i) to require such holder to sell such Notes to an eligible investor or (ii) to sell such Notes on behalf of such holder in each case as described herein to permit the Issuer to avoid registration under the Investment Company Act.

In addition, the Class E Notes, Class F Notes and Class G Notes may not be purchased or held by or on behalf of any Benefit Plan Investor (as defined in 29 CFR §2510.3-101(f)(2) a "**Benefit Plan Investor**") that is subject to ERISA or Section 4975 of the Code or any investor using the assets of a Benefit Plan Investor. Sales and transfers of Class E Notes, Class F Notes and Class G Notes to Benefit Plan Investors or for or on behalf of Benefit Plan Investors or any investor using the assets of a Benefit Plan Investor will be void *ab initio* and will not be honoured by the Issuer. If, at any time, a Class E Note, Class F Note or Class G Note is held by or on behalf of a Benefit Plan Investor or any investor using the assets of a Benefit Plan Investor, the Issuer shall have the right at any time, at the expense and risk of the holder of the Class E Note, Class F Note or Class G Note held in violation of the applicable transfer restrictions, (i) to require such holder to sell such Class E Note, Class F Note or Class G Note to an eligible investor who is not a Benefit Plan Investor or (ii) to sell such Class E Note, Class F Note or Class G Note on behalf of such holder.

Professional Market Parties

Each Noteholder will be deemed to have represented that it is a professional market party as defined in Section 1, paragraph e, of the Dutch Ministerial Regulation of 26th June, 2002, as amended from time to time, implementing, *inter alia*, Section 6, paragraph 2 of the 1992 Act on the Supervision of the Credit System (*Wet toezicht kredietwezen 1992*) of the Netherlands, as amended from time to time. Sales or transfers of Notes to a person who is not a professional market party will be void *ab initio*.

Amortisation

The Notes are amortising notes. On each Payment Date during the Amortisation Period, an amount equal to the Amortisation Amount shall be withdrawn from the Cash Deposit Account and shall be applied by the Cash Administrator on behalf of the Issuer to redeem each Class of Notes in accordance with the Available Amortisation Funds Priority of Payments, beginning with the most senior Class of Notes then outstanding, up to a maximum of the Adjusted Principal Balance of such Class of Notes, until the Reference Portfolio Notional Amount of the Credit Default Swap Agreement has been reduced to zero, when any claim of the Noteholders of any Class to the Principal Amount Outstanding of such Class shall be extinguished.

The Amortisation Amount in respect of any Payment Date during the Amortisation Period will be an amount equal to the Swap Notional Amount on such date (prior to any reduction on such date) minus the Reference Portfolio Notional Amount on such date, subject to a minimum of zero.

An "**Early Amortisation Event**" will occur and the Amortisation Period will commence, at the option of the CDS Counterparty, if the Reference Portfolio Notional Amount is less than the Swap Notional Amount on two consecutive Payment Dates.

In addition, on the Assessment Date immediately preceding the first day of the Amortisation Period, the Reference Obligation Undrawn Amount of any Reference Obligation that is a Term Facility will be reduced to zero, resulting in the amortisation of a corresponding principal amount of the Notes on the first day of the Amortisation Period.

Early Redemption

Subject to the Conditions, early redemption of the Notes may occur (a) in whole following any early termination in whole of the Credit Default Swap Agreement, (b) upon the occurrence of a Tax Redemption Event;

(c) upon the occurrence of an Early Termination Event under the Cash Deposit Agreement or (d) the termination without replacement of a Cross-currency Swap Agreement.

Following early termination of the Credit Default Swap Agreement, the Notes will be redeemed in whole. The Credit Default Swap Agreement is terminable in certain specified circumstances, including at the option of the CDS Counterparty on any Payment Date where the then Reference Portfolio Notional Amount is less than 10 per cent. of the Initial Reference Portfolio Notional Amount (see "*The Credit Default Swap Agreement — Early Termination of the Credit Default Swap Agreement*").

In any of the events described above the Notes will become due and repayable, the Collateral will be realised and the proceeds of such realisation will be paid to the holders of each Class of Notes in the order of priority, and in the manner, set out in the Enforcement Priority of Payments. See "*Conditions of the Notes – Condition 9.4* (*Redemption for Taxation Reasons*)", "– Condition 9.5 (*Mandatory Redemption in Whole following Termination of the Credit Default Swap Agreement*)" and "– Condition 9.6 (*Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement*)".

Regulatory Call Option

If a Regulatory Event (as defined in Condition 9.3 (*Regulatory Call*)) occurs, the Issuer (or any assignee or novatee of the Regulatory Call Option) will as soon as practicable following the occurrence of such Regulatory Event by not less than 30 and not more than 60 days' prior notice to the Trustee and Noteholders have the right to call all but not some only, of the Notes of such Class or Classes as shall be specified in such notice, (the "**Regulatory Call Option**"), such call to be exercisable on the Payment Date following any such notice, (provided that such Payment Date falls on or before 1 January 2009 and further provided that the Regulatory Call Option may not ever be exercised in respect of the Class A Notes). On such Payment Date following any such notice the holders of the Class or Classes of Notes specified in such notice shall be required to sell all of their Notes of such Class or Classes to the Issuer (or any assignee or novatee of the Regulatory Call Option), pursuant to the Regulatory Call Option. The Regulatory Call Option is granted for the Issuer (or any assignee or novatee of the Regulatory Call Option) to acquire all, but not some only, of the Notes of the Class or Classes in respect of which it is exercised, for a purchase price equal to the then Adjusted Principal Balance of such Notes (converted, in the case of Non-Sterling Notes, into the relevant currency at the Relevant FX Rate).

Reliance on Creditworthiness of the Cash Deposit Bank and CDS Counterparty

The ability of the Issuer to meet its obligations under the Notes will depend upon, amongst other things, its receipt of payments from the CDS Counterparty under the Credit Default Swap Agreement and from the Cash Deposit Bank under the Cash Deposit Agreement. Consequently, the Noteholders and the Issuer are relying on the full and timely performance by, and creditworthiness of, the CDS Counterparty and the Cash Deposit Bank in respect of their obligations under the Credit Default Swap Agreement and the Cash Deposit Agreement, respectively.

If the CDS Counterparty does not have, at any time, the CDS Counterparty Required Ratings, the CDS Counterparty will be obliged to pay each CDS Counterparty Payment to the Issuer on the first day of each Payment Period until such time as it has the CDS Counterparty Required Ratings, which amount will be credited to the CDS Prepayment Account established by the Issuer for such purpose, provided that the amount of such payment shall be adjusted by an amount equal to the amount of interest (if any) which will accrue on such account during the succeeding Payment Period and any previous overpayments or underpayments (see "*The Credit Default Swap Agreement — CDS Counterparty Payment and CDS Counterparty Expense Payments*"). The Cash Deposit Bank will agree, as a condition to entering into the Cash Deposit Agreement, that in the event of a Cash Deposit Bank Downgrade Event, it will take any of the actions described in "*The Cash Deposit Agreement — Downgrade of Cash Deposit Bank*". A failure by the Deposit Counterparty to take any of such actions may result in the early termination of the Cash Deposit Agreement. There can be no assurance that the Issuer would be able to locate a replacement Cash Deposit Bank following termination of the transactions under the Cash Deposit Agreement, particularly since the Issuer is a special purpose vehicle.

Conflicts of Interest

The Issuer, the other Transaction Parties and any of their respective affiliates may deal in any obligation, including any obligations of a Borrower or its affiliates, and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any Borrower, its affiliates, any other person or entity having obligations relating to a Borrower or its affiliates and may act with respect to such business in the same manner as if any Notes issued hereunder did not exist,

regardless of whether any such action might have an adverse effect (including, without limitation, any action which might give rise to a Credit Event) on a Borrower and/or its affiliates. Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and some or all of the Issuer, the Transaction Parties and any of their respective affiliates, on the other hand. None of the Issuer, the Transaction Parties nor any of their respective affiliates has any obligation to resolve such conflicts of interest in favour of the Noteholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Noteholders. In particular, the interests of the CDS Counterparty may be adverse to those of the Noteholders. The terms of the Notes, the Credit Default Swap Agreement and each Cross-currency Swap Agreement provide the CDS Counterparty, the Cross-currency Swap Counterparty and the CDS Calculation Agent with certain discretions which they may exercise without any regard for the interests of the Noteholders.

The interests of the CDS Counterparty, each Class of Noteholders and the other Secured Parties may differ in certain circumstances. Condition 16 (*Trustee, Agents and Senior Outstanding Class*) contains summaries of provisions in the Trust Deed which prescribe the basis on which the Trustee is required to exercise its discretion and the circumstances in which it can be directed to act by the CDS Counterparty or each Class of Noteholders.

Circumstances could potentially arise in which the interests of the holders of one Class of Notes and any other Class of Notes could differ as to whether the Trustee should take or refrain from taking any action. Condition 15.1 (*Meetings of Noteholders*) provides that an Extraordinary Resolution to sanction certain modifications, including a modification which would have the effect of accelerating the maturity of a Senior Outstanding Class of Notes, shall only take effect if it has been sanctioned by a separate Extraordinary Resolution of the holders of each of the other Classes of Notes. In addition, in respect of any such Extraordinary Resolution in respect of a Class of Notes, the Trustee must be of the opinion that it will not be materially prejudicial to the interests of holders of Classes of Notes more senior than such Class of Notes.

The Royal Bank of Scotland plc is acting in a number of capacities (CDS Counterparty, Cross-currency Swap Counterparty, Cash Deposit Bank, Note Calculation Agent, CDS Calculation Agent, Transaction Account Bank, Reserve Account Bank, Cash Administrator, Joint Lead Manager and arranger and sole bookrunner) in connection with the transactions described herein. The Royal Bank of Scotland plc acting in such capacities in connection with such transactions shall only have the duties and responsibilities expressly agreed to by it in its relevant capacities and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Although it has acted as a Joint Lead Manager with respect to the Notes, The Royal Bank of Scotland plc, as the CDS Counterparty, the Cash Deposit Bank, the Cross-currency Swap Counterparty and the CDS Calculation Agent may take actions that are inconsistent with or adverse to the interests of the Noteholders.

The Royal Bank of Scotland plc, as the CDS Counterparty, the Cash Deposit Bank, the Cross-currency Swap Counterparty and the CDS Calculation Agent may take such actions as it determines to be in its own commercial interests. For instance, the CDS Counterparty has a right to deliver a Credit Event Notice with respect to any Reference Obligation for which a Credit Event has occurred. In taking any action with respect to the Credit Default Swap Agreement (including following the occurrence of a Credit Event or an early termination of the Credit Default Swap Agreement), the CDS Counterparty will be acting solely in its own commercial interests and not as agent, fiduciary or in any other capacity on behalf of the Issuer or the Noteholders. The CDS Counterparty is not obligated to consider the interests of the Issuer or the Noteholders in delivering a Credit Event Notice.

The CDS Counterparty and its affiliates may, but are not obligated to, hold Reference Obligations included in the Reference Portfolio for its own account or for the account of others. Neither the CDS Counterparty nor its affiliates will be (or be deemed to be acting as) the agent, trustee or fiduciary of the Issuer or the Noteholders in connection with the exercise of, or the failure to exercise, any of the rights or powers (including, without limitation, voting rights) of the CDS Counterparty and/or its affiliates arising under or in connection with their respective holding of any Reference Obligation.

The Joint Lead Managers, the CDS Counterparty and their affiliates may (but are not required to) hold other obligations or securities of any Borrower, may deal in any such obligations or securities, may enter into other credit derivatives involving reference entities or reference obligations that may include the Borrowers or the Reference Obligations (including credit derivatives relating to Reference Obligations), may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with, any Borrower, any affiliate of any Borrower or any other person or other entity having obligations relating to any Borrower, and may act with respect to such business in the same manner as if the Credit Default Swap Agreement or the Subscription Agreement did not exist, regardless of whether any such

relationship or action might have an adverse effect on any Reference Obligation (including, without limitation, any action which might constitute or give rise to a Credit Event), or on the position of the Issuer, the Noteholders or any other party to the transactions described herein or otherwise. In addition, the Joint Lead Managers, the CDS Counterparty and/or their affiliates may from time to time possess interests in the Borrowers and/or Reference Obligations allowing the Joint Lead Managers, the CDS Counterparty or their affiliates, as applicable (or any investment manager or adviser acting on its or their behalf), to exercise voting or consent rights with respect thereto, and such rights may be exercised in a manner that may be adverse to the interests of the Noteholders or that may affect the market value of Reference Obligations and/or the amounts payable thereunder. The Joint Lead Managers, the CDS Counterparty and their affiliates may, whether by reason of the types of relationships described herein or otherwise, at the date hereof or any time hereafter, be in possession of information in relation to any Borrower or Reference Obligation that is or may be material and that may or may not be publicly available or known to the Issuer, the Trustee or the Noteholders and which information the Joint Lead Managers, the CDS Counterparty or such affiliates will not disclose to the Issuer, the Trustee or the Noteholders. The CDS Counterparty may hedge, pledge, hypothecate or enter into any derivative or repurchase or other similar transaction with respect to any Reference Obligation.

The Joint Lead Managers and their affiliates currently act as underwriter, initial purchaser, or placement agent or in a similar capacity for entities having investment objectives similar to those of the Issuer, and the Joint Lead Managers and their affiliates may act as underwriter, initial purchaser or placement agent for such entities and other similar entities in the future. The Joint Lead Managers (or an affiliate) may be advising or distributing securities on behalf of a Borrower or providing banking or other services to a Borrower at the same time at which the CDS Counterparty is making changes to the Reference Obligations relating to such Borrower in the Reference Portfolio.

Under the terms of the Transaction Documents, the CDS Counterparty will have certain rights (and may exercise such rights) that may be adverse to the interests of the Issuer and the Noteholders. These include, but are not limited to, the requirement for the Trustee to obtain the prior written consent of the CDS Counterparty in case of the enforcement of the security in respect of the Collateral following the occurrence of an Event of Default.

The Joint Lead Managers and their affiliates (including the CDS Counterparty) may purchase, hold and sell Notes from time to time. The interests and incentives of the Joint Lead Managers or any such affiliate will not necessarily be aligned with those of the other Noteholders (or of the holders of any particular Class of Notes). The Joint Lead Managers or any such affiliate, in their capacity as Noteholders, may, in such capacity, act in the manner which they determine to be in their own best interests, without regard to the effect on the interests of other Noteholders.

The Joint Lead Managers may not have completed their resale of the Notes by the Closing Date, which may affect the liquidity of the Notes, as well as the ability, if any, of the Joint Lead Managers to make a market in the Notes. In addition, the Joint Lead Managers or one or more affiliates of the Joint Lead Managers may enter into one or more derivative transactions with respect to any of the Notes on or after the Closing Date.

Projections, Forecasts and Estimates

Any projections, forecasts and estimates contained herein are forward looking statements and are based upon certain assumptions that the Issuer considers reasonable. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, any such projection is only an estimate. Actual results may vary from a projection, and such 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, foreign exchange rates, market, financial or legal uncertainties, timing of replacements of loans in the Reference Portfolio, credit events with respect to loans in the Reference Portfolio and the effectiveness of the Credit Default Swap Agreement and the Cross-currency Swap Agreements, among others. Consequently, the inclusion of projections herein should not be regarded as a representation by the Issuer, the Trustee, the Joint Lead Managers, the CDS Counterparty, the Cross-currency Swap Counterparty 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 Joint Lead Managers, the Trustee, the CDS Counterparty, the Cross-currency Swap Counterparty or 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.

General

EU Directive on the Taxation of Savings Income

The provisions of the European Union Council Directive on the taxation of savings income became operative on 1 July 2005. Under this Directive Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction (a "**paying agent**") to an individual resident in another Member State, except that for a transitional period, Belgium, Luxembourg and Austria will instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax, or an obligation on a paying agent to provide information on a payment of interest or similar income, in substantially the same circumstances as envisaged by the Directive. Noteholders who are individuals should note that, should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Directive or under the equivalent legislation, no additional amounts would be payable by the Issuer.

Changes to the Basel Capital Accord

The Basel Committee on Banking Supervision (the "**Basel Committee**") has for some time been discussing and consulting on proposals for reform of the 1988 Capital Accord. The consultations on these proposals have concluded and, in June 2004, the Basel Committee published a document entitled "International Convergence of Capital Measurement and Capital Standards: a Revised Framework" (the "**Revised Framework**") which contains the final version of the new rules and which will replace the majority of the provisions in the 1988 Capital Accord.

National banking regulators are required to implement the Revised Framework with effect from 1 January 2007 (although, for banks that use the more sophisticated approaches that are available under the Revised Framework for calculating their capital requirements, there will be an option for them to continue to calculate their capital requirements in accordance with the 1988 Accord until 1 January 2008). When implemented, the Revised Framework could affect risk weighting of the Notes in respect of certain Noteholders, if those Noteholders are regulated in a manner which will be affected by the relevant national rules. Consequently, Noteholders should consult their own advisers as to the consequences to and effect on them of the potential application of the Revised Framework. The Issuer cannot predict the precise effects of potential changes which might result as a result of the Revised Framework being implemented.

Certain Legal Investment Considerations

None of the Issuer, the Trustee, the CDS Counterparty, the Joint Lead Managers or the Co-Managers makes any representation as to the proper characterization of the Notes for legal investment or other purposes, as to the ability of particular investors to purchase Notes for legal investment or other purposes or as to the ability of particular investors to purchase Notes under applicable investment restrictions. All institutions, the activities of which are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult their own legal advisers in determining whether and to what extent the Notes are subject to investment, capital or other restrictions.

Enforcement of Legal Liabilities

The Issuer is incorporated under the laws of the Netherlands. The Managing Director of the Issuer named herein resides outside the United States and all or substantially all of the assets of the Issuer are located outside the United States. It may not be possible to enforce, in original actions in the courts of the Netherlands, liabilities predicated solely on U.S. federal securities laws.

CONDITIONS OF THE NOTES

*The following are the terms and conditions (the **"Conditions**") of the Notes, in the form in which they will be set out in the Trust Deed. The Conditions will apply to the Notes whether they are in global form, subject to the provisions of the Global Registered Certificates, some of which will modify the effect of these Conditions, or definitive form, subject to the provisions of the Rule 144A Definitive Registered Certificates, some of which will modify the effect of these Conditions. See "Form of the Notes" below.*

The Class A1 Notes, Class A2 Notes, Class A3 Notes, Class B1 Notes, Class B2 Notes, Class B3 Notes, Class C1 Notes, Class C2 Notes, Class D1 Notes, Class D2 Notes, Class E1 Notes, Class E2 Notes, Class E3 Notes, Class F1 Notes, Class F2 Notes, Class F3 Notes and Class G Notes (together, the "**Notes**") of Arran Corporate Loans No. 1 B.V. (the "**Issuer**") are constituted and secured by, are subject to and have the benefit of, a trust deed date on or about the Closing Date between (amongst others) the Issuer and the Trustee (the "**Trust Deed**").

The Class A1 Notes, Class A2 Notes, Class A3 Notes, Class B1 Notes, Class B2 Notes, Class B3 Notes, Class C1 Notes, Class C2 Notes, Class D1 Notes, Class D2 Notes, Class E1 Notes, Class E2 Notes, Class E3 Notes, Class F1 Notes, Class F2 Notes, Class F3 Notes and Class G Notes are hereinafter collectively referred to as "**Classes**" and each as a "**Class**" or a "**Class of Notes**". Any reference to "**Notes**" in these Conditions shall include the Global Registered Certificates and the Definitive Registered Certificates (as applicable).

The Issuer has also entered into an agency agreement dated on or about the Closing Date (the "**Agency Agreement**") with one or more parties defined in the Agency Agreement as the "Registrar", the "Principal Paying Agent" the "Transfer and Paying Agent" (which term may include more than one Transfer and Paying Agent), the "Note Calculation Agent" and the Trustee. References herein to the "Registrar", the "Principal Paying Agent", the "Transfer and Paying Agent" or the "Note Calculation Agent" shall include, respectively, any Successor Registrar, Principal Paying Agent, Transfer and Paying Agent or Note Calculation Agent, and references herein to the "Transfer and Paying Agents" shall include any Successor or additional Transfer and Paying Agents, in each case appointed in accordance with the Agency Agreement. References herein to "Agents" are to the Registrar, the Principal Paying Agent, the Transfer and Paying Agent, the Note Calculation Agent, each other agent appointed in accordance with the Agency Agreement, the Cash Administrator, the CDS Prepayment Account Bank, the Transaction Account Bank and the Reserve Account Bank, as applicable. References herein to the "Trustee" shall include any Successor Trustee appointed in accordance with the Trust Deed.

Certain provisions of these Conditions are summaries of the Trust Deed and the other Transaction Documents and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Transaction Account Bank Agreement, the CDS Prepayment Account Agreement, the Reserve Account Agreement, the Cash Administration Agreement, the Credit Default Swap Agreement, each Cross-currency Swap Agreement and each other Transaction Document applicable to them. Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the principal office of the Trustee, the specified office of the Principal Paying Agent and the specified office of the Transfer and Paying Agent.

1. Definitions

"**Accounts**" means the Income Collection Account, the CDS Prepayment Account, the Reserve Account, the Sterling Expense Account and the Euro Expense Account.

"**Adjusted Principal Balance**" means, in respect of a Class of Notes on any date of determination, the Outstanding Principal Balance of such Class of Notes as at the immediately preceding Payment Date (or, if prior to the first Payment Date, the Closing Date) less an amount equal to the balance of the Principal Deficiency Ledger (or the *pro rata* portion thereof) in respect of such Class of Notes on such date of determination (after any increase or reduction thereof on such date of determination).

"**Agents**" means the Registrar, the Principal Paying Agent, the Transfer and Paying Agent, the Note Calculation Agent, any other agent appointed in accordance with the Agency Agreement, the Cash Administrator, the CDS Prepayment Account Bank, the Transaction Account Bank and the Reserve Account Bank.

"**Amortisation Amount**" means, in respect of any Payment Date during the Amortisation Period, an amount equal to the Swap Notional Amount on such date (prior to any amortisation on such date) minus the Reference Portfolio Notional Amount on such date, subject to a minimum of zero.

"**Amortisation Period**" means the period from and including the Payment Date immediately following the Revolving Period End Date to and including the Legal Final Maturity Date.

"**Assessment Date**" means each day that falls three Business Days prior to a Payment Date or an Early Termination Date (as defined in the Credit Default Swap Agreement).

"**Assessment Period**" means, in respect of an Assessment Date, the period from (and including) the immediately preceding Assessment Date (or, in the case of the first Assessment Date, from and including the Closing Date) to (but excluding) such Assessment Date.

"**Authorised Investments**" means:

(i) any sterling or euro denominated securities that are an obligation of a company, financial institution or a trust company which at the time of such purchase have: (a) a long-term unsecured, unguaranteed and unsubordinated rating of at least "AAA" by S&P, "Aaa" by Moody's and "AAA" by Fitch, respectively, and/or (b) a short-term unsecured, unguaranteed and unsubordinated rating of at least "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch, respectively; or

(ii) any sterling or euro denominated bank account, deposit (including, for the avoidance of doubt, time deposits) or other debt instruments issued by, or fully and unconditionally guaranteed on an unsecured and unsubordinated basis by, or, if a bank account or deposit, held or made with any financial institution the short-term unsecured and unsubordinated debt obligations of which are rated at least "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch, respectively; or

(iii) sterling or euro denominated commercial paper or money market funds which are rated in the highest ranking category by each Rating Agency and permit daily liquidation of investments,

and which have a maturity before the next Payment Date.

"**Available Amortisation Funds Priority of Payments**" has the meaning given to that term in Condition 9.1 (*Amortisation of Notes*).

"**Available Income Funds**" has the meaning given to that term in Condition 5.7 (*Accounts*).

"**Available Income Funds Priority of Payments**" has the meaning given to that term in Condition 5.1 (*Application of Available Income Funds*).

"**Basic Terms Modification**" has the meaning set out in Condition 15.1 (*Meetings of Noteholders*).

"**Business Day**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and New York City and which is a day on which the TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) System is open.

"**Calculation Date**" means, in respect of a Payment Period, the first day of such Payment Period.

"**Cash Administration Agreement**" means the agreement dated on or about the Closing Date between, *inter alios*, the Issuer and the Cash Administrator pursuant to which the Cash Administrator has agreed to perform the duties expressed to be performed by it in these Conditions.

"**Cash Administrator**" means The Royal Bank of Scotland plc in its capacity as cash administrator or any Successor appointed under the Cash Administration Agreement.

"**Cash Deposit Account**" means the segregated account in the name of the Issuer held with the Cash Deposit Bank into which the proceeds of the issuance of the Notes (in the case of the Euro Notes and U.S. dollar Notes, following conversion into pounds sterling pursuant to the relevant Cross-currency Swap Agreement), will be deposited on the Closing Date.

"**Cash Deposit Agreement**" means the agreement dated on or about the Closing Date between the Issuer and the Cash Deposit Bank in relation to the establishment and operation of the Cash Deposit Account.

"**Cash Deposit Bank**" means The Royal Bank of Scotland plc in its capacity as cash deposit bank or any successor appointed under the Cash Deposit Agreement.

"**Cash Deposit Replenishment Amount**" has the meaning given to that term in Condition 5.1 (*Application of Available Income Funds*).

"**CDS Calculation Agent**" means The Royal Bank of Scotland plc in its capacity as calculation agent appointed pursuant to the Credit Default Swap Agreement.

"**CDS Counterparty**" means The Royal Bank of Scotland plc in its capacity as swap counterparty under the Credit Default Swap Agreement.

"**CDS Counterparty Default**" means the occurrence of an event of default under the Credit Default Swap Agreement in relation to which the CDS Counterparty is the defaulting party.

"**CDS Counterparty Downgrade Event**" has the meaning given to it under the Credit Default Swap Agreement.

"**CDS Counterparty Payment**" has the meaning given to that term in the Credit Default Swap Agreement.

"**CDS Prepayment Account**" means a segregated interest bearing account entitled "Arran Corporate Loans No. 1 — CDS Prepayment Account" and held in the name of the Issuer with the CDS Prepayment Account Bank.

"**CDS Prepayment Account Agreement**" means the agreement dated on or about the Closing Date between the Issuer and the CDS Prepayment Account Bank, the Cash Administrator and the Trustee pursuant to which the CDS Prepayment Account Bank has agreed to open and maintain the CDS Prepayment Account on behalf of the Issuer.

"**CDS Prepayment Account Bank**" means Deutsche Bank AG, London Branch and any Successor appointed as CDS prepayment account bank pursuant to CDS Prepayment Account Agreement.

"**CDS Prepayment Adjustment Amount**" means each Buyer Prepayment Adjustment Amount (as defined in the Credit Default Swap Agreement).

"**CDS Prepayment Amount**" means each Buyer Prepayment Amount (as defined in the Credit Default Swap Agreement).

"**Class A Notes**" means the Issuer's £605,550,000 Class A1 Secured Floating Rate Notes due 2025 (the "**Class A1 Notes**"), €1,025,200,000 Class A2 Secured Floating Rate Notes due 2025 (the "**Class A2 Notes**") and $2,860,000,000 Class A3 Secured Floating Rate Notes due 2025 (the "**Class A3 Notes**").

"**Class B Notes**" means the Issuer's £90,500,000 Class B1 Secured Floating Rate Notes due 2025 (the "**Class B1 Notes**"), €110,000,000 Class B2 Secured Floating Rate Notes due 2025 (the "**Class B2 Notes**") and $73,000,000 Class B3 Secured Floating Rate Notes due 2025 (the "**Class B3 Notes**").

"**Class C Notes**" means the Issuer's £26,250,000 Class C1 Secured Floating Rate Notes due 2025 (the "**Class C1 Notes**") and €38,000,000 Class C2 Secured Floating Rate Notes due 2025 (the "**Class C2 Notes**").

"**Class D Notes**" means the Issuer's £42,500,000 Class D1 Secured Floating Rate Notes due 2025 (the "**Class D1 Notes**") and €50,000,000 Class D2 Secured Floating Rate Notes due 2025 (the "**Class D2 Notes**").

"**Class E Notes**" means the Issuer's £39,250,000 Class E1 Secured Floating Rate Notes due 2025 (the "**Class E1 Notes**"), €38,000,000 Class E2 Secured Floating Rate Notes due 2025 (the "**Class E2 Notes**") and $28,000,000 Class E3 Secured Floating Rate Notes due 2025 (the "**Class E3 Notes**").

"**Class F Notes**" means the Issuer's £70,500,000 Class F1 Secured Floating Rate Notes due 2025 (the "**Class F1 Notes**"), €10,000,000 Class F2 Secured Floating Rate Notes due 2025 (the "**Class F2 Notes**") and $5,000,000 Class F3 Secured Floating Rate Notes due 2025 (the "**Class F3 Notes**").

"**Class G Notes**" means the Issuer's £119,091,000 Class G Secured Floating Rate Notes due 2025.

"**Clean-up Call Event**" means any Payment Date on which the Reference Portfolio Notional Amount is less than 10 per cent. of the Initial Reference Portfolio Notional Amount.

"**Clearstream, Luxembourg**" has the meaning given to that term in Condition 3.3 (*Transfer*).

"**Closing Date**" means 29 June 2006.

"**Co-Managers**" means UniCredit Banca Mobiliare S.p.A, Bayerische Hypo-Und Vereinsbank AG, Banc of America Securities Limited, Fortis Bank nv-sa, Banca IMI S.p.A., Bayerische Landesbank, IXIS Corporate & Investment Bank, Caja de Ahorros de Valencia, Castellon y Alicante, Bancaja, Standard Chartered Bank.

"**Collateral**" has the meaning given to that term in Condition 6.1 (*Security*).

"**Conditions to Settlement**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Credit Default Swap Agreement**" means the credit default swap agreement entered into between the Issuer and the CDS Counterparty in relation to the Notes on the Closing Date pursuant to which the CDS Counterparty has purchased credit protection on the Reference Portfolio from the Issuer.

"**Credit Event Verification Report**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Credit Protection Amount**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Credit Protection Calculation Notice**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Credit Protection Verification Report**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Cross-currency Swap Agreements**" means the swap agreements entered into between the Issuer and the Cross-currency Swap Counterparty, as the same may be amended, replaced and/or supplemented, in relation to each Class of Non-Sterling Notes for the purpose of exchanging amounts in sterling determined in respect of such Class of Notes pursuant to the Priorities of Payment into amounts in the currency of denomination of such Class of Notes, and "**Class A2 Cross-currency Swap Agreement**", "**Class A3 Cross-currency Swap Agreement**", "**Class B2 Cross-currency Swap Agreement**", "**Class B3 Cross-currency Swap Agreement**", "**Class C2 Cross-currency Swap Agreement**", "**Class D2 Cross-currency Swap Agreement**", "**Class E2 Cross-currency Swap Agreement**", "**Class E3 Cross-currency Swap Agreement**", "**Class F2 Cross-currency Swap Agreement**" and "**Class F3 Cross-currency Swap Agreement**" shall be construed accordingly.

"**Cross-currency Swap Counterparty**" means The Royal Bank of Scotland plc in its capacity as cross-currency swap counterparty or any successor cross-currency swap counterparty appointed pursuant to a Cross-currency Swap Agreement.

"**Cross-currency Swap Counterparty Default**" has the meaning given to that term in the relevant Cross-currency Swap Agreement.

"**Cross-currency Swap Premium Excess**" has the meaning given to that term in Condition 5.1 (*Application of Available Income Funds*).

"**Day Count Fraction**" means, in respect of a Payment Period, (i) in respect of Sterling Notes, the actual number of days in such Payment Period divided by 365 (or, if that Payment Period ends in a leap year, 366) and (ii) in respect of the Euro Notes and the U.S. dollar Notes, the actual number of days in such Payment Period divided by 360.

"**Defaulted Reference Obligation**" means a Reference Obligation in respect of which the Conditions to Settlement are satisfied.

"**Deferred Interest**" means, in respect of any Class of Notes (other than the Class A Notes and the Class B Notes) and any Payment Date, an amount equal to the aggregate Interest Amount payable on the Notes of such Class on each prior Payment Date as determined by the Note Calculation Agent under Condition 8.4 (*Calculation of Interest*) minus the aggregate amount of interest actually paid in respect of such Class of Notes on each prior Payment Date.

"**Definitive Registered Certificate**" has the meaning given to that term in Condition 13.2 (*Exchange of Global Registered Certificates for Definitive Registered Certificates*).

"**DTC**" has the meaning given to that term in Condition 3.3 (*Transfer*).

An "**Early Amortisation Event**" shall occur, at the option of the CDS Counterparty, if the Reference Portfolio Notional Amount is less than the Swap Notional Amount on two consecutive Payment Dates.

"**EC Treaty**" means the Treaty establishing the European community signed in Rome on 25 March 1957, as amended from time to time, including by the Treaty on European Union signed in Maastricht on 7 February 1992.

"**Enforcement Notice**" has the meaning given to that term in Condition 11.1 (*Events of Default*).

"**Enforcement Priority of Payments**" has the meaning given to that term in Condition 5.2 (*Application of Proceeds upon Enforcement*).

"**Euro Expense Account**" means a euro denominated, segregated, interest bearing account entitled "Arran Corporate Loans No. 1 — Euro Expense Account" that is held in the name of Issuer with the Transaction Account Bank.

"**Euro Notes**" means the Class A2 Notes, Class B2 Notes, Class C2 Notes, Class D2 Notes, Class E2 Notes and Class F2 Notes.

"**Euroclear**" has the meaning given to that term in Condition 3.3 (*Transfer*).

"**Eurozone**" means the region comprised of member states of the European Union that adopt the euro in accordance with the EC Treaty.

"**Event of Default**" has the meaning given to that term in Condition 11.1 (*Events of Default*).

"**Exceptional Expenses**" means any unanticipated fees, expenses and other amounts or liabilities which are incurred or claimed by any Operating Creditor which are not Operating Expenses and which are payable by the Issuer under a Transaction Document to which it is a party but which are not otherwise payable pursuant to the Priorities of Payment.

"**Exchange Act**" has the meaning given to that term in Condition 13.1 (*Issue of Definitive Registered Certificates*).

"**Expenses Clean-Up Payment**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Extraordinary Resolution**" means, with respect to any Class of Noteholders, a resolution passed at a meeting of such Class of Noteholders duly convened and held in accordance with the Trust Deed by at least 75 per cent. by number of the votes cast.

"**Fitch**" means Fitch Ratings Ltd., and any successor to its ratings business.

"**Global Registered Certificates**" means the Rule 144A Global Registered Certificates and the Regulation S Global Registered Certificates.

"**Holder**" has the meaning given to that term in Condition 3.1 (*Register*).

"**Income Collection Account**" means a segregated interest bearing account entitled "Arran Corporate Loans No. 1 — Income Collection Account" that is held in the name of the Issuer with the Transaction Account Bank.

"**Independent Verification Accountant Trigger Event**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Initial CDS Payment**" means the payment by the CDS Counterparty to the Issuer on the Closing Date under the Credit Default Swap Agreement of an amount in pounds sterling equal to 0.125 per cent. multiplied by the Initial Swap Notional Amount.

"**Initial Principal Amount**" means, in respect of each Class of Notes, the amount set out in respect of such Class in the table below:

Class of Notes	*Initial Principal Amount*
Class A1 Notes	£ 605,550,000
Class A2 Notes	€ 1,025,200,000
Class A3 Notes	$ 2,860,000,000
Class B1 Notes	£ 90,500,000
Class B2 Notes	€ 110,000,000
Class B3 Notes	$ 73,000,000
Class C1 Notes	£ 26,250,000
Class C2 Notes	€ 38,000,000
Class D1 Notes	£ 42,500,000
Class D2 Notes	€ 50,000,000
Class E1 Notes	£ 39,250,000
Class E2 Notes	€ 38,000,000
Class E3 Notes	$ 28,000,000
Class F1 Notes	£ 70,500,000
Class F2 Notes	€ 10,000,000
Class F3 Notes	$ 5,000,000
Class G Notes	£ 119,091,000

"**Initial Principal Balance**" means, in respect of each Class of Notes, the amount set out in respect of such Class in the table below:

Class of Notes	*Initial Principal Balance*
Class A1 Notes	£ 605,550,000.00
Class A2 Notes	£ 707,034,482.76
Class A3 Notes	£ 1,571,428,571.43
Class B1 Notes	£ 90,500,000.00
Class B2 Notes	£ 75,862,068.97
Class B3 Notes	£ 40,109,890.11
Class C1 Notes	£ 26,250,000.00
Class C2 Notes	£ 26,206,896.55
Class D1 Notes	£ 42,500,000.00
Class D2 Notes	£ 34,482,758.62
Class E1 Notes	£ 39,250,000.00
Class E2 Notes	£ 26,206,896.55
Class E3 Notes	£ 15,384,615.38
Class F1 Notes	£ 70,500,000.00
Class F2 Notes	£ 6,896,551.72
Class F3 Notes	£ 2,747,252.75
Class G Notes	£ 119,091,000.00

"**Initial Reference Portfolio Notional Amount**" means £3,500,000,000.

"**Initial Sterling Expense Payment**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Initial Swap Notional Amount**" means the aggregate Adjusted Principal Balance in respect of each Class of Notes on the Closing Date.

"**Interest Amount**" means, in respect of a Note and a Payment Period, the amount of interest payable in respect of such Note for such Payment Period.

"**Interest Shortfall**" has the meaning given to that term in Condition 8.5 (*Deferred Interest*).

"**Internal Credit Grade**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Issuer Dutch Account**" means the segregated account in the name of the Issuer with Fortis Bank Nederland B.V.

"**Issuer Expense Accounts**" means the Sterling Expense Account and the Euro Expense Account.

"**Issuer Income**" means each amount of interest accrued on the balance standing to the credit of the Cash Deposit Account from time to time and payable to the Issuer pursuant to the Cash Deposit Agreement.

"**Legal Final Maturity Date**" means the Payment Date falling in June 2025.

"**Liquidated Reference Obligation**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Management Agreement**" means the management agreement dated 23 May 2006 between the Issuer and the Managing Director in respect of the management and administration of the Issuer.

"**Managers**" means The Royal Bank of Scotland plc and Greenwich Capital Markets, Inc. in their respective capacities as joint lead managers (the "**Joint Lead Managers**") and the Co-Managers.

"**Managing Director**" means Structured Finance Management (Netherlands) B.V. or any successor as Managing Director appointed pursuant to the Management Agreement.

"**Mandatory Early Redemption Date**" has the meaning given to that term in Condition 9.7 (*Mandatory Early Redemption*).

"**Margin**" means in respect of each Class of Notes, the rate set out in respect of such Class in the table below:

Class of Notes	***Margin***
Class A1 Notes	0.17 per cent. per annum
Class A2 Notes	0.17 per cent. per annum
Class A3 Notes	0.17 per cent. per annum
Class B1 Notes	0.33 per cent. per annum
Class B2 Notes	0.33 per cent. per annum
Class B3 Notes	0.33 per cent. per annum
Class C1 Notes	0.60 per cent. per annum
Class C2 Notes	0.60 per cent. per annum
Class D1 Notes	1.00 per cent. per annum
Class D2 Notes	1.00 per cent. per annum
Class E1 Notes	3.25 per cent. per annum
Class E2 Notes	3.25 per cent. per annum
Class E3 Notes	3.25 per cent. per annum
Class F1 Notes	5.50 per cent. per annum
Class F2 Notes	5.50 per cent. per annum
Class F3 Notes	5.50 per cent. per annum
Class G Notes	7.50 per cent. per annum

"**Minimum Denomination**" means in respect of the Sterling Notes, £50,000 and integral multiples of £1,000 in excess thereof, in respect of the Euro Notes, €50,000 and integral multiples of €1,000 in excess thereof and, in respect of U.S. dollar Notes, $250,000 and integral multiples of $1,000 in excess thereof.

"**Moody's**" means Moody's Investors Service Limited, and any successor to its ratings business.

"**Non-Sterling Notes**" means each Class of Notes other than the Sterling Notes.

"**Note Calculation Agent**" means The Royal Bank of Scotland plc in its capacity as note calculation agent or any Successor appointed as note calculation agent pursuant to the Agency Agreement.

"**Noteholder**" has the meaning given to that term in Condition 3.1 (*Register*).

"**Operating Creditor**" means any of (i) the Trustee, (ii) any Receiver, (iii) any Agent, (iv) the Managing Director, (iv) any stock exchange on which the Notes are listed, (v) the Issuer's auditors, legal advisers and tax advisers, (vi) any Rating Agency and (vii) any other creditor from time to time of the Issuer which has been notified to the Cash Administrator in accordance with the terms of the Cash Administration Agreement.

"**Operating Expenses**" means any anticipated fees, expenses and other anticipated amounts or liabilities payable by the Issuer to any Operating Creditor.

"**outstanding**" means, with respect to the Notes of a Class, all of the Notes of such Class issued other than:

(i) those Notes of the relevant Class which have been redeemed pursuant to the Conditions and the Trust Deed;

(ii) those Notes of each Class in respect of which any claim to the Principal Amount Outstanding has been extinguished, and the redemption moneys 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) and remain available for payment;

(iii) those Notes claims in respect of which have become void under Condition 12 (*Prescription*);

(iv) those Notes represented by a Global Registered Certificate to the extent that interests in such Global Registered Certificate have been exchanged in full for Definitive Registered Certificates pursuant to its provisions.

"**Outstanding Principal Balance**" means, with respect to each Class of Notes on any date, the Initial Principal Balance of such Class as of the Closing Date minus the Sterling amount of any principal payments (determined using the Relevant FX Rate, if applicable) and made in accordance with Condition 9.1 (*Amortisation of Notes*) in respect of that Class on or prior to such date, and the "Outstanding Principal Balance" of a Note of any Class shall mean such Note's *pro rata* portion of the Outstanding Principal Balance for such Class.

"**Payment Date**" has the meaning given to that term in Condition 8.1 (*Interest on Notes*).

"**Payment Period**" has the meaning given to that term in Condition 8.1 (*Interest on Notes*).

"**Periodic Euro Expense Payment**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Periodic Sterling Expense Payment**" has the meaning given to that term in the Credit Default Swap Agreement.

"**person**" means an individual, corporation (including a business trust), limited liability company, partnership, collective investment scheme, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

"**Priorities of Payment**" means the Available Income Funds Priority of Payments, the Available Amortisation Funds Priority of Payments and the Enforcement Priority of Payments.

"**Principal Amount Outstanding**" means, in respect of any Class of Notes, the Initial Principal Amount of such Class minus all amounts in respect of principal actually paid to Noteholders of such Class in the currency of denomination of such Class, and the "Principal Amount Outstanding" of a Note of any Class shall mean such Note's *pro rata* portion of the Principal Amount Outstanding for such Class.

"**Principal Deficiency Ledger**" has the meaning given to that term in Condition 5.8 (*Principal Deficiency Ledgers*).

"**Principal Financial Centre**" has the meaning given to that term in Condition 10.1 (*Method of Payment*).

"**Principal Paying Agent**" means Deutsche Bank AG, London Branch or any Successor appointed as principal paying agent pursuant to the Agency Agreement.

"**Rate of Interest**" means the rate of interest payable from time to time in respect of a Note as determined by the Note Calculation Agent in accordance with Condition 8.3 (*Rate of Interest*).

"**Rated Notes**" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes.

"**Rating Agencies**" means S&P, Moody's and Fitch, and the term "**Rating Agency**" shall mean any of them, as the context so requires.

"**Receiver**" means any receiver or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with the terms of the Trust Deed.

"**Record Date**" means, with respect to any payment, the fifteenth day before the due date for such payment.

"**Reference Banks**" means, for the purposes of the Sterling Notes and the U.S. dollar Notes, four major banks in the London inter-bank market and, for the purposes of the Euro Notes, four major banks in the Euro-zone inter-bank market, in each case selected by the Note Calculation Agent for the purpose of calculating the Rate of Interest pursuant to Condition 8.3 (*Rate of Interest*).

"**Reference Obligation Facility Amount**" has the meaning given to that term in the Credit Default Swap Agreement.

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

"**Reference Portfolio**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Reference Portfolio Notional Amount**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Register**" means the register kept at the specified office of the Registrar in accordance with the Agency Agreement on which shall be entered the names and addresses of the Holders of the Notes, the particulars of the Notes held by them and all transfers of the Notes.

"**Registered Certificates**" means the Global Registered Certificates and the Definitive Registered Certificates.

"**Registrar**" means Deutsche Bank Trust Company Americas or any Successor appointed as registrar pursuant to the Agency Agreement.

"**Regulation S Exchanged Definitive Registered Certificates**" has the meaning given to that term in Condition 13.2 (*Exchange of Global Registered Certificates for Definitive Registered Certificates*).

"**Regulation S Global Registered Certificate**" has the meaning given to that term in Condition 2 (*Form and Denomination*).

"**Regulatory Call Option**" has the meaning given to that term in Condition 9.3 (*Regulatory Call*).

"**Regulatory Event**" has the meaning given to that term in Condition 9.3 (*Regulatory Call*).

"**Relevant Date**" has the meaning given to that term in Condition 12 (*Prescription*).

"**Relevant Financial Centre**" means London (in the case of the Sterling and the U.S. dollar Notes) or the Eurozone (in the case of the Euro Notes).

"**Relevant FX Rate**" means, in respect of each Class of Non-Sterling Notes, the foreign currency exchange rate set out in respect of such Class in the table below:

Class of Notes	*Relevant FX Rate (rounded to 5 decimal places)*
Class A2 Notes	£1: €1.45000
Class A3 Notes	£1: $1.82000
Class B2 Notes	£1: €1.45000
Class B3 Notes	£1: $1.82000
Class C2 Notes	£1: €1.45000
Class D2 Notes	£1: €1.45000
Class E2 Notes	£1: €1.45000
Class E3 Notes	£1: $1.82000
Class F2 Notes	£1: €1.45000
Class F3 Notes	£1: $1.82000

"**Relevant Screen**" has the meaning given to that term in Condition 18 (*Notices*).

"**Relevant Screen Rate**" means (i) in respect of the Sterling Notes, the arithmetic mean of the offered quotations to leading banks for three-month Sterling deposits in the London inter-bank market, (ii) in respect of the Euro Notes, the arithmetic mean of the offered quotations to leading banks for three-month euro deposits in the Euro-zone inter-bank market, and (iii) in respect of the U.S. dollar Notes, the arithmetic mean of the offered quotations to leading banks for three-month U.S. dollar deposits in the London inter-bank market, in the case of each of the Sterling Notes and the U.S. dollar Notes, displayed on Moneyline Telerate page 3750 and, in the case of the Euro Notes, displayed on Moneyline Telerate page 248, provided that the Relevant Screen Rate in respect of the first Payment Period and any Class of Notes shall be the linear interpolation of the rates determined in accordance with (i), (ii) or (iii) (as applicable) adjusted for 2 month and 3 month deposits in the relevant currency and market.

"**Relevant Time**" means in respect of the Sterling Notes and the U.S. dollar Notes, 11.00 a.m. London time, and in respect of the Euro Notes, 11.00 a.m. Brussels time.

"**Representative Amount**" means an amount that is representative for a single transaction in the relevant market at the relevant time.

"**Reserve Account**" means a segregated interest bearing account entitled "Arran Corporate Loans No.1 — Reserve Account" that is held in the name of the Issuer with the Reserve Account Bank.

"**Reserve Account Agreement**" means the agreement dated on or about the Closing Date between the Issuer, the Reserve Account Bank, the Cash Administrator and the Trustee pursuant to which the Reserve Account Bank has agreed to open and maintain the Reserve Account on behalf of the Issuer.

"**Reserve Account Bank**" means The Royal Bank of Scotland plc in its capacity as reserve account bank or any Successor appointed as reserve account bank pursuant to the Reserve Account Agreement.

"**Reserve Account Required Amount**" means zero on the Closing Date and any Payment Date, until, on any Payment Date, the aggregate of the Reference Obligation Notional Amounts of all Defaulted Reference Obligations exceeds 3.4 per cent. of the aggregate of the Outstanding Principal Balance of all Classes of Notes, whereupon the Reserve Account Required Amount shall be increased to 1 per cent. of the aggregate of the Initial Principal Balance of all Classes of Notes with effect from and including such Payment Date and shall not be reduced on any subsequent Payment Date.

"**Revolving Period**" means the period from and including the Closing Date to and including the Revolving Period End Date.

"**Revolving Period End Date**" means the earlier of (i) the Assessment Date immediately following the occurrence of an Early Amortisation Event and (ii) the Assessment Date in June 2007.

"**Rule 144A Exchanged Definitive Registered Certificates**" has the meaning given to that term in Condition 13.2 (*Exchange of Global Registered Certificates for Definitive Registered Certificates*).

"**Rule 144A Definitive Registered Certificates**" has the meaning given to that term in Condition 2 (*Form and Denomination*).

"**Rule 144A Global Registered Certificates**" has the meaning given to that term in Condition 2 (*Form and Denomination*).

"**S&P**" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and any successor to its ratings business.

"**Screen Rate Determination Date**" means, in respect of the Sterling Notes, the first day of the relevant Payment Period, and in respect of the Euro Notes and U.S. dollar Notes, the day that falls two Business Days prior to the first day of the relevant Payment Period.

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

"**Secured Obligations**" means all present and future obligations of the Issuer to the Secured Parties under the Notes, the Trust Deed, the Credit Default Swap Agreement, the Cross-currency Swap Agreements and the other Transaction Documents.

"**Secured Parties**" means the Noteholders, the Trustee, the CDS Counterparty, the Cross-currency Swap Counterparty and the Agents.

"**Senior Outstanding Class**" means the Class A Notes or, following redemption and payment in full of the Class A Notes, the Class B Notes or, following redemption and payment in full of the Class B Notes, the Class C Notes or, following redemption and payment in full of the Class C Notes, the Class D Notes or, following redemption and payment in full of the Class D Notes, the Class E Notes or, following redemption and payment in full of the Class E Notes, the Class F Notes or, following redemption and payment in full of the Class F Notes, the Class G Notes.

"**Sterling Expense Account**" means a Sterling denominated, segregated, interest bearing account entitled "Arran Corporate Loans No.1 – Sterling Expense Account" that is held in the name of the Issuer with the Transaction Account Bank.

"**Sterling Notes**" means the Class A1 Notes, Class B1 Notes, Class C1 Notes, Class D1 Notes, Class E1 Notes, Class F1 Notes and Class G Notes.

"**Subscription Agreement**" means the agreement made between the Issuer and the Managers dated 28 June 2006, pursuant to which the Managers have severally agreed, subject to certain conditions, to subscribe for the Notes.

"**Successor**" means, in relation to any Agent or the Trustee, such other or further person as may from time to time be appointed by the Issuer as such, in the case of any Agent with the written approval of, and on terms approved in writing by, the Trustee, and notice of whose appointment is given to Noteholders and in the case of the Trustee, having been approved by separate Extraordinary Resolutions of the Holders of each Class of Notes, or any permitted assignee or successor in title of any such person, or (in any case) any person who under the law of its jurisdiction of incorporation has validly assumed the rights and obligations of any such person or to whom such rights and obligations have been validly transferred.

"**Swap Agreements**" means the Credit Default Swap Agreement and each Cross-currency Swap Agreement.

"**Swap Counterparty**" means each of the CDS Counterparty and the Cross-currency Swap Counterparty.

"**Swap Notional Amount**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Tax**" means any present or future tax, levy, impost, duty or other charge or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied under the law or regulations of any relevant jurisdiction and "**Taxes**", "**taxation**" and "**taxable**" and comparable expressions shall be construed accordingly.

"**Tax Redemption Event**" has the meaning given to that term in Condition 9.4 (*Redemption for Taxation Reasons)*.

"**Transaction Account Bank**" means The Royal Bank of Scotland plc in its capacity as transaction account bank or any successor appointed as transaction account bank pursuant to the Transaction Account Bank Agreement.

"**Transaction Account Bank Agreement**" means the agreement dated on or about the Closing Date between the Issuer, the Transaction Account Bank, the Cash Administrator and the Trustee pursuant to which the Transaction Account Bank has agreed to open and maintain the Income Collection Account and each of the Issuer Expense Accounts on behalf of the Issuer.

"**Transaction Documents**" means the Trust Deed, the Agency Agreement, the Swap Agreements, the Transaction Account Bank Agreement, the Cash Administration Agreement, the Cash Deposit Agreement, the CDS Prepayment Account Agreement, the Reserve Account Agreement, the Verification Agreement, the Verification Engagement Letter and the Subscription Agreement.

"**Transaction Parties**" means the Issuer, the Trustee, the Agents, the CDS Counterparty, the Cross-currency Swap Counterparty, the Independent Verification Accountant, the Cash Deposit Bank, the CDS Calculation Agent, the Transaction Account Bank, CDS Prepayment Account Bank, the Reserve Account Bank, the Cash Administrator and the Managers (each, a "**Transaction Party**").

"**Transfer and Paying Agent**" means Deutsche International Corporate Services (Ireland) Limited or any Successor appointed as transfer and paying agent pursuant to the Agency Agreement.

"**Trustee**" means Deutsche Trustee Company Limited or any Successor appointed as trustee pursuant to the Trust Deed.

"**United States**" and "**U.S.**" means the United States of America (including the States and the District of Columbia).

"**United States persons**" and "**U.S. persons**" has the meaning ascribed to it by Regulation S under the Securities Act and "non-U.S. persons" shall be construed accordingly.

"**U.S. dollar Notes**" means the Class A3 Notes, Class B3 Notes, Class E3 Notes and Class F3 Notes.

"**Valuation Period**" has the meaning given to that term in the Credit Default Swap Agreement.

"**Verification Agreement**" means the agreement dated on or about the Closing Date in which it has been agreed that Deloitte & Touche LLP (together with any successor appointed under the Verification Agreement, the "**Independent Verification Accountant**") will enter into an engagement letter (the "**Verification Engagement Letter**") to act as the Independent Verification Accountant in relation to the Credit Default Swap Agreement.

"**Written Resolution**" means a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. of the Outstanding Principal Balance of a Class of Notes for the time being outstanding who for the time being are entitled to received notice of a meeting of the Holders of Notes in accordance with the provisions of the Trust Deed, whether contained in one document or in more than one document in the same form, each signed by or on behalf of one or more Holders of such Class of Notes.

In these Conditions, references to "**£**", "**Sterling**" and "**pounds sterling**" are to the lawful currency for the time being of the United Kingdom, references to "**euro**", "**EUR**" and "**€**" are to the currency of the member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and references to "**$**" and "**U.S. dollars**" are to the lawful currency for the time being of the United States of America.

2. Form and Denomination

The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") will initially be represented by one or more global registered certificates for each such Class of Notes (the "**Class A1 Regulation S Global Registered Certificate**", the "**Class A2 Regulation S Global Registered Certificate**", the "**Class A3 Regulation S Global Registered Certificate**", the "**Class B1 Regulation S Global Registered Certificate**", the "**Class B2 Regulation S Global Registered Certificate**", the "**Class B3 Regulation S Global Registered Certificate**", the "**Class C1 Regulation S Global Registered Certificate**", the "**Class C2 Regulation S Global Registered Certificate**", the "**Class D1 Regulation S Global Registered Certificate**", the "**Class D2 Regulation S Global Registered Certificate**", the "**Class E1 Regulation S Global Registered Certificate**", the "**Class E2 Regulation S Global Registered Certificate**", the "**Class E3 Regulation S Global Registered Certificate**", the "**Class F1 Regulation S Global Registered Certificate**", the

"**Class F2 Regulation S Global Registered Certificate**", the "**Class F3 Regulation S Global Registered Certificate**" and the "**Class G Regulation S Global Registered Certificate**", respectively, and together, the "**Regulation S Global Registered Certificates**").

The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes initially offered and sold in the United States to qualified institutional buyers (who are also "qualified purchasers" within the meaning of Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**")) as defined in and in reliance on Rule 144A ("**Rule 144A**") under the Securities Act likewise will initially be represented by one or more global registered certificates for each such Class of Notes (the "**Class A1 Rule 144A Global Registered Certificate**", the "**Class A2 Rule 144A Global Registered Certificate**", the "**Class A3 Rule 144A Global Registered Certificate**", the "**Class B1 Rule 144A Global Registered Certificate**", the "**Class B2 Rule 144A Global Registered Certificate**", the "**Class B3 Rule 144A Global Registered Certificate**", the "**Class C1 Rule 144A Global Registered Certificate**", the "**Class C2 Rule 144A Global Registered Certificate**", the "**Class D1 Rule 144A Global Registered Certificate**" and the "**Class D2 Rule 144A Global Registered Certificate**", respectively, and together, the "**Rule 144A Global Registered Certificates**" and, together with the Regulation S Global Registered Certificates, the "**Global Registered Certificates**").

The Global Registered Certificates will, in aggregate, represent the aggregate Principal Amount Outstanding of the Class A Notes, Class B Notes, Class C Notes and Class D Notes.

In respect of the Class A Notes, Class B Notes, Class C Notes and Class D Notes, the sum of the Principal Amount Outstanding of the Rule 144A Notes represented by the applicable Rule 144A Global Registered Certificate and the Principal Amount Outstanding of the Regulation S Notes represented by the applicable Regulation S Global Registered Certificate will be equal to the Principal Amount Outstanding of such Class.

The Class E Notes, the Class F Notes, and the Class G Notes initially offered and sold in the United States to qualified institutional buyers (who are also "qualified purchasers" within the meaning of Section 2(a)(51) of the Investment Company Act) as defined in and in reliance on Rule 144A will initially be represented by one or more registered certificates in definitive form for each such Class of Notes (the "**Class E1 Rule 144A Definitive Registered Certificate**", the "**Class E2 Rule 144A Definitive Registered Certificate**", the "**Class E3 Rule 144A Definitive Registered Certificate**", the "**Class F1 Rule 144A Definitive Registered Certificate**", the "**Class F2 Rule 144A Definitive Registered Certificate**", the "**Class F3 Rule 144A Definitive Registered Certificate**", and the "**Class G Rule 144A Definitive Registered Certificate**", respectively, and together, the "**Rule 144A Definitive Registered Certificates**"). In addition to the Rule 144A Definitive Registered Certificates, Definitive Registered Certificates of each class may be issued in registered form only in accordance with Condition 13 (*Definitive Registered Certificates*). Any Definitive Registered Certificates issued will be issued in denominations of not less than the Minimum Denomination and will be serially numbered.

The Rule 144A Definitive Registered Certificates and the related Regulation S Global Registered Certificates will, in aggregate, represent the aggregate Principal Amount Outstanding of the Class E Notes, the Class F Notes and the Class G Notes.

In respect of the Class E Notes, the Class F Notes and the Class G Notes, the sum of the Principal Amount Outstanding of the Rule 144A Notes represented by the applicable Rule 144A Definitive Registered Certificate and the Principal Amount Outstanding of the Regulation S Notes represented by the applicable Regulation S Global Registered Certificate will be equal to the Principal Amount Outstanding of such Class.

3. Register, Title and Transfers

3.1 Register

The Registrar will maintain a register (the "**Register**") in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and "**Noteholder**" shall be construed accordingly.

3.2 Title

The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not such Note is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Registered Certificate relating thereto (other than the endorsed

form of transfer) or any notice of any previous loss or theft of such Definitive Registered Certificate) and no person shall be liable for so treating such Holder.

3.3 Transfer

For so long as any Notes are represented by a Global Registered Certificate, transfers and exchanges of beneficial interests in Global Registered Certificates and entitlement to payments thereunder will be effected subject to and in accordance with the provisions of the Agency Agreement and the rules and procedures from time to time of The Depository Trust Company ("**DTC**"), Euroclear S.A./N.V. as operator of the Euroclear System ("**Euroclear**") or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), as appropriate.

Subject to Conditions 3.6 (*Closed Periods*) and 3.7 (*Regulations Concerning Transfer and Registration*), a Definitive Registered Certificate may be transferred upon surrender of the relevant Definitive Registered Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer and Paying Agent, together with such evidence as the Registrar or (as the case may be) such Transfer and Paying Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* (i) Notes may not be transferred unless the principal amount of Notes transferred is an integral multiple of the Minimum Denomination and (ii) Notes which are restricted securities within the meaning of Rule 144(a)(3) under the Securities Act may only be transferred in a minimum aggregate amount of $250,000 in the case of the U.S. dollar Notes, £50,000 in the case of the Sterling Notes and €50,000 in the case of the Euro Notes. In the case of a transfer of part only of Notes represented by a Definitive Registered Certificate, a new Definitive Registered Certificate in respect of the balance of such Notes will be issued to the transferee in respect of the part transferred and a further new Definitive Registered Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

3.4 Registration and Delivery of Definitive Registered Certificates

Within five business days of the surrender of a Definitive Registered Certificate in accordance with Condition 3.3 (*Transfer*), the Registrar will register the transfer in question and issue a new Definitive Registered Certificate of a like principal amount to the Notes transferred to each relevant Holder at its address notified to the Registrar or (as the case may be) the specified office of the Registrar or any Transfer and Paying Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer and Paying Agent has its specified office.

3.5 Transfer Free of Charge

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

3.6 Closed Periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

3.7 Regulations Concerning Transfer and Registration

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations will result in such transfer being void *ab initio*. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (with the prior written approval of the Trustee) to reflect changes in legal requirements or in any other manner which, in the opinion of the Issuer (with the prior written approval of the Trustee), is not materially prejudicial to the interests of the Holders of the relevant Class of Notes. A copy of the current regulations may be inspected at the offices of the Registrar during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

4. Status and Subordination

4.1 Status of the Notes

The Notes of each Class constitute secured, limited recourse obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 11.5 (*Limited Recourse and Non-petition*) and rank *pari passu* and rateably without any preference or priority amongst Notes of the same Class.

4.2 Relationship Among Classes

The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in Condition 6 (*Security*) and the Trust Deed.

Payments of principal of the Class A Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be *pari passu* among themselves and senior in right of payment to payments of principal of all other Classes of Notes outstanding. Payments of interest on the Class A Notes on each Payment Date will (in accordance with Condition 5.1 (*Application of Available Income Funds*), be *pari passu* among themselves and senior in right of payment to payments of interest on all other Classes of Notes outstanding.

Payments of principal of the Class B Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be *pari passu* among themselves and senior in right of payment to payments of principal of the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of principal on the Class A Notes. Payments of interest on the Class B Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Income Funds*), be *pari passu* among themselves and senior in right of payment to payments of interest on the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of interest on the Class A Notes.

Payments of principal of the Class C Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be *pari passu* among themselves and senior in right of payment to payments of principal of the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of principal of the Class A Notes and the Class B Notes. Payments of interest on the Class C Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Income Funds*), be *pari passu* among themselves and senior in right of payment to payments of interest on the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of interest on the Class A Notes and the Class B Notes.

Payments of principal of the Class D Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be *pari passu* among themselves and senior in right of payment to payments of principal of the Class E Notes, the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of principal of the Class A Notes, the Class B Notes and the Class C Notes. Payments of interest on the Class D Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Income Funds*), be *pari passu* among themselves and senior in right of payment to payments of interest on the Class E Notes, the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of interest on the Class A Notes, the Class B Notes and the Class C Notes.

Payments of principal of the Class E Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be *pari passu* among themselves and senior in right of payment to payments of principal of the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of principal of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes. Payments of interest on the Class E Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Income Funds),* be *pari passu* among themselves and senior in right of payment to payments of interest on the Class F Notes and the Class G Notes, but subordinated in right of payment to payments of interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes.

Payments of principal of the Class F Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be senior in right of payment to payments of principal on the Class G Notes, but subordinated in right of payment to payments of principal of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Payments of interest on the Class F Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Income Funds*), be senior in right of payment to payments of interest on the Class G Notes, but subordinated in right of payment to payments of interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes.

Payments of principal of the Class G Notes on each Payment Date will, in accordance with Condition 9.1 (*Amortisation of Notes*), be subordinated in right of payment to payments of principal of all other Classes of Notes. Payments of interest on the Class G Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Income Funds*), be *pari passu* among themselves and subordinated in right of payment to payments of interest on all other Classes of Notes.

No amount of principal in respect of the Class B Notes shall become due and payable until redemption and payment in full of the Class A Notes; no amount of principal in respect of the Class C Notes shall become due and payable until redemption and payment in full of the Class A Notes and the Class B Notes; no amount of principal in respect of the Class D Notes shall become due and payable until redemption and payment in full of the Class A Notes, the Class B Notes and the Class C Notes; no amount of principal in respect of the Class E Notes shall become due and payable until redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; no amount of principal in respect of the Class F Notes shall become due and payable until redemption and payment in full of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; and no amount of principal in respect of the Class G Notes shall become due and payable until redemption and payment in full of all the other Classes of Notes.

5. Priority of Payments; Accounts

5.1 Application of Available Income Funds

Prior to the delivery of an Enforcement Notice as described in Condition 11.1 (*Events of Default*), subject as provided in the Trust Deed, and prior to any Mandatory Early Redemption Date, the Issuer shall on each Payment Date apply the Available Income Funds in the order set out below (the "**Available Income Funds Priority of Payments**"):

(1) *first*, to pay taxes owing by the Issuer accrued in respect of the related Payment Period (other than Dutch corporate income tax in relation to the amounts equal to the minimum profit required to be retained by the Issuer), as certified by the Managing Director of the Issuer to the Cash Administrator, if any;

(2) *second*, to pay any Exceptional Expenses accrued and unpaid to the Trustee;

(3) *third*, to pay on a *pari passu* and *pro rata* basis any Exceptional Expenses accrued and unpaid to the Operating Creditors (other than the Trustee);

(4) *fourth*, to pay on a *pari passu* and *pro rata* basis:

(i) amounts of interest due in respect of the Class A1 Notes to the Class A1 Noteholders;

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class A2 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class A2 Cross-currency Swap Agreement) provided that, if the Class A2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class A2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class A3 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class A3 Cross-currency Swap Agreement) provided that, if the Class A3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class A3 Notes;

(5) *fifth*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class A Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(6) *sixth*, to pay on a *pari passu* and *pro rata* basis:

(i) amounts of interest due in respect of the Class B1 Notes to the Class B1 Noteholders;

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class B2 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class B2 Cross-currency Swap Agreement) provided that, if the Class B2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class B2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class B3 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class B3 Cross-currency Swap Agreement) provided that, if the Class B3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class B3 Notes;

(7) *seventh*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class B Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(8) *eighth*, to pay on a *pari passu* and *pro rata* basis:

(i) amounts of interest due in respect of the Class C1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest) to the Class C1 Noteholders; and

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class C2 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class C2 Cross-currency Swap Agreement) provided that, if the Class C2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class C2 Notes;

(9) *ninth*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class C Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(10) *tenth*, to pay on a *pari passu* and *pro rata* basis:

(i) amounts of interest due in respect of the Class D1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest) to the Class D1 Noteholders; and

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class D2 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class D2 Cross-currency Swap Agreement) provided that, if the Class D2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty

thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class D2 Notes;

(11) *eleventh*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class D Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(12) *twelfth*, to pay on a *pari passu* and *pro rata* basis:

(i) amounts of interest due in respect of the Class E1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest) to the Class E1 Noteholders;

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class E2 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class E2 Cross-currency Swap Agreement) provided that, if the Class E2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class E2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class E3 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class E3 Cross-currency Swap Agreement) provided that, if the Class E3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class E3 Notes;

(13) *thirteenth*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class E Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(14) *fourteenth*, to pay on a *pari passu* and *pro rata* basis:

(i) amounts of interest due in respect of the Class F1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest) to the Class F1 Noteholders;

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class F2 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class F2 Cross-currency Swap Agreement) provided that, if the Class F2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class F2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class F3 Cross-currency Swap Agreement (except for any part of any Amortisation Amount required to be exchanged pursuant thereto and any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class F3 Cross-currency Swap Agreement) provided that, if the Class F3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts of interest due in respect of the Class F3 Notes;

(15) *fifteenth*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class F Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(16) *sixteenth*, to credit an amount to the balance of the Reserve Account equal to the amount required for the balance standing to the credit of the Reserve Account to be equal to the Reserve Account Required Amount;

(17) *seventeenth*, to pay on a *pari passu* and *pro rata* basis amounts of interest due in respect of the Class G Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest) to the Class G Noteholders;

(18) *eighteenth*, to credit an amount to the balance of the Cash Deposit Account equal to the balance of the Principal Deficiency Ledger in respect of the Class G Notes on such Payment Date prior to the application of the Available Income Funds Priority of Payments on such date;

(19) *nineteenth*, to pay on a *pari passu* and *pro rata* basis any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under any Cross-currency Swap Agreement; and

(20) *twentieth,* to pay the balance (if any) to the CDS Counterparty.

Any amounts paid pursuant to items (5), (7), (9), (11), (13), (15) and (18) above shall comprise a "**Cash Deposit Replenishment Amount**" in respect of the relevant Class of Notes.

All amounts received on each Payment Date from the Cross-currency Swap Counterparty by the Issuer (other than in respect of amounts exchanged in respect of any part of any Amortisation Amounts and any termination payments and premium or other upfront payments due and payable to the Issuer) under the terms of (i) the Class A2 Cross-currency Swap Agreement and the Class A3 Cross-currency Swap Agreement shall be paid to the Class A2 Noteholders and the Class A3 Noteholders, respectively, (ii) the Class B2 Cross-currency Swap Agreement and the Class B3 Cross-currency Swap Agreement shall be paid to the Class B2 Noteholders and the Class B3 Noteholders, respectively, (iii) the Class C2 Cross-currency Swap Agreement shall be paid to the Class C2 Noteholders, (iv) the Class D2 Cross-currency Swap Agreement shall be paid to the Class D2 Noteholders, (v) the Class E2 Cross-currency Swap Agreement and the Class E3 Cross-currency Swap Agreement shall be paid to the Class E2 Noteholders and the Class E3 Noteholders, respectively, (vi) the Class F2 Cross-currency Swap Agreement and the Class F3 Cross-currency Swap Agreement shall be paid to the Class F2 Noteholders and the Class F3 Noteholders, respectively, and, in each case, towards satisfaction of the Issuer's interest payment obligations under the Class A2 Notes, the Class A3 Notes, the Class B2 Notes, the Class B3 Notes, the Class C2 Notes, the Class D2 Notes, the Class E2 Notes, the Class E3 Notes, the Class F2 Notes and the Class F3 Notes respectively, on such Payment Date.

The amount of any premium or other upfront payment paid to the Issuer to enter into a swap to replace any Cross-currency Swap Agreement shall, to the extent of any termination payment due to the Cross-currency Swap Counterparty in respect of the Cross-currency Swap Agreement being replaced, be paid directly to the Cross-currency Swap Counterparty and not via the Available Income Funds Priority of Payments and the amount of any termination payment paid to the Issuer by the Cross-currency Swap Counterparty in respect of a Cross-currency Swap Agreement being replaced shall, to the extent of any premium or other upfront payment required to be paid by the Issuer to enter into a swap to replace such Cross-currency Swap Agreement, be paid directly to the new Cross-currency Swap Counterparty and not via the Available Income Funds Priority of Payments, provided that any surplus funds available to the Issuer once such payments have been made ("**Cross-currency Swap Premium Excess**") shall be paid on receipt by the Issuer into the Income Collection Account.

Where the Cross-currency Swap Counterparty provides collateral in accordance with the terms of any Cross-currency Swap Agreement, such collateral will, upon receipt by the Issuer, be credited to an account of the Issuer to be opened for such purpose with the Transaction Account Bank. Any collateral or interest or distributions relating thereto shall not form part of the Issuer's Available Income Funds, provided that following termination of a Cross-currency Swap Agreement, any such collateral, to the extent not required to be repaid to the Cross-currency Swap Counterparty, shall be available to the Issuer to fund any premium or upfront payment required in order to enter into a replacement Cross-currency Swap Agreement, and to the extent not so required shall form part of any relevant Cross-currency Swap Premium Excess.

5.2 Application of Proceeds upon Enforcement

Upon release of or enforcement with respect to the security in respect of the Collateral and realisation thereof, the proceeds of such realisation shall be applied in the order set out below (the "**Enforcement Priority of Payments**"):

(1) *first*, to pay on a *pari passu* and *pro rata* basis any Exceptional Expenses and Operating Expenses accrued and unpaid to the Trustee (including any Receiver);

(2) *second*, to pay amounts due to the CDS Counterparty under the Credit Default Swap Agreement (other than any Expenses Clean-Up Payment);

(3) *third,* to pay taxes owing by the Issuer (other than Dutch corporate income tax in relation to the amounts equal to the minimum profit required to be retained by the Issuer), as certified by the Managing Director of the Issuer to the Cash Administrator, if any;

(4) *fourth*, to pay on a *pari passu* and *pro rata* basis any Exceptional Expenses and Operating Expenses accrued and unpaid to the Operating Creditors (other than the Trustee or any Receiver);

(5) *fifth*, to pay any Expenses Clean-Up Payment due and payable to the CDS Counterparty under the Credit Default Swap Agreement other than as a result of the termination of the Credit Default Swap Agreement due to a default of the CDS Counterparty;

(6) *sixth*, to pay on a *pari passu* and *pro rata* basis:

(i) an amount equal to the Adjusted Principal Balance of the Class A1 Notes to the Class A1 Noteholders, together with any interest accrued on the Principal Amount Outstanding of the Class A1 Notes;

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class A2 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class A2 Cross-currency Swap Agreement) provided that, if the Class A2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class A2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class A3 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class A3 Cross-currency Swap Agreement) provided that, if the Class A3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class A3 Notes;

(7) *seventh,* to pay on a *pari passu* and *pro rata* basis:

(i) an amount equal to the Adjusted Principal Balance of the Class B1 Notes to the Class B1 Noteholders, together with any interest accrued on the Principal Amount Outstanding of the Class B1 Notes;

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class B2 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class B2 Cross-currency Swap Agreement) provided that, if the Class B2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class B2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class B3 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class B3 Cross-currency Swap Agreement) provided that, if the Class B3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class B3 Notes;

(8) *eighth*, to pay on a *pari passu* and *pro rata* basis:

(i) an amount equal to the Adjusted Principal Balance of the Class C1 Notes to the Class C1 Noteholders, together with any interest accrued on the Principal Amount Outstanding of the Class C1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest); and

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class C2 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class C2 Cross-currency Swap Agreement) provided that, if the Class C2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class C2 Notes;

(9) *ninth*, to pay on a *pari passu* and *pro rata* basis:

(i) an amount equal to the Adjusted Principal Balance of the Class D1 Notes to the Class D1 Noteholders, together with any interest accrued on the Principal Amount Outstanding of the Class D1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest); and

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class D2 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class D2 Cross-currency Swap Agreement) provided that, if the Class D2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class D2 Notes;

(10) *tenth*, to pay on a *pari passu* and *pro rata* basis:

(i) an amount equal to the Adjusted Principal Balance of the Class E1 Notes to the Class E1 Noteholders, together with any interest accrued on the Principal Amount Outstanding of the Class E1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest);

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class E2 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class E2 Cross-currency Swap Agreement) provided that, if the Class E2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class E2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class E3 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class E3 Cross-currency Swap Agreement) provided that, if the Class E3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount

of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class E3 Notes;

(11) *eleventh*, to pay on a *pari passu* and *pro rata* basis:

(i) an amount equal to the Adjusted Principal Balance of the Class F1 Notes to the Class F1 Noteholders, together with any interest accrued on the Principal Amount Outstanding of the Class F1 Notes (including any Deferred Interest in respect of such Class and any interest on such Deferred Interest);

(ii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class F2 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class F2 Cross-currency Swap Agreement) provided that, if the Class F2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class F2 Notes; and

(iii) amounts due and payable by the Issuer to the Cross-currency Swap Counterparty pursuant to the Class F3 Cross-currency Swap Agreement (except for any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under the Class F3 Cross-currency Swap Agreement) provided that, if the Class F3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into U.S. dollars and applied by the Principal Paying Agent on behalf of the Issuer in payment of amounts due and payable in respect of the Class F3 Notes;

(12) *twelfth*, to pay any Expenses Clean-Up Payment due and payable to the CDS Counterparty under the Credit Default Swap Agreement as a result of the termination of the Credit Default Swap Agreement due to a default of the CDS Counterparty;

(13) *thirteenth*, to pay on a *pari passu* and *pro rata* basis all amounts due and payable in respect of the Class G Notes;

(14) *fourteenth*, on a *pari passu* and *pro rata* basis, in or towards payment of any termination payment due and payable to the Cross-currency Swap Counterparty as a result of a Cross-currency Swap Counterparty Default under any Cross-currency Swap Agreement; and

(15) *fifteenth*, to pay the balance (if any) to the Issuer.

All amounts received from the Cross-currency Swap Counterparty by the Issuer under the terms of (i) the Class A2 Cross-currency Swap Agreement and the Class A3 Cross-currency Swap Agreement shall be paid to the Class A2 Noteholders and the Class A3 Noteholders, respectively, (ii) the Class B2 Cross-currency Swap Agreement and the Class B3 Cross-currency Swap Agreement shall be paid to the Class B2 Noteholders and the Class B3 Noteholders, respectively, (iii) the Class C2 Cross-currency Swap Agreement shall be paid to the Class C2 Noteholders, (iv) the Class D2 Cross-currency Swap Agreement shall be paid to the Class D2 Noteholders, (v) the Class E2 Cross-currency Swap Agreement and the Class E3 Cross-currency Swap Agreement shall be paid to the Class E2 Noteholders and the Class E3 Noteholders, respectively, (vi) the Class F2 Cross-currency Swap Agreement and the Class F3 Cross-currency Swap Agreement shall be paid to the Class F2 Noteholders and the Class F3 Noteholders, respectively, and in each case towards satisfaction of the Issuer's payment obligations under the Class A2 Notes, the Class A3 Notes, the Class B2 Notes, the Class B3 Notes, the Class C2 Notes, the Class D2 Notes, the Class E2 Notes, the Class E3 Notes, the Class F2 Notes and the Class F3 Notes, respectively.

Following termination of a Cross-currency Swap Agreement upon the realisation of, or enforcement with respect to, the Collateral, any collateral provided by the Cross-currency Swap Counterparty in accordance with the terms of such Cross-currency Swap Agreement, to the extent not required to be repaid to the Cross-currency Swap Counterparty, shall form part of any relevant Cross-currency Swap Premium Excess.

5.3 Calculation and Payment of Amounts

The Cash Administrator shall, on each Assessment Date, calculate the amounts payable in respect of the Notes on each Payment Date as described in Condition 5.1 (*Application of Available Income Funds*) and Condition 9.1 (*Amortisation of Notes*) as applicable. Subject to Condition 10.2 (*Payments on Non-Sterling Notes*), the Cash Administrator shall on behalf of the Issuer, by no later than 4.00 p.m. (London time) on the day that is two Business Days prior to the relevant Payment Date, direct the Principal Paying Agent to pay such amounts on such Payment Date in accordance with the Available Income Funds Priority of Payments and the Available Amortisation Funds Priority of Payments, as applicable.

The Cash Administrator shall cause the details of all such amounts to be notified to the Issuer, the Trustee, the CDS Counterparty, the Registrar, the Principal Paying Agent, the Transfer and Paying Agent and any stock exchange on which the Notes are for the time being listed as soon as reasonably practicable after calculation thereof and the Principal Paying Agent shall procure that such details are notified to the Noteholders in accordance with Condition 18 (*Notices*) as soon as reasonably practicable after notification thereof to the Registrar and in accordance with the above.

5.4 Fractions

The Cash Administrator may, in its absolute discretion, adjust the amounts required to be applied in pursuant to Condition 5.1 (*Application of Available Income Funds*) or, as the case may be, Condition 9.1 (*Amortisation of Notes*) so that the amount to be so applied in respect of any Note does not involve any fraction of the lowest denomination of the relevant currency.

5.5 Cash Administrator

The Issuer will procure that, so long as any Note is outstanding, there shall at all times be a Cash Administrator for the purposes of the Notes. If the Cash Administrator is unable or unwilling to continue to determine or calculate, or if the Cash Administrator fails duly to determine or calculate, the amounts payable pursuant to the Conditions, the Issuer shall (with the prior written approval of the Trustee) appoint another leading bank of recognised international standing to act as Cash Administrator in its place. The Cash Administrator may not resign its duties until a Successor has been appointed in accordance the terms of the Cash Administration Agreement.

5.6 Liability of Cash Administrator; Notifications, etc. to be Final

The Cash Administrator shall not (in the absence of wilful default, negligence or bad faith) be liable to any Noteholder, the Trustee or any other Secured Party in respect of any of the calculations and/or directions made by it pursuant to Condition 5 (*Priority of Payments; Accounts*) or in respect of any failure by it to direct the making of any payments due to non-receipt by the Cash Administrator of information which is, in its opinion, required to make any such calculation and/or give any such direction. The Cash Administrator may rely upon any communication or document believed by it to be genuine and correct which is delivered to it by any of the Issuer, the CDS Counterparty or the Cross-currency Swap Counterparty in connection with the calculations to be carried out pursuant to Condition 5 (*Priority of Payments; Accounts*). All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained by the Cash Administrator for the purposes of the provisions of this Condition will (in the absence of manifest error) be binding on the Issuer, the Trustee and all Noteholders.

5.7 Accounts

(A) Establishment of Accounts

The Issuer shall, on or prior to the Closing Date, establish the following accounts:

(1) the Income Collection Account with the Transaction Account Bank;

(2) the CDS Prepayment Account with the CDS Prepayment Account Bank;

(3) the Reserve Account with the Reserve Account Bank; and

(4) the Sterling Expense Account and the Euro Expense Account with the Transaction Account Bank.

The Cash Administration Agreement, the Transaction Account Bank Agreement, the CDS Prepayment Account Agreement and the Reserve Account Agreement contain detailed provisions relating to the operations of the Accounts.

(B) Income Collection Account

The Issuer shall procure that the following amounts shall be paid into the Income Collection Account promptly upon receipt thereof:

(1) any Cross-currency Swap Premium Excess;

(2) each CDS Counterparty Payment paid to the Issuer by the CDS Counterparty pursuant to the Credit Default Swap Agreement (or, following the occurrence of a CDS Counterparty Downgrade Event, the amount deducted from the balance of the CDS Prepayment Account for payment into the Income Collection Account pursuant to paragraph (C) below);

(3) all Issuer Income paid to the Issuer pursuant to the Cash Deposit Agreement; and

(4) on each Payment Date, an amount equal to the amount required to be transferred from the Reserve Account to the Income Collection Account on such date.

On each Payment Date, the Cash Administrator shall, on behalf of the Issuer, procure the disbursement of all amounts standing to the credit of the Income Collection Account (the "**Available Income Funds**") in accordance with Condition 5 (*Priority of Payments; Accounts*).

(C) CDS Prepayment Account

If a CDS Counterparty Downgrade Event (as defined in the Credit Default Swap Agreement) occurs under the Credit Default Swap Agreement, the Issuer shall pay an amount equal to each CDS Prepayment Amount and each CDS Prepayment Adjustment Amount upon receipt thereof from the CDS Counterparty into the CDS Prepayment Account and on the Business Day prior to each subsequent Payment Date until the Payment Date after the CDS Counterparty Downgrade Event has ceased the Issuer shall deduct from the CDS Prepayment Account and pay into the Income Collection Account the amount required for application under the Available Income Funds Priority of Payments.

(D) Reserve Account

The Issuer shall procure that each payment required to be credited to the Reserve Account pursuant to the application of the Available Income Funds Priority of Payments on each Payment Date shall be so credited to the Reserve Account, subject to the Issuer having prior available funds to do so in accordance with the Available Income Funds Priority of Payments.

On each Payment Date, the Issuer shall procure that an amount equal to the lesser of (i) the balance standing to the credit of the Reserve Account immediately prior to the application of the Available Income Funds Priority of Payments on such Payment Date and (ii) an amount which (when added to the rest of the Available Income Funds as at such Payment Date) would be equal to all amounts which would be due and payable by the Issuer pursuant to the Available Income Funds Priority of Payments in priority to item (16) thereof shall be deducted from the Reserve Account for payment into the Income Collection Account.

(E) Issuer Expense Accounts

The Issuer shall procure that the following amounts shall be paid into the relevant Issuer Expense Account promptly upon receipt thereof:

(1) the Initial Sterling Expense Payment and each Periodic Sterling Expense Payment, to the Sterling Expense Account; and

(2) the Initial Euro Expense Payment and each Periodic Euro Expense Payment, to the Euro Expense Account.

The Issuer shall procure payment of the following amounts out of the Issuer Expense Accounts (and shall ensure that payment of no other amount is made, save to the extent otherwise permitted by the Transaction Account Bank Agreement and/or the Cash Administration Agreement):

(3) on the Closing Date, in accordance with the terms of the Transaction Account Bank Agreement and the Cash Administration Agreement, an amount equal to the minimum profit to be retained by the Issuer (which amount shall include Dutch corporate income tax required to be paid by the Issuer in respect of such minimum profit) for Dutch tax purposes for deposit into the Issuer Dutch Account;

(4) at any time in accordance with the terms of the Transaction Account Bank Agreement and the Cash Administration Agreement, in the payment of any Exceptional Expenses and any Operating Expenses due and payable to the Operating Creditors (to the extent not otherwise paid pursuant to the Priorities of Payment and to the extent that funds are available in the relevant Issuer Expense Accounts to do so); and

(5) on the termination date of the Credit Default Swap Agreement, an amount equal to any Expenses Clean-Up Payment payable to the CDS Counterparty.

(F) Investment

The Cash Administrator may on behalf of the Issuer, in accordance with the terms of the Cash Administration Agreement, invest amounts standing to the credit of the Income Collection Account, the CDS Prepayment Account, the Reserve Account or an Issuer Expense Account in Authorised Investments.

5.8 Principal Deficiency Ledgers

The Cash Administrator shall, pursuant to the Cash Administration Agreement, maintain a ledger in respect of each outstanding Class of Notes (each, a "**Principal Deficiency Ledger**"). On each Payment Date, an amount equal to the Credit Protection Amount determined under the Credit Default Swap Agreement on the Assessment Date immediately preceding such Payment Date shall be allocated to the Principal Deficiency Ledgers in respect of each Class of Notes (and, in respect of each Principal Deficiency Ledger, pro rated amongst each relevant Class) as follows:

(1) to the balance of the Principal Deficiency Ledger in respect of the Class G Notes until the balance of such Principal Deficiency Ledger is equal to the Outstanding Principal Balance of the Class G Notes on the immediately preceding Payment Date (or, if prior to the first Payment Date, the Closing Date);

(2) to the balance of the Principal Deficiency Ledger in respect of the Class F Notes until the balance of such Principal Deficiency Ledger is equal to the Outstanding Principal Balance of the Class F Notes on the immediately preceding Payment Date (or, if prior to the first Payment Date, the Closing Date);

(3) to the balance of the Principal Deficiency Ledger in respect of the Class E Notes until the balance of such Principal Deficiency Ledger is equal to the Outstanding Principal Balance of the Class E Notes on the immediately preceding Payment Date (or, if prior to the first Payment Date, the Closing Date);

(4) to the balance of the Principal Deficiency Ledger in respect of the Class D Notes until the balance of such Principal Deficiency Ledger is equal to the Outstanding Principal Balance of the Class D Notes on the immediately preceding Payment Date (or, if prior to the first Payment Date, the Closing Date);

(5) to the balance of the Principal Deficiency Ledger in respect of the Class C Notes until the balance of such Principal Deficiency Ledger is equal to the Outstanding Principal Balance of the Class C Notes;

(6) to the balance of the Principal Deficiency Ledger in respect of the Class B Notes until the balance of such Principal Deficiency Ledger is equal to the Outstanding Principal Balance of the Class B Notes on the immediately preceding Payment Date (or, if prior to the first Payment Date, the Closing Date); and

(7) to the balance of the Principal Deficiency Ledger in respect of the Class A Notes.

On each Payment Date, after application of the Available Income Funds Priority of Payments in accordance with Condition 5.1 (*Application of Available Income Funds*), the balance of the Principal Deficiency Ledger in respect of each relevant Class of Notes will be reduced by an amount equal to the Cash Deposit Replenishment Amount in respect of such Class.

6. Security

6.1 Security

The Secured Obligations are secured by the following assignments and charges in favour of the Trustee for itself and the Secured Parties pursuant to the Trust Deed and subject to the provisions of this Condition 6.1 (*Security*) by:

(A) an assignment by way of security of the Issuer's rights against the Cash Deposit Bank under the Cash Deposit Agreement and a first fixed charge over the Cash Deposit Account and any cash held therein and the debts represented thereby;

(B) an assignment by way of security of the Issuer's rights against the Transaction Account Bank under the Transaction Account Bank Agreement and a first fixed charge over the Income Collection Account, each of the Issuer Expense Accounts and any other account opened by the Issuer with the Transaction Account Bank pursuant to the Transaction Account Bank Agreement and any cash held therein and the debts represented thereby (including any Authorised Investments);

(C) an assignment by way of security of the Issuer's rights against the CDS Prepayment Account Bank and a first fixed charge over the CDS Prepayment Account and any other account opened by the Issuer with the CDS Prepayment Account Bank pursuant to the CDS Prepayment Account Agreement and any cash held thereon and the debts represented thereby (including any Authorised Investments);

(D) an assignment by way of security of the Issuer's rights against the Reserve Account Bank under the Reserve Account Agreement and a first fixed charge over the Reserve Account and any cash held therein and the debts represented thereby (including any Authorised Investments);

(E) an assignment by way of security of the Issuer's rights, title and interest in, under and pursuant to the Credit Default Swap Agreement and all proceeds thereof and sums arising therefrom;

(F) an assignment by way of security of the Issuer's rights, title and interest in, under and pursuant to each Cross-currency Swap Agreement and all proceeds thereof and sums derived therefrom;

(G) a first fixed charge over any funds held from time to time by the Principal Paying Agent on behalf of the Issuer to meet payments due under the Notes;

(H) an assignment by way of security of the Issuer's rights, title and interest in, under and pursuant to the Transaction Documents (other than those specifically referred to in paragraphs (A) to (F) above) and all sums derived therefrom; and

(I) a first floating charge over the whole of the Issuer's undertaking and all of its property and assets whatsoever and wheresoever situated, present and future,

excluding for the purpose of (A) to (I) above, (i) any and all assets, property or rights which are located in, or governed by the laws of the Netherlands (except for contractual rights or receivables (*rechten of vorderingen op naam*) which are assigned or charged to the Trustee pursuant to (A) to (I) above); (ii) the Issuer's rights under the Management Agreement; and (iii) amounts standing to the credit of the Issuer Dutch Account.

The assets and rights described in paragraphs (A) to (I) above are together referred to as the "**Collateral**".

The Trustee shall hold the benefit of the Collateral for the Secured Parties on the terms of the Trust Deed and, following the realisation or enforcement of the security in respect of the Collateral, shall apply all payments, recoveries or receipts in respect thereof in accordance with these Conditions and the Trust Deed.

6.2 Shortfall after Application of Proceeds following Enforcement

If the net proceeds of the enforcement of the security in respect of the Collateral, after payment of amounts ranking higher in the order of priority of payments, are not sufficient to make all payments which, but for the effect of this provision, would then be due in respect of the Trust Deed, the Credit Default Swap Agreement, the Cross-currency Swap Agreements, the Notes and the other Secured Obligations, the obligations of the Issuer in respect of the Trust Deed, the Credit Default Swap Agreement, the Cross-currency Swap Agreements, the Notes and the other Secured Obligations will be limited to such net proceeds which shall be applied in accordance with the Enforcement Priority of Payments and no other assets of the Issuer will be available for any further payments in respect of the Trust Deed, the Credit Default Swap Agreement, the Cross-currency Swap Agreements, the Notes or the other Secured Obligations. The Issuer will not be obliged to make any further payment in excess of such net proceeds, any rights against the Issuer to receive any further amounts in respect of such obligations shall be extinguished and accordingly no debt shall be owed by the Issuer in respect of any difference between the amount of the net proceeds of the enforcement of the security in respect of the Collateral after enforcement thereof and the amount which would otherwise have been payable under the Trust Deed, the Credit Default Swap Agreement, the Cross-currency Swap Agreements, the Notes and any other Secured Obligations.

In such circumstances none of the Noteholders, the CDS Counterparty, the Cross-currency Swap Counterparty, the Trustee or the other Secured Parties will have the right to take any further action against the Issuer. In particular, none of the Noteholders, the CDS Counterparty, the Cross-currency Swap Counterparty, the Trustee or the other Secured Parties shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examination, arrangement, insolvency or liquidation proceedings or other proceedings under applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Notes, 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.

7. Restrictions on the Issuer

The Trust Deed contains certain covenants in favour of the Trustee from the Issuer which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness or dispose of assets (save, in each case, as permitted pursuant to the terms of the Trust Deed). So long as any of the Notes remain outstanding, the Issuer shall comply with the covenants set out in the Trust Deed.

8. Interest

8.1 Interest on Notes

The Notes will bear interest from, and including, the Closing Date to, but excluding, the Legal Final Maturity Date on their respective Principal Amount Outstanding as at the relevant Payment Date (prior to any payments of principal on such date). Such interest will, subject to the Available Income Funds Priority of Payments or, as the case may be, the Enforcement Priority of Payments, be payable in arrear on 20 March, 20 June, 20 September and 20 December in each year commencing on 20 September 2006 to, and including, the Legal Final Maturity Date (each, a "**Payment Date**") provided that if any Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day, unless that day falls in the next calendar month, in which case the Payment Date will be the first preceding day that is a Business Day. The period beginning on and including the Closing Date and ending on but excluding the first Payment Date and each successive period beginning on and including a Payment Date and ending on but excluding the next Payment Date is called a "**Payment Period**".

8.2 Accrual

Interest will cease to accrue on each Note on the Legal Final Maturity Date unless payment of the full amount of principal due on such due date for redemption is improperly withheld or refused, in which event interest will continue to accrue on the unpaid amount of principal in accordance with the Trust Deed until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (ii) the fifth Business Day after the Issuer or the Principal Paying Agent (failing whom the Trustee) has notified the Class A Noteholders and/or the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders and/or the Class F Noteholders and/or the Class G Notes, as the case may be, of receipt of all sums due in respect of all the Class A Notes and/or the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes and/or the Class F Notes and/or the Class G Notes, as the case may be.

8.3 Rate of Interest

The Rate of Interest payable from time to time in respect of each Class of Notes will be determined by the Note Calculation Agent on the basis of the following provisions:

(A) at or about the Relevant Time on the Screen Rate Determination Date in respect of each Payment Period, the Note Calculation Agent will determine the Relevant Screen Rate, and the Rate of Interest in respect of such Payment Period will be the sum of such Relevant Screen Rate and the applicable Margin;

(B) if the Relevant Screen Rate is unavailable, the Note Calculation Agent will request the principal office in the Relevant Financial Centre of each of the Reference Banks to provide the Note Calculation Agent with its rate quoted at or about the Relevant Time on the Screen Rate Determination Date to leading banks in the Relevant Financial Centre for deposits in the relevant currency for a period equivalent to the duration of such Payment Period and in a Representative Amount. If at least two such quotations are provided, the Rate of Interest in respect of such Payment Period will be the arithmetic mean of the quotations and the applicable Margin; and

(C) if fewer than two of the Reference Banks provide quotations, the Note Calculation Agent will determine the arithmetic mean of the rates quoted by banks in the Relevant Financial Centre (which shall for such purposes be deemed to be New York in respect of the U.S. dollar Notes) selected by the Note Calculation Agent (after consultation with the Trustee) at or about the Relevant Time (which shall for such purposes be deemed to be 11.00 a.m. New York City time in respect of the U.S. dollar Notes) on the first day of the relevant Payment Period for deposits in the relevant currency for a period equivalent to the duration of such Payment Period and in a Representative Amount to leading European banks, and the Rate of Interest in respect of such Payment Period will be the sum of the arithmetic mean of the quotations and the applicable Margin.

8.4 Calculation of Interest

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the Principal Amount Outstanding of such Note by the relevant Day Count Fraction.

8.5 Deferred Interest

In the case of each Class of Notes (other than the Class A Notes and the Class B Notes), an interest amount equal to any shortfall (after application of the Available Income Funds Priority of Payments) in payment on any Payment Date of the Interest Amount accrued in the preceding Payment Period (an "**Interest Shortfall**") shall be deferred and shall, to the extent of funds available, be payable on the following Payment Date in accordance with the Available Income Funds Priority of Payments. Deferred Interest in respect of any Class of Notes will itself bear interest at the Rate of Interest payable in respect of such Class. The failure to pay the full Interest Amount due and payable on such Notes will not constitute an Event of Default under Condition 11 (*Events of Default and Enforcement*) when such failure is due to a deferral of such payment due to there being insufficient Available Income Funds to pay the full Interest Amount.

8.6 Publication of Interest Amounts

The Note Calculation Agent will cause details of Interest Amounts payable in respect of the Notes on each Payment Date to be notified to the Trustee, the Registrar, the Principal Paying Agent, the Cash Administrator, Bloomberg and any stock exchange on which the Notes are for the time being listed by no later than 11.00 a.m. (London time) on the Business Day following the Calculation Date. The Principal Paying Agent shall procure that details of such amounts are notified to the relevant Noteholders in accordance with Condition 18 (*Notices*) as soon as possible after notification thereof to the Registrar in accordance with the above.

8.7 Failure of Note Calculation Agent

If the Note Calculation Agent fails at any time to determine a Rate of Interest or to calculate any Interest Shortfall or the Interest Amount in respect of a Class of Notes and a Payment Date in accordance with Condition 8 (*Interest*), the Trustee may determine such Rate of Interest (without any liability for doing so) as it in its discretion considers fair and reasonable in the circumstances (having such regard as it thinks fit to Condition 8.3 (*Rate of Interest*) or (as the case may be) calculate such Interest Shortfall in accordance with Condition 8.5 (*Deferred Interest*) or such Interest Amount in accordance with Condition 8.4 (*Calculation of Interest*).

9. Redemption

9.1 Amortisation of Notes

On each Payment Date during the Amortisation Period, following application of the Available Income Funds Priority of Payments pursuant to Condition 5.1 (*Application of Available Income Funds*) an amount equal to the Amortisation Amount in respect of such Payment Date shall be withdrawn from the Cash Deposit Account in accordance with the Cash Deposit Agreement and shall be applied by the Cash Administrator on behalf of the Issuer to redeem each Class of Notes in the order set out below (the "**Available Amortisation Funds Priority of Payments**"):

(1) *first*, to redeem the Class A1 Notes, the Class A2 Notes and the Class A3 Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class A Notes on such date (which, in respect of the Class A2 Notes and the Class A3 Notes, shall be effected by payment of the part of the Amortisation Amount available to be applied in redeeming the Class A2 Notes and the Class A3 Notes to the Cross-currency Swap Counterparty under the terms of the Class A2 Cross-currency Swap Agreement and the Class A3 Cross-currency Swap Agreement, as the case may be, in exchange for its euro or U.S. dollar equivalent, respectively, and applied by the Principal Paying Agent on behalf

of the Issuer to redeem the Class A2 Notes and the Class A3 Notes, provided that, if the Class A2 Cross-currency Swap Agreement or the Class A3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro or U.S. dollars, as applicable, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class A2 Notes and the Class A3 Notes, as applicable);

(2) *second,* after the Adjusted Principal Balance of the Class A Notes has been reduced to zero, to redeem the Class B1 Notes, the Class B2 Notes and the Class B3 Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class B Notes on such date (which, in respect of the Class B2 Notes and the Class B3 Notes, shall be effected by payment of the part of the Amortisation Amount available to be applied in redeeming the Class B2 Notes and the Class B3 Notes to the Cross-currency Swap Counterparty under the terms of the Class B2 Cross-currency Swap Agreement and the Class B3 Cross-currency Swap Agreement, as the case may be, in exchange for its euro or U.S. dollar equivalent, respectively, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class B2 Notes and the Class B3 Notes, provided that, if the Class B2 Cross-currency Swap Agreement or the Class B3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro or U.S. dollars, as applicable, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class B2 Notes and the Class B3 Notes, as applicable);

(3) *third*, after the Adjusted Principal Balance of the Class B Notes has been reduced to zero, to redeem the Class C1 Notes and the Class C2 Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class C Notes on such date (which, in respect of the Class C2 Notes, shall be effected by payment of the part of the Amortisation Amount available to be applied in redeeming the Class C2 Notes to the Cross-currency Swap Counterparty under the terms of the Class C2 Cross-currency Swap Agreement in exchange for its euro equivalent and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class C2 Notes, provided that, if the Class C2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class C2 Notes);

(4) *fourth*, after the Adjusted Principal Balance of the Class C Notes has been reduced to zero, to redeem the Class D1 Notes and the Class D2 Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class D Notes on such date (which, in respect of the Class D2 Notes, shall be effected by payment of the part of the Amortisation Amount available to be applied in redeeming the Class D2 Notes to the Cross-currency Swap Counterparty under the terms of the Class D2 Cross-currency Swap Agreement, in exchange for its euro equivalent and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class D2 Notes, provided that, if the Class D2 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class D2 Notes);

(5) *fifth*, after the Adjusted Principal Balance of the Class D Notes has been reduced to zero, to redeem the Class E1 Notes, the Class E2 Notes and the Class E3 Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class E Notes on such date (which, in respect of the Class E2 Notes and the Class E3 Notes, shall be effected by payment of the part of the Amortisation Amount available to be applied in redeeming the Class E2 Notes and the Class E3 Notes to the Cross-currency Swap Counterparty under the terms of the Class E2 Cross-currency Swap Agreement and the Class E3 Cross-currency Swap Agreement, as the case may be, in exchange for its euro or U.S. dollar equivalent, respectively, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class E2 Notes and the Class E3 Notes, provided that, if the Class E2 Cross-currency Swap Agreement or the Class E3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro or U.S. dollars, as applicable, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class E2 Notes and the Class E3 Notes, as applicable);

(6) *sixth*, after the Adjusted Principal Balance of the Class E Notes has been reduced to zero, to redeem the Class F1 Notes, the Class F2 Notes and the Class F3 Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class F Notes on such date (which, in respect of the Class F2 Notes and the Class F3 Notes, shall be effected by payment of the part of the Amortisation Amount available to be applied in redeeming the Class F2 Notes and the Class F3 Notes to the Cross-currency Swap Counterparty under the terms of the Class F2 Cross-currency Swap Agreement and the Class F3 Cross-currency Swap Agreement, as the case may be, in exchange for its euro or U.S. dollar equivalent, respectively, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class F2 Notes and the Class F3 Notes, provided that, if the Class F2 Cross-currency Swap Agreement or the Class F3 Cross-currency Swap Agreement has been terminated without replacement, the relevant amount of such payment as would otherwise have been paid to the Cross-currency Swap Counterparty thereunder shall be spot exchanged into euro or U.S. dollars, as applicable, and applied by the Principal Paying Agent on behalf of the Issuer to redeem the Class F2 Notes and the Class F3 Notes, as applicable); and

(7) *seventh*, after the Adjusted Principal Balance of the Class F Notes has been reduced to zero, to redeem the Class G Notes on a *pari passu* and *pro rata* basis up to a maximum of the Adjusted Principal Balance of the Class G Notes on such date.

9.2 Final Redemption of Notes

Unless previously redeemed in whole and cancelled as provided in this Condition 9 (*Redemption*) or in Condition 11 (*Events of Default and Enforcement*), the Notes of each Class shall be deemed to have been redeemed, and all claims in respect of such Notes shall be extinguished for all purposes, if on any day the Adjusted Principal Balance of all Classes of Notes is reduced to zero.

9.3 Regulatory Call

If a Regulatory Event occurs, the Issuer (or any assignee or novatee of the Regulatory Call Option) shall as soon as practicable following the occurrence of such Regulatory Event by not less than 30 and not more than 60 days' prior notice to the Trustee and Noteholders have the right to call all but not some only, of the Notes of such Class or Classes as shall be specified in such notice (the "**Regulatory Call Option**"), such call to be exercisable on the Payment Date following any such notice (provided that such Payment Date falls on or before 1 January 2009 and provided further that the Regulatory Call Option may not ever be exercised in respect of the Class A Notes). For the avoidance of doubt, the Issuer (or any assignee or novatee of the Regulatory Call Option as applicable) will not be entitled to realise the Collateral or any part thereof to fund the purchase of any Notes that are subject to the Regulatory Call Option being exercised in accordance with this Condition 9.3 (*Regulatory Call*). On such Payment Date following any such notice the Holders of the Class or Classes of Notes specified in such notice shall be required to sell all of their Notes of such Class or Classes to the Issuer (or any assignee or novatee of the Regulatory Call Option), pursuant to the Regulatory Call Option. The Regulatory Call Option is granted for the Issuer (or any assignee or novatee of the Regulatory Call Option) to acquire all, but not some only, of the Notes of the Class or Classes in respect of which it is exercised for a purchase price equal to the then Adjusted Principal Balance of such Notes (converted, in the case of Non-Sterling Notes, into the relevant currency at the Relevant FX Rate).

The Regulatory Call Option shall only be exercisable if, prior to the Payment Date on which the relevant Noteholders are required to sell their Notes to the Issuer (or any assignee or novatee of the Regulatory Call Option), the Cash Administrator on behalf of the Issuer (if the Issuer is exercising the Regulatory Call Option) or such assignee or novatee (if such assignee or novatee is exercising the Regulatory Call Option) has certified to the Trustee that it has sufficient funds to purchase the Notes that are subject to the Regulatory Call Option being exercised in accordance with this Condition 9.3 (*Regulatory Call*).

For these purposes, "**Regulatory Event**" means delivery of a notice from The Royal Bank of Scotland plc to the Issuer and the Trustee which states either that the regulatory capital treatment for The Royal Bank of Scotland plc applicable in respect of (i) the transaction to which the issuance of the Notes relates has become materially impaired; or (ii) any Reference Obligation comprised in the Reference Portfolio has been materially impaired, in either case, as a result of the implementation of the Basel II Framework (as described in the document entitled "The International Convergence of Capital Measurement and Capital Standards: a Revised Framework" published in June 2004 by the Basel Committee on Banking Supervision) in the United Kingdom, whether by rule of law, recommendation of best practices or by any other regulation (including pursuant to the implementation in the United Kingdom of the EU Capital Requirements Directive), provided that (i) a Mandatory Early Redemption

Event shall not have occurred on or prior to the relevant Payment Date for the exercise of the Regulatory Call Option and (ii) each Rating Agency has confirmed to the Issuer in writing that its then current ratings of the Notes would not be adversely affected by the exercise of the Regulatory Call Option.

9.4 Redemption for Taxation Reasons

A "**Tax Redemption Event**" shall occur if:

(A) the Issuer or any of its Agents becomes required by the laws or regulations of the Netherlands or any other jurisdiction or any political subdivision or any authority of any such jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change becomes effective on or after the Closing Date, to withhold or deduct from any payment of principal of, interest on or any other amount payable in respect of the Notes or under the Credit Default Swap Agreement any amount in respect of Tax; or

(B) the CDS Counterparty becomes required to withhold or deduct an amount in respect of Tax from any payment by it to the Issuer under the Credit Default Swap Agreement and does not gross up such payment in full; or

(C) the Cash Deposit Bank becomes required to withhold or deduct an amount in respect of Tax from any payment by it to the Issuer under the Cash Deposit Agreement and does not gross up such payment in full.

Upon the occurrence of a Tax Redemption Event, the Issuer shall give not more than 60 days' nor less than 30 days' notice thereof to the CDS Counterparty, the Trustee and the Noteholders and the Notes shall become due and repayable on the immediately following Payment Date as provided by Condition 9.7 (*Mandatory Early Redemption*). The Issuer shall give notice to the Noteholders in accordance with Condition 18 (*Notices*) that the Notes will become due and repayable in accordance with Condition 9.7 (*Mandatory Early Redemption*) as soon as reasonably practicable after becoming aware of the relevant event or circumstance, provided that, prior to giving any such notice, the Issuer shall have provided to the Trustee:

(1) a certificate signed by the Managing Director of the Issuer certifying that the circumstances of the Tax Redemption Event prevail and setting out the details of such circumstances; and

(2) a legal opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing (approved in writing by the Trustee) opining that such additional amounts have become required to be withheld or deducted as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and legal opinion without further investigation as sufficient evidence of the satisfaction of the circumstances of the Tax Redemption Event, in which event they shall be conclusive and binding on the Noteholders and the other Secured Parties.

9.5 Mandatory Redemption in Whole following Termination of the Credit Default Swap Agreement

If the Credit Default Swap Agreement is terminated in whole but not in part and other than in consequence of Condition 9.4 (*Redemption for Taxation Reasons*), Condition 9.6 (*Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement*) or Condition 11 (*Events of Default and Enforcement*) but including at the option of the CDS Counterparty upon the occurrence of a Clean-up Call Event, the Issuer shall immediately upon the termination of the Credit Default Swap Agreement give notice thereof to the Trustee and the Noteholders in accordance with Condition 18 (*Notices*) and the Notes shall become due and repayable as provided by Condition 9.7 (*Mandatory Early Redemption*).

The Notes shall only be optionally redeemed upon the occurrence of a Clean-up Call Event under this Condition 9.5 (*Mandatory Redemption in Whole following Termination of the Credit Default Swap Agreement*) if, prior to the Mandatory Early Redemption Date, the Cash Administrator on behalf of the Issuer has certified to the Trustee that the Expected Net Proceeds from the realisation of the Collateral (calculated as provided below) which shall be held by or on behalf of the Issuer on or immediately prior to the Mandatory Early Redemption Date will equal or exceed the applicable Redemption Threshold Amount.

The "**Expected Net Proceeds**" resulting from any such proposed realisation of the Collateral shall be the sum of:

(i) the balance standing to the credit of the Cash Deposit Account (to the extent not payable to any entity other than the Issuer);

(ii) the sum of the balances standing to the credit of each of the Accounts (to the extent not payable to any entity other than the Issuer); and

(iii) the sum of the net amounts receivable by the Issuer under each of the Transaction Documents.

"**Redemption Threshold Amount**" means the aggregate of all amounts which would be due and payable on redemption of the Notes on the Mandatory Early Redemption Date upon the occurrence of a Clean-up Call Event under Condition 9.5 (*Mandatory Redemption in Whole following Termination of the Credit Default Swap Agreement*), as applicable, in accordance with the Enforcement Priority of Payments (excluding for these purposes any Deferred Interest or interest thereon).

9.6 Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement

If an Early Termination Event (as defined in the Cash Deposit Agreement) occurs pursuant to the Cash Deposit Agreement or a Cross-currency Swap Agreement is terminated for any reason and is not replaced within 30 days of such termination, the Issuer shall promptly give notice thereof to the Trustee and the Noteholders in accordance with Condition 18 (*Notices*) and the Notes shall become due and payable as provided by Condition 9.7 (*Mandatory Early Redemption*).

9.7 Mandatory Early Redemption

Upon the date that notice is given to the Noteholders that the Notes will become due and repayable pursuant to Condition 9.4 (*Redemption for Taxation Reasons*) or Condition 9.5 (*Mandatory Redemption in Whole following Termination of the Credit Default Swap Agreement*) or Condition 9.6 (*Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement*), the Collateral shall be realised and the Notes shall be redeemed on the following Payment Date, in the case of Condition 9.4 (*Redemption for Taxation Reasons*) or Condition 9.6 (*Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currency Swap Agreement*), or as soon as practicable after the termination of the Credit Default Swap Agreement, in the case of Condition 9.5 (*Mandatory Redemption in whole following Termination of the Credit Default Swap Agreement*) (the "**Mandatory Early Redemption Date**"). Upon receipt of the proceeds (if any) of the realisation of the Collateral the Trustee shall give notice to the Noteholders in accordance with Condition 18 (*Notices*) of the Mandatory Early Redemption Date and on such date the Notes shall be redeemed in accordance with the Enforcement Priority of Payments.

9.8 Purchase of Notes by the Issuer

The Issuer may not at any time purchase Notes in the open market or otherwise, unless otherwise specifically provided herein.

9.9 Cancellation

All Notes redeemed by the Issuer in full in accordance with this Condition 9 (*Redemption*) will be cancelled forthwith and may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be deemed to have been discharged in full.

9.10 Mandatory Sale

The Issuer may compel any beneficial owner of Rule 144A Registered Global Certificates to sell its interest in such Notes, or may sell such interest on behalf of such beneficial owner, if such person is not a qualified institutional buyer (as defined in Rule 144A under the Securities Act) and a "qualified purchaser" (as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940) at a price equal to the lowest of (i) the purchase price for such Notes paid by the beneficial owner, (ii) 100 per cent. of the then Principal Amount Outstanding of such Notes or (iii) the fair market value thereof.

Further, the Issuer may also compel the beneficial owner of a Class E Note, a Class F Note or a Class G Note to sell its interest in such Notes, or may sell such interest on behalf of such beneficial owner, at a price at least equal to the lowest of (i) the purchase price for such Notes paid by the beneficial owner, (ii) 100 per cent. of the then Principal Amount Outstanding of such Notes or (iii) the fair market value thereof, if such person is (1) a Benefit Plan Investor as defined in 29 C.F.R.§2510.3-101(f)(2), that is subject to the United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or Section 4975 of the United States Internal

Revenue Code of 1986, as amended (the "**Code**") or (2)(A) a governmental plan or church plan that is subject to any United States federal, state or local law that is substantially similar to the provisions of section 406 of ERISA or section 4975 of the Code or any entity whose assets are treated as assets of any such plan and (B) the purchase and holding of such Notes violates any such similar law.

10. Payments

10.1 Method of Payment

Payments of principal of or interest on any Note shall be made by cheque in the same currency as the relevant Note drawn on, or, upon application by a Noteholder to the specified office of the Principal Paying Agent or any Transfer and Paying Agent not later than the relevant Record Date, by transfer to, an account denominated in such currency maintained by the payee with a bank in the relevant Principal Financial Centre upon surrender (or, in the case of part payment only, endorsement) of the relevant Definitive Registered Certificates at the specified office of the Principal Paying Agent or any Transfer and Paying Agent.

"**Principal Financial Centre**" means (i) with respect to Notes denominated in Sterling, London, (ii) with respect to Notes denominated in euro, the principal financial centre of such member state of the European Union as is selected (in the case of payment) by the payee or (in the case of a calculation) by the Note Calculation Agent, and (iii) with respect to Notes denominated in U.S. dollars, New York City.

10.2 Payments on Non-Sterling Notes

Each amount determined under the Priorities of Payment in respect of the payment of amounts of principal or interest to the Holders of a Class of Notes shall be determined as an amount in pounds sterling. In the case of any Class of Non-Sterling Notes, any amount so determined shall be paid to the Cross-currency Swap Counterparty under the Cross-currency Swap Agreement in respect of such Class of Notes. In exchange for such payment, the Cross-currency Swap Counterparty shall pay an amount in the currency of denomination of such Class of Notes, as determined in accordance with the terms of such Cross-currency Swap Agreement, to the Principal Paying Agent on behalf of the Issuer for payment to the Holders of such Class of Notes in accordance with Condition 10.1 (*Method of Payment*).

10.3 Payment subject to Fiscal Law

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

10.4 Appointment of Agents

The Registrar, the Principal Paying Agent, the Transfer and Paying Agent, the Note Calculation Agent, the Cash Administrator, the CDS Prepayment Account Bank, the Transaction Account Bank and the Reserve Account Bank initially appointed by the Issuer and their respective specified offices are listed below. Subject to the provisions of Condition 11 (*Events of Default and Enforcement*), they act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of any of them and to appoint additional or other Registrars, Principal Paying Agents, Transfer and Paying Agents, Note Calculation Agents, Cash Administrators, CDS Prepayment Account Banks, Transaction Account Banks or Reserve Account Banks, subject to the approval of the Trustee, provided that it will at all times maintain (i) a Registrar, (ii) a Principal Paying Agent, (iii) a Transfer and Paying Agent having a specified office in a major European city which, so long as the Notes are traded on the regulated market of the Irish Stock Exchange, shall be Dublin and (if different) a paying agent in a European Union Member State that is not obliged to withhold or deduct pursuant to European Council Directive 2003/48/EC, as approved by the Trustee, (iv) a Note Calculation Agent, (v) a Cash Administrator, (vi) a CDS Prepayment Account Bank, (vii) a Transaction Account Bank and (viii) a Reserve Account Bank.

Notice of any such change or any change of any specified office (other than by the Note Calculation Agent) will promptly be given by or on behalf of the Issuer to the Noteholders in accordance with Condition 18 (*Notices*) and to the Trustee, S&P, Moody's and Fitch.

10.5 Payments on Business Days

Where payment is to be made by transfer to a Sterling account, a euro account or a U.S. dollar account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next business day) will be initiated and, where payment is to be made by Sterling cheque, euro cheque or a U.S. dollar cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on

the later of the due date for payment and the day on which the relevant Definitive Registered Certificate is surrendered (or, in the case of part payment only, endorsed) at the specified office of the Principal Paying Agent or any Transfer and Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment.

A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (a) the due date for a payment not being a business day or (b) a cheque mailed in accordance with this Condition 10 *(Payments*) arriving after the due date for payment or being lost in the mail. In this Condition 10.5 (*Payments on Business Days*), "**business day**" means a day on which commercial banks and foreign exchange markets are open in the relevant place of payment.

11. Events of Default and Enforcement

11.1 Events of Default

If any of the events listed below (each, an "**Event of Default**") occurs, the Trustee at its discretion may and, if so requested in writing by Holders of not less than two-thirds of the aggregate Outstanding Principal Balance of the Senior Outstanding Class or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders of the Senior Outstanding Class, shall, provided in each case that it shall have been indemnified and/or secured to its satisfaction, give notice (an "**Enforcement Notice**") to the Issuer that each Class of Notes is, and it shall immediately become, due and repayable at its Principal Amount Outstanding together with any interest accrued but unpaid to the date of repayment:

(A) a default in the payment, when due and payable, of any principal of any Note, which default continues for a period of five Business Days after the Issuer has been notified of the default; or

(B) a default in the payment, when due and payable, of any interest on the Class A Notes or the Class B Notes, which default continues for a period of five Business Days after the Issuer has been notified of the default; or

(C) other than a failure already referred to in paragraphs (A) and (B) above, the Issuer fails (i) to disburse amounts available in the Income Collection Account in respect of any Payment Date in accordance with the Available Income Funds Priority of Payments, which failure continues for a period of five Business Days (provided that, for the avoidance of doubt, the deferral of interest on any Class of Notes in accordance with Condition 8.5 (*Deferred Interest*) shall not constitute an Event of Default) or (ii) to disburse Amortisation Amounts from the Cash Deposit Account in respect of any Payment Date prior to the Legal Final Maturity Date in accordance with the Available Amortisation Funds Priority of Payments, which failure continues for a period of five Business Days after the Issuer has been notified of the default; or

(D) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer and, in each case, that the Trustee has determined that such default is, in the sole opinion of the Trustee, materially prejudicial to the interests of the Noteholders; or

(E) the entry of a decree or order by a court having jurisdiction in the premises adjudging the Issuer as bankrupt or insolvent, or approving as properly filed a petition seeking a moratorium of payments, reorganisation, arrangement, adjustment or composition of or in respect of the Issuer under any applicable law, or appointing a receiver, liquidator, assignee or sequestrator (or other similar official) of the Issuer or substantially all of its property, or ordering the winding-up or liquidation of the Issuer or its affairs; or

(F) an involuntary case or proceeding is initiated against the Issuer, or a proceeding is initiated by the Issuer, under any applicable insolvency law, including presentation to the court of an application for an administration order, or any other step is taken by any person with a view to the administration of the Issuer under any applicable enactment including the passing of any resolution by the directors or shareholders of the Issuer approving the making of any such application or proceeding, or seeking the appointment of a receiver, administrator, liquidator or other similar official in relation to the Issuer or to the whole or substantially all of the undertaking or assets of the Issuer, or seeking the winding-up or liquidation of the Issuer or its affairs, or a receiver, administrator, liquidator or other similar official is

appointed in relation to the Issuer or in relation to the whole or substantially all of the undertaking or assets of the Issuer or an encumbrancer takes possession or execution or other process is levied or enforced upon or sued out against the whole or substantially all of the undertaking or assets of the Issuer or if the Issuer is dissolved or becomes insolvent, initiates or consents to any case or judicial proceeding relating to itself or its assets under any applicable insolvency law and, in the case of any such proceeding or petition instituted or presented against it or of any such appointment made or process levied, enforced or sued out, such proceeding, petition, appointment or process is not dismissed, discharged, stayed or restrained in each case within 30 days thereafter; or

(G) any event occurs with respect to the Issuer which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraph (E) or paragraph (F) above; or

(H) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed.

11.2 Notification of Default

The Issuer shall promptly notify in writing the Trustee, the CDS Counterparty, the Cross-currency Swap Counterparty, the Rating Agencies and the Noteholders in accordance with Condition 18 (*Notices*) upon becoming aware of the occurrence of an Event of Default.

11.3 Confirmation of No Default

The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee on an annual basis or on request that no Event of Default has occurred and that no other matter which is required (pursuant thereto) to be brought to the Trustee's attention has occurred.

11.4 Enforcement

The security in respect of the Collateral shall become enforceable upon the Notes becoming due and payable following the occurrence of any Event of Default.

The Trustee may, in its discretion and without further notice, take such proceedings and/or other actions as it may think fit against or in relation to the Issuer or any other party to any of the Transaction Documents to enforce its obligations under the Trust Deed, the Notes or any Transaction Document and take, at any time after the security in respect of the Collateral becomes enforceable, action to enforce the security in respect of the Collateral without any liability as to the consequences of such action, subject, in the case of enforcement of the security in respect of the Collateral, to obtaining the prior written consent of the CDS Counterparty (unless such Event of Default results from the termination of the Credit Default Swap Agreement pursuant to the occurrence of a CDS Counterparty Default), but it shall not be bound to take any such proceedings and/or action unless:

(A) subject, in the case of enforcement of the security in respect of the Collateral, to obtaining the prior written consent of the CDS Counterparty (unless a CDS Counterparty Default has occurred), requested in writing by the Holders of at least two-thirds in aggregate of the Outstanding Principal Balance of the Senior Outstanding Class (provided it has not previously received contrary instructions from Noteholders of a greater proportion of the aggregate of the Outstanding Principal Balance of the Senior Outstanding Class); or

(B) subject, in the case of an enforcement of the security in respect of the Collateral, to obtaining the prior written consent of the CDS Counterparty (unless a CDS Counterparty Default has occurred), directed by an Extraordinary Resolution of the Senior Outstanding Class; or

(C) in the case of an enforcement of the security in respect of the Collateral, directed in writing by the CDS Counterparty (unless a CDS Counterparty Default has occurred),

and in each case it shall have been indemnified and/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.

The net proceeds of enforcement of the security in respect of the Collateral shall be distributed in accordance with the Enforcement Priority of Payments.

11.5 Limited Recourse and Non-petition

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders or of any of the other Secured Parties under the Trust Deed and no Noteholder or other Secured Party may 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 and such failure or neglect is continuing. After realisation of the security in respect of the Collateral which has become enforceable and distribution of the net proceeds in accordance with the Enforcement Priority of Payments, no Noteholder or other Secured Party may take any further steps against the Issuer, and no debt shall be owed by the Issuer in respect of any difference between the amount of the net proceeds of the security in respect of the Collateral and the amount which would otherwise have been payable in respect of the Notes or to such Secured Party. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up of the Issuer.

The net proceeds of enforcement of the security in respect of the Collateral may be insufficient to pay all amounts due to the Secured Parties, in which event claims in respect of all such amounts will be extinguished.

12. Prescription

Claims in respect of any of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date.

"**Relevant Date**" means the date on which a payment first becomes due but, if the full amount of the money payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 18 (*Notices*).

13. Definitive Registered Certificates

13.1 Issue of Definitive Registered Certificates

Definitive Registered Certificates will only be issued in the following limited circumstances:

(A) in the case of the Rule 144A Definitive Registered Certificates as set out in Condition 2 (*Form and Denomination*); or

(B) in the case of Rule 144A Global Registered Certificates in respect of U.S. dollar Notes and the Regulation S Global Registered Certificates representing the Class A3 Notes and the Class B3 Notes, DTC is at any time unwilling or unable to continue as, or ceases to be, a clearing agency registered under the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and a successor to DTC registered as a clearing agency under the Exchange Act is not able to be appointed by the Issuer within 90 days of such notification; or

(C) in the case of the Rule 144A Global Registered Certificates in respect of Sterling Notes or Euro Notes, or in the case of the Regulation S Global Registered Certificates other than the Regulation S Global Registered Certificates in respect of the Class A3 Notes and the Class B3 Notes, either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention to cease business permanently (or does so and no alternative clearing system acceptable to the Trustee is then available); or

(D) the Issuer would suffer a material disadvantage in respect of the Notes as a result of a change in (or a change in the application or interpretation of) the laws or regulations (taxation or otherwise) of any applicable jurisdiction or payments being made net of Tax which would not be suffered were the relevant Notes in definitive form and a certificate to such effect signed by the Managing Director of the Issuer, together with a legal opinion to such effect, is delivered to the Trustee.

13.2 Exchange of Global Registered Certificates for Definitive Registered Certificates

If Definitive Registered Certificates are issued, the beneficial interests represented by the Regulation S Global Registered Certificate of each Class and by the Rule 144A Global Registered Certificate of each Class shall be exchanged by the Issuer for Notes of such Classes in definitive form ("**Regulation S Exchanged Definitive Registered Certificates**" and "**Rule 144A Exchanged Definitive Registered Certificates**" respectively and together with the Rule 144A Definitive Registered Certificates (as defined in Condition 2 (*Form and Denomination*)), the "**Definitive Registered Certificates**"). The aggregate principal amount of the

Regulation S Exchanged Definitive Registered Certificates and the Rule 144A Exchanged Definitive Registered Certificates (or the Rule 144A Definitive Registered Certificates, as the case may be) of each Class shall be equal to the Principal Amount Outstanding of such Class at the date on which notice of exchange of the Regulation S Global Registered Certificates or, as the case may be, the Rule 144A Global Registered Certificates of the corresponding Class is given, subject to and in accordance with the detailed provisions of these Conditions, the Agency Agreement, the Trust Deed and the relevant Global Registered Certificates.

14. Replacement of Notes

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

15. Meetings of Noteholders; Modification; Waiver and Substitution

15.1 Meetings of Noteholders

The Trust Deed contains provisions for convening separate or combined meetings of the Noteholders of any Class to consider any matter relating to the Notes, including the sanctioning by Extraordinary Resolution passed at a meeting of such Noteholders of the relevant Class of any modification of certain of these Conditions or certain provisions of the Trust Deed or of the other Transaction Documents. Subject as further provided in the Trust Deed and below in this Condition 15.1 (*Meetings of Noteholders*), any such modification may be made if sanctioned by an Extraordinary Resolution of the Holders of Notes of the Senior Outstanding Class.

For the purposes of this Condition 15 (*Meetings of Noteholders; Modification; Waiver and Substitution*), references to a "Class of Notes" shall be deemed to refer to the Class A Notes together, the Class B Notes together, the Class C Notes together, the Class D Notes together, the Class E Notes together, the Class F Notes together or the Class G Notes, as applicable.

Such a meeting may be convened by the Trustee or by the Issuer and shall be convened by the Trustee (subject to the Trustee having been indemnified and/or secured to its satisfaction against all costs (including, without limitation, legal fees and expenses), liabilities and expenses thereby occasioned) upon the request in writing of Noteholders holding not less than one-tenth of the Outstanding Principal Balance of the Notes of the relevant Class. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons holding or representing a majority of the Outstanding Principal Balance of the Notes of the relevant Class provided, however, that certain basic terms modifications specified in the Trust Deed (each a "**Basic Terms Modification**") in respect of any such Class of Notes (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest payable on any date in respect of such Notes, to alter the method of calculating the amount of any payment in respect of such Notes or the priority of any such payment, or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders of the relevant Class of Notes and at which two or more persons holding not less than two-thirds of the Outstanding Principal Balance of the Notes form a quorum, and that the quorum at any such adjourned meeting, shall be two or more persons holding or representing not less than one-third of the Outstanding Principal Balance of the Notes of such Class.

Subject as provided below, an Extraordinary Resolution passed by the Senior Outstanding Class shall be binding on the Holders of all other Classes of Notes outstanding. Notwithstanding the foregoing, no Extraordinary Resolution to sanction a modification which would have the effect of accelerating the maturity of the Senior Outstanding Class or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Outstanding Class or altering the currency of payment of the Senior Outstanding Class shall take effect unless, in addition to the provisions above for sanctioning a Basic Terms Modification, it shall also have been sanctioned by a separate Extraordinary Resolution of the Holders of each of the other Classes of Notes outstanding. An Extraordinary Resolution of the Class B Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders or is sanctioned by a separate Extraordinary Resolution of the Class A Noteholders. An Extraordinary Resolution of the Class C Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders or the Class B Noteholders or is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders and the Class B Noteholders. An Extraordinary Resolution of the Class D Noteholders shall only be effective

when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders or is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders. An Extraordinary Resolution of the Class E Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders or is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders. An Extraordinary Resolution of the Class F Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders or the Class E Noteholders or is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders. An Extraordinary Resolution of the Class G Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders the Class E Noteholders or the Class F Noteholders or is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders.

Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of Holders of the Senior Outstanding Class, the exercise of which will be binding on the Holders of all other Classes of Notes, irrespective of the effect upon their interests. No liability shall attach to the Trustee as a result of the Trustee being or not being of an opinion referred to in this Condition 15.1 (*Meetings of Noteholders*), except as a result of an act of negligence, fraud or wilful misconduct on the part of the Trustee.

In addition, a Written Resolution will take effect as if it were an Extraordinary Resolution.

Subject as provided in the Trust Deed, the Issuer is entitled to receive notice of and attend meetings of Noteholders but is not entitled to vote.

A meeting of Noteholders will also have the power (exercisable by Extraordinary Resolution) to advise or instruct the Trustee, in relation to any of its rights, powers and discretions under the Transaction Documents, to appoint any persons (whether Noteholders or not) as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

15.2 Modification and Waiver

The Trust Deed contains provisions permitting the Trustee without the consent of the Noteholders of any Class and without the consent of other Secured Parties, *inter alia*, to agree to (i) any modification of these Conditions or of the Transaction Documents (other than in respect of a Basic Terms Modification) if, in the sole opinion of the Trustee, such modification will not be materially prejudicial to the interests of the Noteholders of the Senior Outstanding Class, and (ii) any modification of the Conditions or of the Transaction Documents which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may without the consent of the Noteholders of any Class authorise or waive any breach or proposed breach of the Conditions, the Trust Deed or the Transaction Documents (other than a breach or proposed breach relating to the subject of a Basic Terms Modification) if, in the sole opinion of the Trustee, such authorisation or waiver will not be materially prejudicial to the interests of the Noteholders of the Senior Outstanding Class.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders pursuant to Condition 18 (*Notices*) as soon as practicable thereafter.

15.3 Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders of any Class and without the consent of the other Secured Parties, to the substitution of any other company in place of the Issuer, or of any previously substituted company, as principal debtor under the Trust Deed and the Notes of each Class, if required for taxation purposes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, but subject to receipt by the Trustee of confirmation in writing from the Rating Agencies (on the basis of such information and/or opinions as the Rating Agencies may require) that none of the

ratings of any of the Rated Notes will be adversely affected as a result thereof, to a change in the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 15 (*Meetings of Noteholders; Modification; Waiver and Substitution*) shall be binding on the Noteholders, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 18 (*Notices*).

The Trustee may, subject to the satisfaction of certain conditions, including receipt by the Trustee of confirmation in writing from the Rating Agencies (on the basis of such information and/or opinions as such Rating Agency may require) that the rating of any of the Rated Notes will not be adversely affected as a result of the following, agree to a change in the place of residence of the Issuer for taxation purposes without the consent of the Noteholders of any Class and without the consent of the other Secured Parties, provided the Issuer does all such things as the Trustee may reasonably require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements which are in the interests of the Noteholders as it may direct.

16. Trustee and Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and relieved from responsibility in certain circumstances (and, in particular, but without limitation, from taking proceedings against the Issuer unless it has been indemnified and/or secured to its satisfaction) and to be paid its remuneration, costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee, its employees and affiliates are entitled to enter into business transactions with the Issuer and/or any entity relating to the Issuer and/or any Secured Party without accounting for any profit.

The ability of the Trustee to exercise any rights it has under the Transaction Documents in respect of the Notes are restricted by the terms of the Transaction Documents. Noteholders have no independent entitlement to exercise such rights.

In the exercise of its powers and discretions under these Conditions, the Trust Deed and any other Transaction Document, the Trustee will have regard to the interests of the Holders of each Class separately in accordance with the terms of the Trust Deed and will not be responsible for any consequence for individual Holders of Notes of such exercise and no Noteholder shall be entitled to claim from the Issuer or the Trustee any indemnification or other payment in respect of any consequence for any individual Noteholders of any such exercise.

The Trustee has not investigated the validity, value, sufficiency or enforceability of the security created by the Transaction Documents and shall accept without investigation, requisition or objection such right and title as the Issuer or any other person may have to any of the Collateral or any part thereof. The Trustee will not be responsible for any deficiency which may arise because the Trustee is liable to Tax in respect of all or any of the Collateral, the income therefrom or the proceeds thereof.

The Trustee will rely on the certificates signed by one authorised signatory of the Issuer or two authorised signatories of any Secured Party or any other person as to any fact or matter *prima facie* within the knowledge of the Issuer or such Secured Party or such other person, and shall not be responsible for any failure otherwise to monitor compliance with the obligations imposed on the Issuer under these Conditions.

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

17. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of and the giving of security to the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to realise the security for the Notes and to obtain repayment of the Notes unless indemnified and/or secured to its satisfaction. The Trustee shall not have any responsibility for the administration, insurance, management, monitoring or operation of the Collateral.

18. Notices

18.1 Publication of Notices

All notices, other than notices given in accordance with the following paragraphs, to Noteholders shall be deemed to be duly given if published in a leading English language daily newspaper published in Ireland, which is expected to be the Irish Times, and the *Financial Times* or, if either of such newspapers shall cease to be published or timely publication therein shall not be practicable, in such English language newspaper or newspapers as the Trustee may approve having a general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

18.2 Notices Concerning Interest

Any notices specifying the Rate of Interest, an Interest Amount, any Interest Shortfall or any redemption amount shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters screen (presently page "ISDA Page") or such other medium for the electronic display of data as may be approved by the Trustee and notified to the relevant Class of Noteholders (the "**Relevant Screen**"). Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen. If it is impossible or impracticable to give notice in accordance with this paragraph, then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph.

18.3 Alternative Methods of Notice

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

18.4 Clearing Systems Notices

Whilst the Notes are admitted to trading on the regulated market of the Irish Stock Exchange, copies of all notices given in accordance with this Condition 18 (*Notices*) shall also be sent to DTC, Euroclear and Clearstream, Luxembourg.

19. Taxation

19.1 No Additional Payments

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any Tax unless the Issuer or the Principal Paying Agent or the Transfer and Paying Agent is required by applicable law to make any such payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future Tax. In the event such withholding or deduction is required, the Issuer or the Principal Paying Agent or the Transfer and 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. None of the Issuer or the Principal Paying Agent or the Transfer and Paying Agent will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction. Any such withholding or deduction shall not constitute an Event of Default under Condition 11 (*Events of Default and Enforcement*).

19.2 Treatment of Notes as Indebtedness

The Issuer, the Trustee and, by accepting a Note, each Noteholder agree to treat the Notes (other than the Class G Notes) as indebtedness of the Issuer for U.S. federal, state and local income and franchise tax purposes, to report all income (or loss) in accordance with such characterisation and further agree not to take any action inconsistent with such treatment, except as otherwise required by any relevant taxing authority.

20. Provision of Information

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

addressed to the Issuer and delivered to the Issuer or to the specified office of the Principal Paying Agent, the information specified in Rule 144A(d)(4) under the Securities Act.

21. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

22. Governing Law and Jurisdiction

The Notes are governed by and shall be construed in accordance with English law. The Issuer has in the Trust Deed submitted to the jurisdiction of the English courts for all purposes in connection with the Notes.

23. Agent for Service of Process

The Issuer irrevocably appoints Simmlaw Services Limited, at its offices at CityPoint, One Ropemaker Street, London EC2Y 9SS, as its agent in England to receive service of process in any proceedings in England based on any Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

On the Closing Date, the proceeds of the issue and sale of the Sterling Notes, the Euro Notes and the U.S. dollar Notes will be £993,641,000, €1,271,200,000, and $2,966,000,000 respectively. After exchanging the proceeds of the Euro Notes and U.S. dollar Notes under the relevant Cross-currency Swap Agreements, the aggregate proceeds to the Issuer from the issue and sale of the Notes will be £3,500,000,984.84. This amount will be credited to the balance of the Cash Deposit Account held in the name of the Issuer with the Cash Deposit Bank. The Issuer will direct the CDS Counterparty to pay the Initial CDS Payment, payable to the order of the Issuer in accordance with the Credit Default Swap Agreement, to the Managers in respect of the Managers' combined selling, management and underwriting commissions.

ORIGINATION OF LOANS

The Royal Bank of Scotland Group plc Lending Business

The Royal Bank of Scotland Group plc and its subsidiary undertakings (together, the "**Group**") has a well established framework of methodologies and processes by which it conducts its loan origination business. To ensure that they remain appropriate as the business environment changes, the Group may revise its origination and risk management procedures from time to time.

The following is a description of the credit risk framework used in the Corporate Markets division of the Group.

Loan Origination

The Group, including its wholly owned subsidiaries, The Royal Bank of Scotland plc and National Westminster Bank Plc (each a "**Bank**" and, together, the "**Banks**"), is an active participant in the UK corporate lending market, providing financing to a variety of entities.

New lending opportunities are sourced from either the existing customer base or new clients. New clients are either sourced from the targeted efforts of relationship managers / business development officers or are introduced by advisers. Alternatively, new clients may themselves initiate direct contact with the Group due to the Group's reputation in the market.

Each customer is assigned a relationship manager who is the primary contact for the customer within the Group. When a new lending proposal has been identified the appropriate relationship manager will co-ordinate a team with the necessary skills to appraise the proposal. The precise make up of the team will depend on the complexity of the loan being sought; it will typically include representatives from credit functions, analysis functions and product and industry sector experts from within the Group. If considered appropriate, external support in terms of legal, financial or commercial due diligence will also be sought.

The relationship manager will co-ordinate the preparation of the credit submission for the appropriate credit approval authority. The credit submission will include a request for sanction of the loan and establish why the relationship manager believes, having considered the input from the assembled team, that the Group should enter into the loan.

Generally speaking, each credit submission will comprise three independent parts:

(i) the submission as prepared by the relationship manager and his/her wider team;

(ii) independent financial analysis; and

(iii) an independent view from the credit department.

Collectively, these documents are used by the credit committee(s) in order to make their decision. The relationship management function and the assembled team have no approval authority.

Extension of Credit

The Group has an established credit risk management framework to ensure that there is a clear understanding of the acceptable levels of exposure to credit risk which may be assumed by the Group. It also ensures that standards and procedures are followed in the assessment, approval, monitoring and management of credit risk. In addition, only individuals or credit committees able to exercise independent judgment in respect of a proposed transaction have the authority to accept the credit risk in respect of the transaction.

When assessing the credit risk in respect of a potential transaction, the key factors that the Group will consider are those associated with the potential borrower and any potential guarantor, the extent of any existing exposure to the potential borrower and its group and the credit risks associated with the transaction. The potential return in respect of such credit risk and the extent of any risk mitigation available (such as tangible security) are also taken into account.

Within the context of the Group's requirements, the Corporate Markets division has developed credit risk processes, models, methodologies, systems and a suite of tools to aid the Group's staff in recommending new commitments and in managing its existing loan portfolio. These tools allow for the consistent application of credit risk measurement and management throughout the credit portfolio of the Group.

The major components of the Corporate Markets division's credit risk measurement system include:

- "**Probability of Default**" meaning an assessment of the probability that the customer will fail to make full and timely repayment of credit obligations over a one year period. Further details of the grading methodology are contained in the section below;
- "**Loss Given Default**" meaning an estimate of the economic loss that may be suffered by the Group on a credit facility in the event of default; and
- "**Credit Limits**" meaning the formally approved credit facilities made available by the Bank to the borrower.

Internal Credit Grades

Each customer is assigned an internal credit grade (each, an "**Internal Credit Grade**") which reflects the Probability of Default. There are a number of different credit grading models in use, each of which considers particular customer characteristics in the relevant loan portfolio. The credit grading models use a combination of quantitative inputs, such as recent financial performance and qualitative inputs, such as company management performance and sector outlook.

The Internal Credit Grade rating scale ranges from a credit grade of "A1" (very good) to "D3" (satisfactory) for performing loans. In addition there are a further three credit grades (from "E1" to "F") for impaired exposures.

Internal Credit Grades have been tested and calibrated against the actual default experience and augmented with other data from rating agencies and other external sources.

Although the credit grade in the credit submission is derived from the relevant credit grading model, ultimately it is the credit committee that decides the appropriate grade to be allocated to the customer.

Comparison of Internal Credit Grades with Rating Agencies' Rating Levels

The following table shows the Group's Internal Credit Grade, compared with the corresponding rating levels of each of S&P, Moody's and Fitch:

Internal Credit Grade	Equivalent S&P Rating	Equivalent Moody's Rating	Equivalent Fitch Rating
A1	AA+	Aa1	AA+
A2	AA	Aa2	AA
A3	A+	A1	AA-
B1	A-	A3	A
B2	BBB+	Baa1	BBB+
B3	BBB	Baa3	BBB
C1	BBB-	Ba1	BBB-
C2	BB+	Ba2	BB
C3	BB-	Ba2/Ba3	BB
D1	B+	B1	B
D2	B	B1	B-
D3	B	B3	CCC+
E1	B-	Caa2	CCC
E4	CCC	N/A	CCC-
F	D	N/A	N/A

Security and Loss Given Default

In addition to measuring the borrower's risk of default through the Internal Credit Grade, the impact of any collateral is also considered through the estimate of Loss Given Default. The Loss Given Default models consider factors such as the availability of security, as well as other appropriate risk drivers including the industry sector of the borrower, the legal jurisdiction in which the borrower operates as well as general economic conditions.

Security can take many forms but will typically comprise tangible asset security (e.g. land and buildings) and/or intangible third party contingent obligations (e.g. guarantees).

Guarantees can be taken for a variety of reasons. In many group borrowing situations, intra-group guarantees are often taken to ensure the Bank is able to access the guarantor's assets in the event of default by a borrowing entity. In other cases, third party (e.g. other banks or companies) guarantees may be taken to mitigate credit risk.

The Internal Credit Grade and Loss Given Default assist with the pricing of each loan, whilst taking into account the Group's risk and reward target, income from the loan (margin and fees), income from ancillary business, as well as costs associated with the loan (including the cost of capital). These metrics also form a key part of the risk management reports that are submitted to senior management on a regular basis.

Recovery Rates

In a recovery situation the Bank may not realise the full value of any security item, due to the nature of the security and/or the underlying asset.

Therefore each class of security (if any) is assigned a recovery rate. This recognises past experience in similar recovery situations and is applied to the value of the relevant asset to determine the net anticipated recovery value.

For example, the value of a (first) freehold charge on property may be discounted by at least 25%, whereas a higher discount is applied to inventories.

Credit Committees

The Group has a framework of credit committees that formally sanction credit facilities. In order to ensure consistency across the Group, credit committees are not sector-focused. The chairperson of the committee has the sole authority to make the actual credit decision.

The aggregate potential exposure of the Group to a customer group and that customer group's credit grade, determines which committee is authorised to make the formal lending decision. A distinction is also drawn between requests for the extension of credit to existing customers and the extension of credit to new customers.

- *Divisional Credit Committee:* A credit sanctioning decision is first presented to a Divisional Credit Committee, which comprises three members, at least one of whom is a credit officer.

- *Group Credit Committee:* When the total aggregate exposure requested by a customer and its group exceeds the level that may be sanctioned by a Divisional Credit Committee, the Divisional Credit Committee will (if appropriate) recommend it for consideration to the Group Credit Committee. The Group Credit Committee comprises three members.

- *Advances Committee:* The Group's highest-level committee is the Advances Committee, which comprises two members: at least one of whom is a member of the board of The Royal Bank of Scotland Group plc and the other a senior executive. The Advances Committee serves as a forum to review the information previously presented to the lower-level committees.

In the event that the request falls below a *de minimis* threshold, a senior credit officer may sanction the extension of credit without reference to a credit committee.

After a particular loan is approved by a credit committee or committees, an appraiser independent to the relationship manager must affirm that the conditions precedent and any requests for further information made by the credit committee or committees that sanctioned the loan have been satisfied before funds can be drawn down under the applicable loan.

Corporate Markets Division Historical Lending Performance

The following table sets out certain information relating to loans and advances by the Corporate Markets division of the Group and Impairment Losses in respect of such loans and advances derived from the annual report and accounts of the Group for each of the years ended 31 December 2002 to 2005.

	UK GAAP			IFRS	
Corporate Markets	**2002**	**2003**	**2004**	**2004 (pro forma)[1]**	**2005[2]**
	£m	**£m**	**£m**	**£m**	**£m**
Loans and Advances to Customers (gross)[3]	95,700	104,300	124,900	147,000	170,500
Impairment Losses[4]	725	755	580	482	335
Impairment Losses as a percentage of Loans and Advances to Customers	0.76%	0.72%	0.46%	0.33%	0.20%

1 The pro forma figures in respect of the year ended 31 December 2004 are shown in accordance with IFRS, reflecting the estimated effect of IAS 39 ("Financial Instruments: Recognition and Measurement") and IAS 32 ("Financial Instruments: Disclosure and Presentation") which were only implemented by the Group with effect from 1 January 2005.

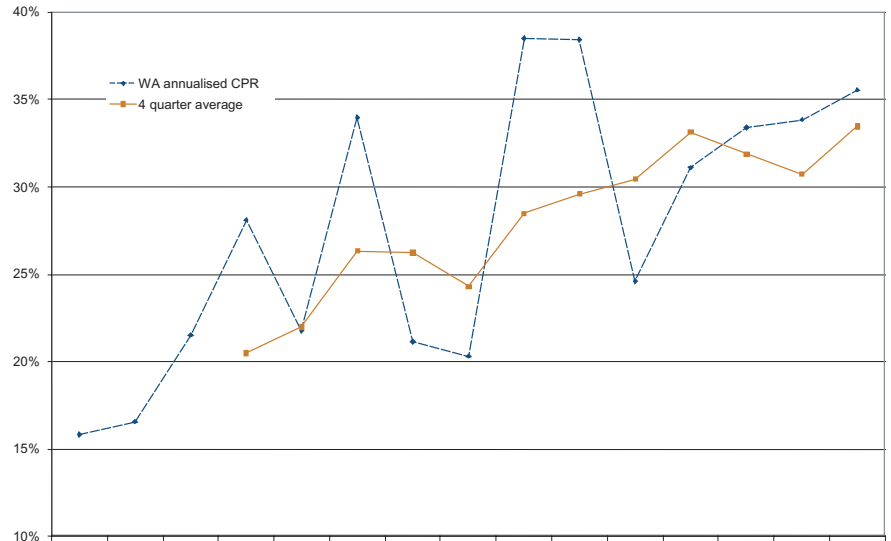
2 The figures in respect of the year ended 31 December 2005 are shown in accordance with IFRS.

3 Loans and Advances to Customers (gross) includes certain capital markets instruments as well as loans to customers but excludes reverse repos.

4 A loan is impaired when there is objective evidence that events since the loan was granted have affected expected cash flows from the loan. The impairment loss is the difference between the carrying value of the loan and the present value of estimated future cash flows at the loan's original effective interest rate.

Source: Group report and accounts

The following graph and table represent the historic payment rates of the Corporate Markets division's U.K. Sterling term loans from December 2001 to March 2006. The dashed line represents the annualised weighted average quarterly payment rates, while the solid line represents the four quarter moving average. The graph illustrates that the all – in payment rate for the Corporate Markets division's U.K. Sterling term loans has been approximately 30 per cent. for the last two years.



	Dec 2001	Dec 2002	Mar 2003	June 2003	Sept 2003	Dec 2003	Mar 2004	Jun 2004	Sep 2004	Dec 2004	Mar 2005	Jun 2005	Sep 2005	Dec 2005	Mar 2006
WA annualised CPR	15.8%	16.6%	21.5%	28.1%	21.8%	34.0%	21.1%	20.3%	38.5%	38.4%	24.6%	31.1%	33.4%	33.9%	35.6%
4 quarter average				20.5%	22.0%	26.4%	26.3%	24.3%	28.5%	29.6%	30.5%	33.2%	31.9%	30.7%	33.5%

Source: books and records of RBS and Natwest

SERVICING OF LOANS

General

The following is a description of the loan servicing procedures in the Corporate Markets division of the Group. It relates to the UK corporate loan business as at the date of this Prospectus.

The Group's relationship managers and their support teams are responsible for handling and resolving all queries received from borrowers in connection with their loans.

Monitoring and Control

Typically, all loans are reviewed at least once each year by the relationship manager, independent financial analysts and the credit risk department. In addition, ongoing loan monitoring and control is undertaken through a risk management framework to ensure adherence to loan terms and conditions and covenants.

Once a Credit Limit has been approved for a particular loan, the credit risk exposure that arises is monitored and managed until it is repaid or cancelled.

Credit Limits and associated utilisation are subject to:

- daily monitoring to ensure adherence to the approved Credit Limit amount;
- regular monitoring of the customer's overall performance, including the timeliness of payments and any compliance with covenants or other facility terms and conditions. The frequency of monitoring is determined by the credit quality of the customer and the specific risks associated with the credit risk exposure; higher risk exposures will typically be subject to more frequent monitoring;
- regular calculation of credit risk measures appropriate to the customer such as credit grades, Probability of Default and Loss Given Default; and
- at least an annual, written review by the appropriate credit risk authority to assess whether the customer's credit risk quality and account performance remain satisfactory. The review must also consider whether there have been any material changes which may impact the adequacy of security, enforceability of all documentation and the validity and adequacy of insurance.

Loan Deterioration Management

As part of its loan servicing process, the Group seeks to prevent and manage loan deterioration. The Group's view is that its interests, and those of its customers, are best served when it can assist a borrower experiencing financial difficulties to find ways to return to healthy operations, and thereafter to maintain a profitable banking relationship with it. In the alternative, the Group strives to work with the borrower to exit the relationship, managing the difficult circumstances to optimise the outcome for all parties involved. The primary goal underlying the Group's policies in this area is to rehabilitate a borrower experiencing difficulties. As a last resort, after other efforts to work out a particular situation have failed, the Group may call a default on the borrower.

Debt Collection and Recoveries

Drawing from the information obtained through the monitoring and control procedures described above, the credit department may identify a particular customer as a heightened risk. Once the customer is identified as being in this category, the Group's Specialised Lending Services unit ("**SLS**") will be alerted. In the event that there is a further deterioration in credit quality, such that the loan should be downgraded to an Internal Credit Grade of "E1" or lower, SLS may assume the management of the customer and seek to identify and address key problem areas. SLS would then work directly with the customer to agree an appropriate strategy. In most cases, the aim of SLS is to improve the overall credit quality of the borrower, and return the business, once the Internal Credit Grade has been upgraded to a "D" rating, back to the relevant relationship manager's sole control. If, however, the turnaround attempts have failed or the business is not considered to be viable, SLS may consider how best to realise and maximise the value of any security held for the loan and/or the value of the business in order to minimise any loss of principal or interest on a loan. This may necessitate the commencement of formal insolvency processes.

In the majority of cases where a customer is identified as a heightened risk, the Group does not suffer any loss.

SLS is staffed by senior restructuring bankers. Accountants and personnel with real estate expertise are also employed within the SLS team. Recovery strategies will be managed within SLS if the complexity of the particular situation requires the unit's expertise, for example, in cases involving syndication. Where debt products provided to customers are not repaid in accordance with agreed terms and conditions, the Group has established specific policies and procedures to recover the outstanding debt.

In each case, SLS undertakes a preliminary case assessment, which includes meetings with key professionals or industry experts. It then formulates a recovery strategy and undertakes a detailed review of the business and of any security to determine the best route to maximum recovery. The particular strategies adopted will depend on the nature of the collateral held and the kinds of problems faced by the customer – three main routes are generally employed: insolvency, property realisation, and pursuit of guarantors and third party covenants.

In the case of insolvency, through monitoring and management, the underlying aim is to maximise recovery and minimise costs.

With respect to real estate realisation, property professionals, valuers, estate agents and auctioneers are engaged, and legal enforcement is undertaken, including in certain cases, the appointment of receivers under the Law of Property Act. Real estate and property experts within SLS will identify and assess the options for realisation of the security, including general sale, tender or auction, and pursue such options. Interested parties are also approached to enhance the value of the security.

Where guarantors or third party covenants are involved, SLS will engage in negotiations with such guarantors or their professional advisers (including solicitors and accountants). Valuable assets that may be capable of funding recovery are identified, and legal remedies for repayment of the liability are examined.

Execution of the strategy might include appropriate enforcement action to maximise the value of the security held or inception of litigation proceedings, all to target maximum repayment. As part of this process, the asset disposal costs and professional spend are monitored and controlled regularly, and reviews are made of progress against plan. Throughout the process, professional advisers such as solicitors or tracing agents are employed, and budgets are regularly monitored and controlled.

THE REFERENCE PORTFOLIO

Reference Portfolio Selection

The Reference Portfolio as at the Closing Date (the "**Initial Reference Portfolio**") was selected by the CDS Counterparty exclusively from obligors who are customers of, or whose loans are serviced by, the Corporate Markets division of The Royal Bank of Scotland Group plc which are incorporated in the United Kingdom.

To avoid excessive concentrations by customer, a cap of £70,000,000 was placed on the exposure to any individual customer or its group.

Each Reference Obligation in the Reference Portfolio may be either (i) a loan facility under which any amount of principal that has been drawn (including during any availability period) and repaid by the Borrower may not be redrawn (a "**Term Facility**") or (ii) a loan facility under which the Borrower may vary the drawn amount within an agreed limit throughout the life of the facility (a "**Revolving Facility**").

The Reference Obligation Notional Amount of a Reference Obligation may be less than the Reference Obligation Facility Amount thereof.

"**Borrower**" means, in respect of a Reference Obligation, the obligor in respect of such Reference Obligation as designated by the CDS Counterparty in the Reference Register in respect of such Reference Obligation.

"**Reference Obligation Facility Amount**" means (i) the aggregate sterling denominated principal amount owed by the Borrower in respect of a Reference Obligation plus (ii) in the case of an undrawn commitment to the Borrower in respect of such Reference Obligation, the aggregate sterling denominated principal amount of such undrawn commitment.

Further detailed disclosure relating to the characteristics of the Reference Portfolio is set out under "*Characteristics of the Provisional Reference Portfolio*" below.

Reference Obligation Criteria

The following criteria (the "**Reference Obligation Criteria**") will apply in respect of each Reference Obligation in the Initial Reference Portfolio as at the Closing Date and in respect of each Reference Obligation that is added to the Reference Portfolio (or the Reference Obligation Notional Amount of which is increased) as a result of a Replacement (a "**Replacement Reference Obligation**") as at the corresponding Replacement Date:

(i) the Reference Obligation must be a Term Facility or a Revolving Facility with a past or present customer of The Royal Bank of Scotland plc or National Westminster Bank Plc or a participation in a Term Facility or a Revolving Facility;

(ii) when extending credit to the Borrower, the internal processes of the Group must have been complied with;

(iii) the Borrower in respect of each Reference Obligation must be incorporated in the United Kingdom;

(iv) the Reference Obligation must be denominated in pounds sterling;

(v) the first payment due on the Reference Obligation (including of any commitment fee) must have been made;

(vi) the Borrower in respect of each Reference Obligation must have been graded using the Group's credit model for grading large corporate entities in accordance with the internal processes of the Group and assigned an Internal Credit Grade of "D2" or higher in accordance with the credit procedures of the Group;

(vii) in respect of the three year period immediately prior to the Closing Date or the Replacement Date (as applicable), the Borrower in respect of each Reference Obligation must not have failed, after the expiration of any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period), to make where and when due, any payments or repayments of borrowed money in an aggregate amount of £10,000 or more owed to The Royal Bank of Scotland Group plc or any of its subsidiaries that fell due and payable during such period, must not have become insolvent or subject to winding-up, administration or analogous proceedings and must not have

restructured any of its debts (in a loss-making fashion from the perspective of the holder(s) of the debt), in each case subject to the actual knowledge of the CDS Counterparty;

(viii) the aggregate of the Reference Obligation Notional Amounts of all Reference Obligations of any one Borrower and its affiliates (as designated in the Reference Register) must not be greater than £70,000,000; and

(ix) the final maturity date of any Reference Obligation must not be later than 30 June 2021.

Key Features of the Reference Portfolio

Certain characteristics of the Reference Portfolio are set forth below and refer to the composition of the provisional Reference Portfolio. Such characteristics reflect the provisional Reference Portfolio as at 30 April 2006, not as at the Closing Date. The composition of the Reference Portfolio will vary over time (see "*Replacements*" below) and, as a result, the characteristics of the Reference Portfolio set forth below are not necessarily indicative of the characteristics of the Reference Portfolio at any subsequent time. However, due to the application of the Reference Obligation Criteria and the Replacement Reference Portfolio Criteria the CDS Counterparty does not expect that the Reference Portfolio characteristics will vary substantially throughout the term of the Notes.

Percentages and amounts in the tables set out below are rounded to two decimal place (or as otherwise stated). This may give rise to rounding errors and consequently the sum of the percentages or amounts set out in a row or column (as applicable) of any table may not be exactly equal to 100.00 per cent. or the stated total.

Table 1

Reference Portfolio Notional Amount	£3,500,000,000
Reference Portfolio Aggregate Reference Obligation Facility Amount	£4,670,743,804
Number of Borrowers	128
Number of Reference Obligations	149
Largest Borrower Aggregate Reference Obligation Facility Amount	£400,000,000
Smallest Borrower Aggregate Reference Obligation Facility Amount	£1,000,000
Average Borrower Aggregate Reference Obligation Facility Amount	£36,490,186
Weighted Average Time To Maturity of the Reference Obligations	2.99 years

"**Borrower Aggregate Reference Obligation Facility Amount**" means, in respect of a Borrower, the aggregate of the Reference Obligation Facility Amounts in respect of all of the Reference Obligations of that Borrower.

Distribution of Borrowers by Reference Obligation Notional Amount

Table 2

Reference Obligation Notional Amount (£ million)	Number of Borrowers	Percentage of Total	Aggregate Reference Obligation Notional Amounts	Percentage of Total
Less than £2.5m	11	9%	£ 18,134,224	1%
£2.5m to £5m	11	9%	£ 38,982,097	1%
£5m to £7.5m	8	6%	£ 48,340,000	1%
£7.5m to £10m	8	6%	£ 65,814,000	2%
£10m to £15m	16	13%	£ 189,743,599	5%
£15m to £20m	5	4%	£ 83,060,000	2%
£20m to £30m	20	16%	£ 460,989,000	13%
£30m to £40m	10	8%	£ 329,506,970	9%
£40m to £50m	13	10%	£ 553,480,000	16%
£50m to £60m	4	3%	£ 209,223,333	6%
Greater than or equal to £60m	22	17%	£1,502,726,777	43%
Total	128	100%	£3,500,000,000	100%

Distribution of Borrowers by Borrower Aggregate Reference Obligation Facility Amount

Table 3

Borrower Aggregate Reference Obligation Facility Amount (£ million)	Number of Borrowers	Percentage of Total	Aggregate Reference Obligation Facility Amounts	Percentage of Total
Less than £2.5m	10	8%	£ 16,884,224	0%
£2.5m to £5m	11	9%	£ 38,982,097	1%
£5m to £7.5m	8	6%	£ 48,340,000	1%
£7.5m to £10m	9	7%	£ 74,814,000	2%
£10m to £15m	14	11%	£ 166,249,403	4%
£15m to £20m	6	5%	£ 102,060,000	2%
£20m to £30m	21	16%	£ 485,989,000	10%
£30m to £40m	9	7%	£ 290,006,970	6%
£40m to £50m	12	9%	£ 513,480,000	11%
£50m to £75m	12	9%	£ 755,598,110	16%
£75m to £100m	7	5%	£ 571,090,000	12%
£100m to £200m	6	5%	£ 797,250,000	17%
Greater than or equal to £200m	3	2%	£ 810,000,000	17%
Total	128	100%	£4,670,743,804	100%

Distribution of Reference Obligations by Reference Obligation Notional Amount

Table 4

Reference Obligation Notional Amount (£ million)	Number of Reference Obligations	Percentage of Total	Aggregate Reference Obligation Notional Amounts	Percentage of Total
Less than £2.5m	12	8%	£ 19,434,224	1%
£2.5m to £5m	13	9%	£ 45,372,097	1%
£5m to £7.5m	13	9%	£ 74,420,000	2%
£7.5m to £10m	11	7%	£ 90,716,000	3%
£10m to £15m	19	13%	£ 227,380,266	6%
£15m to £20m	10	7%	£ 168,650,000	5%
£20m to £30m	25	17%	£ 587,741,569	17%
£30m to £40m	14	9%	£ 465,821,178	13%
£40m to £50m	10	7%	£ 425,670,000	12%
£50m to £60m	7	5%	£ 378,294,667	11%
Greater than or equal to £60m	15	10%	£1,016,500,000	29%
Total	149	100%	£3,500,000,000	100%

Distribution of Reference Obligations by Reference Obligation Facility Amount

Table 5

Reference Obligation Facility Amount (£ million)	Number of Reference Obligations	Percentage of Total	Aggregate Reference Obligation Facility Amounts	Percentage of Total
Less than £2.5m	11	7%	£ 18,184,224	0%
£2.5m to £5m	13	9%	£ 45,372,097	1%
£5m to £7.5m	13	9%	£ 74,420,000	2%
£7.5m to £10m	11	7%	£ 92,064,000	2%
£10m to £15m	14	9%	£ 166,389,403	4%
£15m to £20m	11	7%	£ 188,010,000	4%
£20m to £30m	26	17%	£ 618,761,569	13%
£30m to £40m	14	9%	£ 453,991,178	10%
£40m to £50m	9	6%	£ 385,670,000	8%
£50m to £75m	17	11%	£1,039,464,667	22%
£75m to £100m	3	2%	£ 246,750,000	5%
£100m to £200m	4	3%	£ 531,666,667	11%
Greater than or equal to £200m	3	2%	£ 810,000,000	17%
Total	149	100%	£4,670,743,804	100%

Distribution of Borrowers by SIC 92 Industry Sector

Table 6

The table set out below shows the concentration of the Borrowers in respect of the Reference Obligations comprised in the provisional Reference Portfolio. The Industry classifications are derived from SIC 92 Industry Sectors.

SIC 92 Industry Sector	Number of Borrowers	Percentage of Total	Aggregate Reference Obligation Notional Amounts	Percentage of Total
Activities Auxiliary To Financial Intermediation	1	1%	£ 35,000,000	1%
Activities Of Membership Organisations Not Elsewhere Classified	2	2%	£ 45,000,000	1%
Agriculture, Hunting And Related Service Activities	1	1%	£ 2,571,429	0%
Collection, Purification And Distribution Of Water	8	6%	£ 270,140,000	8%
Computer And Related Activities	2	2%	£ 112,250,000	3%
Construction	16	13%	£ 399,079,970	11%
Electricity, Gas, Steam And Hot Water Supply	4	3%	£ 96,900,000	3%
Extraction Of Crude Petroleum And Natural Gas; Service Activities Incidental To Oil And Gas Extraction Excluding Surveying	1	1%	£ 9,000,000	0%
Financial Intermediation, Except Insurance And Pension Funding	6	5%	£ 140,750,000	4%
Health And Social Work	3	2%	£ 82,812,595	2%
Hotels And Restaurants	13	10%	£ 440,625,928	13%
Land Transport; Transport Via Pipelines	3	2%	£ 110,000,000	3%
Manufacture Of Food Products, Beverages	9	7%	£ 433,965,000	12%
Manufacture Of Furniture; Manufacturing Not Elsewhere Classified	1	1%	£ 8,730,000	0%
Manufacture Of Machinery And Equipment Not Elsewhere Classified	2	2%	£ 65,000,000	2%
Manufacture Of Medical, Precision And Optical Instruments, Watches And Clocks	2	2%	£ 7,000,000	0%
Manufacture Of Other Transport Equipment	1	1%	£ 32,000,000	1%
Manufacture Of Radio, Television And Communication Equipment And Apparatus	1	1%	£ 2,025,000	0%
Manufacture Of Rubber And Plastic Products	1	1%	£ 40,000,000	1%
Other Business Activities	6	5%	£ 68,276,000	2%
Other Mining And Quarrying	2	2%	£ 32,000,000	1%
Post And Telecommunications	3	2%	£ 25,500,000	1%
Real Estate Activities	2	2%	£ 44,500,000	1%
Recreational, Cultural And Sporting Activities	5	4%	£ 150,533,118	4%
Renting Of Machinery And Equipment Without Operator And Of Personal And Household Goods	5	4%	£ 64,789,366	2%
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	13	10%	£ 374,129,000	11%
Sale, Maintenance And Repair Of Motor Vehicles And Motorcycles; Retail Sale Of Automotive Fuel	4	3%	£ 147,000,000	4%
Supporting And Auxiliary Transport Activities; Activities Of Travel Agencies	4	3%	£ 117,298,403	3%
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	6	5%	£ 133,124,191	4%
Manufacture Of Motor Vehicles, Trailers And Semi- Trailers	1	1%	£ 10,000,000	0%
Total	128	100%	£3,500,000,000	100%

Distribution of Reference Obligations by Years to Maturity

Table 7

Years to Maturity	Number of Reference Obligations	Percentage of Total	Aggregate Reference Obligation Notional Amount	Percentage of Total
Within 1 year	32	21%	£ 526,994,961	15%
1 – 2 years	13	9%	£ 206,601,883	6%
2 – 3 years	29	19%	£ 621,124,375	18%
3 – 4 years	24	16%	£ 693,364,934	20%
4 – 5 years	38	26%	£1,126,596,667	32%
5 – 7 years	8	5%	£ 250,118,777	7%
7 – 10 years	2	1%	£ 29,000,000	1%
10 – 15 years	3	2%	£ 46,198,403	1%
Total	149	100%	£3,500,000,000	100%

Distribution of Borrowers by Internal Credit Grade

Table 8

Internal Credit Grade	Number of Borrowers	Percentage of Total	Aggregate Reference Obligation Notional Amount	Percentage of Total
A3	1	1%	£ 9,000,000	0%
B1	4	3%	£ 173,198,403	5%
B2	7	5%	£ 344,770,000	10%
B3	21	16%	£ 755,043,333	22%
C1	13	10%	£ 416,146,777	12%
C2	10	8%	£ 321,500,000	9%
C3	30	23%	£ 973,858,571	28%
D1	15	12%	£ 243,982,916	7%
D2	27	21%	£ 262,500,000	8%
Total	128	100%	£3,500,000,000	100%

Distribution of Aggregate Reference Obligation Notional Amount by Drawn and Undrawn Amounts and Internal Credit Grade

Table 9

Internal Credit Grade	Aggregate Reference Obligation Drawn Amounts	Percentage of Total	Aggregate Reference Obligation Undrawn Amounts	Percentage of Total
A3	£ 5,587,138	0%	£ 3,412,862	0%
B1	£ 54,028,165	3%	£ 119,170,238	7%
B2	£ 81,125,000	5%	£ 263,645,000	16%
B3	£ 146,454,429	8%	£ 608,588,905	36%
C1	£ 250,218,509	14%	£ 165,928,268	10%
C2	£ 155,557,805	9%	£ 165,942,195	10%
C3	£ 738,625,805	41%	£ 235,232,766	14%
D1	£ 168,762,830	9%	£ 75,220,086	4%
D2	£ 200,413,368	11%	£ 62,086,632	4%
Total	£1,800,773,048	100%	£1,699,226,952	100%

Characteristics of the Provisional Reference Portfolio

Table 10

The following table sets out certain characteristics of the provisional Reference Portfolio:

Industry Description	Internal Credit Grade	Reference Obligation Notional Amount (Drawn or Undrawn) to nearest £100,000	Reference Obligation Weighted Average Expiry
Construction	D2	4,000,000	Oct-06
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	B1	69,000,000	Dec-08
Manufacture Of Food Products, Beverages	B3	70,000,000	Dec-12
Other Business Activities	D1	12,500,000	Aug-08
Hotels And Restaurants	D2	29,500,000	Feb-07
Construction	C2	45,000,000	Jul-10
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	B2	50,000,000	Dec-08
Electricity, Gas, Steam And Hot Water Supply	B2	46,700,000	Dec-10
Sale, Maintenance And Repair Of Motor Vehicles And Motorcycles; Retail Sale Of Automotive Fuel	C3	5,000,000	Jun-06
Hotels And Restaurants	D2	6,500,000	Apr-12
Post And Telecommunications	C3	6,500,000	Feb-07
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	D2	4,300,000	Feb-08
Manufacture Of Food Products, Beverages	C3	67,500,000	Jan-10
Hotels And Restaurants	C2	14,000,000	Mar-09
Renting Of Machinery And Equipment Without Operator And Of Personal And Household Goods	D2	25,000,000	Jul-07
Computer And Related Activities	C3	9,800,000	Jan-08
Sale, Maintenance And Repair Of Motor Vehicles And Motorcycles; Retail Sale Of Automotive Fuel	C3	70,000,000	Jan-07
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	C1	1,400,000	Oct-06
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	C3	14,100,000	Jan-08
Other Mining And Quarrying	C3	11,000,000	Dec-09
Hotels And Restaurants	C3	60,000,000	Nov-10
Other Business Activities	C2	10,000,000	Aug-07
Sale, Maintenance And Repair Of Motor Vehicles And Motorcycles; Retail Sale Of Automotive Fuel	B3	22,000,000	Jul-06
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	C2	10,000,000	Jun-09
Computer And Related Activities	C3	32,500,000	Sep-08
Construction	D2	3,100,000	Oct-06
Health And Social Work	D1	56,600,000	Dec-08
Supporting And Auxiliary Transport Activities; Activities Of Travel Agencies	C1	25,000,000	Nov-10
Financial Intermediation, Except Insurance And Pension Funding	C2	7,500,000	Jun-08
Manufacture Of Machinery And Equipment Not Elsewhere Classified	C2	45,000,000	Jan-10
Health And Social Work	D1	5,700,000	Jan-07
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	D1	27,500,000	May-08
Construction	B2	56,300,000	Oct-09
Agriculture, Hunting And Related Service Activities	D2	2,600,000	Nov-08

Industry Description	Internal Credit Grade	Reference Obligation Notional Amount (Drawn or Undrawn) to nearest £100,000	Reference Obligation Weighted Average Expiry
Construction	D2	3,000,000	Oct-07
Hotels And Restaurants	C1	33,800,000	Jan-07
Construction	C3	33,400,000	Dec-08
Activities Of Membership Organisations Not Elsewhere Classified	C1	25,000,000	Apr-07
Recreational, Cultural And Sporting Activities	B2	70,000,000	Oct-10
Post And Telecommunications	D2	4,000,000	Mar-09
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	D1	7,900,000	Dec-08
Manufacture Of Medical, Precision And Optical Instruments, Watches And Clocks	B3	2,000,000	Nov-10
Construction	D2	5,500,000	May-06
Manufacture Of Food Products, Beverages	D2	5,900,000	Apr-08
Land Transport; Transport Via Pipelines	C1	5,400,000	Aug-10
Financial Intermediation, Except Insurance And Pension Funding	D2	1,000,000	Jul-06
Supporting And Auxiliary Transport Activities; Activities Of Travel Agencies	B1	1,300,000	Dec-18
Manufacture Of Food Products, Beverages	C3	40,000,000	Jul-10
Construction	B2	13,800,000	Oct-06
Renting Of Machinery And Equipment Without Operator And Of Personal And Household Goods	D2	10,000,000	Jul-06
Collection, Purification And Distribution Of Water	B3	60,000,000	Oct-10
Manufacture Of Food Products, Beverages	C3	22,500,000	Jul-08
Recreational, Cultural And Sporting Activities	D2	3,600,000	Dec-08
Real Estate Activities	D2	4,500,000	Jul-06
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	B3	52,100,000	Mar-09
Construction	B3	17,900,000	Dec-07
Other Business Activities	C3	7,000,000	Aug-08
Construction	D2	2,400,000	Feb-07
Manufacture Of Food Products, Beverages	C2	33,300,000	Apr-10
Activities Of Membership Organisations Not Elsewhere Classified	C3	5,000,000	Sep-09
Recreational, Cultural And Sporting Activities	D2	22,100,000	Oct-06
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	B3	20,000,000	Feb-11
Land Transport; Transport Via Pipelines	C1	7,500,000	Aug-10
Manufacture Of Machinery And Equipment Not Elsewhere Classified	C1	20,000,000	Nov-06
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	D2	2,100,000	Feb-07
Construction	D2	44,000,000	Sep-06
Construction	D2	14,000,000	Aug-07
Recreational, Cultural And Sporting Activities	C3	22,300,000	Jul-08
Hotels And Restaurants	D2	17,000,000	Feb-08
Manufacture Of Furniture; Manufacturing Not Elsewhere Classified	B3	8,700,000	Oct-09
Electricity, Gas, Steam And Hot Water Supply	B3	25,000,000	Apr-10
Other Business Activities	D2	1,300,000	Jun-06
Hotels And Restaurants	C3	70,000,000	Dec-06
Financial Intermediation, Except Insurance And Pension Funding	D2	11,000,000	Mar-08
Construction	C2	55,000,000	Jan-10
Renting Of Machinery And Equipment Without Operator And Of Personal And Household Goods	D2	2,500,000	Jan-08

Industry Description	Internal Credit Grade	Reference Obligation Notional Amount (Drawn or Undrawn) to nearest £100,000	Reference Obligation Weighted Average Expiry
Collection, Purification And Distribution Of Water	B3	16,700,000	Jul-09
Land Transport; Transport Via Pipelines	C1	18,000,000	Aug-10
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	B2	20,000,000	Feb-10
Sale, Maintenance And Repair Of Motor Vehicles And Motorcycles; Retail Sale Of Automotive Fuel	C3	5,000,000	May-06
Construction	D2	18,200,000	Jan-07
Land Transport; Transport Via Pipelines	C1	3,100,000	Aug-10
Activities Auxiliary To Financial Intermediation	C3	35,000,000	Jun-06
Collection, Purification And Distribution Of Water	B3	10,000,000	Jul-10
Land Transport; Transport Via Pipelines	C1	40,000,000	Feb-07
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	D2	3,900,000	Mar-07
Electricity, Gas, Steam And Hot Water Supply	B3	5,200,000	Nov-10
Health And Social Work	D2	11,600,000	Jul-06
Manufacture Of Rubber And Plastic Products	C2	40,000,000	Mar-08
Hotels And Restaurants	C3	70,000,000	Jul-08
Hotels And Restaurants	C3	39,500,000	Jan-11
Hotels And Restaurants	D1	3,600,000	Jul-07
Hotels And Restaurants	C1	35,000,000	Aug-09
Manufacture Of Food Products, Beverages	C2	36,700,000	Apr-10
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	B3	60,000,000	Dec-10
Collection, Purification And Distribution Of Water	B3	15,000,000	Mar-11
Collection, Purification And Distribution Of Water	B3	7,500,000	Jul-10
Manufacture Of Radio, Television And Communication Equipment And Apparatus	D1	2,000,000	Dec-08
Computer And Related Activities	B3	70,000,000	Oct-08
Other Business Activities	C3	7,500,000	Feb-09
Collection, Purification And Distribution Of Water	B3	30,000,000	May-10
Construction	B1	58,300,000	Nov-07
Construction	D1	12,500,000	Jun-06
Manufacture Of Food Products, Beverages	C3	25,000,000	Apr-10
Electricity, Gas, Steam And Hot Water Supply	B1	20,000,000	Dec-09
Wholesale Trade And Commission Trade, Except Of Motor Vehicles And Motorcycles	D1	6,700,000	Oct-07
Activities Of Membership Organisations Not Elsewhere Classified	C3	15,000,000	Nov-08
Recreational, Cultural And Sporting Activities	C3	32,600,000	Mar-11
Collection, Purification And Distribution Of Water	B3	30,000,000	May-10
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	C3	20,000,000	Jun-11
Renting Of Machinery And Equipment Without Operator And Of Personal And Household Goods	C2	25,000,000	Jul-09
Health And Social Work	D1	7,700,000	Jan-07
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	C1	70,000,000	Mar-09
Financial Intermediation, Except Insurance And Pension Funding	C3	50,000,000	Apr-08
Manufacture Of Other Transport Equipment	C1	32,000,000	Sep-13
Collection, Purification And Distribution Of Water	B3	26,300,000	Jul-10
Land Transport; Transport Via Pipelines	C1	22,500,000	Aug-10

Industry Description	Internal Credit Grade	Reference Obligation Notional Amount (Drawn or Undrawn) to nearest £100,000	Reference Obligation Weighted Average Expiry
Hotels And Restaurants	C1	29,900,000	Jan-07
Construction	B1	11,700,000	Mar-09
Financial Intermediation, Except Insurance And Pension Funding	B3	70,000,000	Jul-11
Financial Intermediation, Except Insurance And Pension Funding	D1	1,300,000	Jul-06
Other Business Activities	B3	30,000,000	May-12
Land Transport; Transport Via Pipelines	C1	13,500,000	Aug-10
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	D1	9,600,000	Apr-08
Collection, Purification And Distribution Of Water	B3	18,400,000	Jul-06
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	D1	32,000,000	Mar-09
Manufacture Of Food Products, Beverages	C3	17,500,000	Dec-09
Collection, Purification And Distribution Of Water	C1	13,000,000	Dec-09
Manufacture Of Food Products, Beverages	C3	22,800,000	Jun-10
Post And Telecommunications	D1	15,000,000	Mar-07
Sale, Maintenance And Repair Of Motor Vehicles And Motorcycles; Retail Sale Of Automotive Fuel	B3	45,000,000	Jul-10
Other Mining And Quarrying	C1	21,000,000	Nov-07
Real Estate Activities	D1	40,000,000	Feb-07
Manufacture Of Food Products, Beverages	C3	22,800,000	Oct-09
Extraction Of Crude Petroleum And Natural Gas; Service Activities Incidental To Oil And Gas Extraction Excluding Surveying	A3	9,000,000	Dec-13
Retail Trade, Except Of Motor Vehicles And Motorcycles; Repair Of Personal And Household Goods	C3	26,700,000	Jan-07
Renting Of Machinery And Equipment Without Operator And Of Personal And Household Goods	D1	2,200,000	Mar-07
Health And Social Work	C3	1,200,000	Jul-11
Manufacture Of Medical, Precision And Optical Instruments, Watches And Clocks	C3	5,000,000	Dec-06
Supporting And Auxiliary Transport Activities; Activities Of Travel Agencies	B1	12,900,000	Apr-19
Manufacture Of Food Products, Beverages	C3	70,000,000	Jul-09
Supporting And Auxiliary Transport Activities; Activities Of Travel Agencies	B2	70,000,000	Nov-10
Collection, Purification And Distribution Of Water	B3	40,000,000	Aug-06
Collection, Purification And Distribution Of Water	B3	3,300,000	Jul-09
Construction	D1	1,200,000	Jun-07
Manufacture Of Motor Vehicles, Trailers And Semi- Trailers	B2	10,000,000	Aug-06
Hotels And Restaurants	C3	20,000,000	Sep-07
Supporting And Auxiliary Transport Activities; Activities Of Travel Agencies	B2	8,100,000	Nov-10
Hotels And Restaurants	C3	11,900,000	Mar-08

Replacements

Pursuant to the Credit Default Swap Agreement, the CDS Counterparty will have the right to make changes to the composition of the Reference Portfolio by adding a new Reference Obligation and/or by increasing the Reference Obligation Notional Amount of a Reference Obligation which is already in the Reference Portfolio. The circumstances of any such addition or increase are as follows:

(i) the Reference Obligation Notional Amount of a Reference Obligation has been reduced (including to zero) to reflect prepayment, repayment, amortisation, termination or renewal of such Reference Obligation; or

(ii) the Reference Obligation has been sold or transferred by the holder thereof; or

(iii) the CDS Counterparty has elected to replace all or part of the Reference Obligation Undrawn Amount of a Reference Obligation; or

(iv) the Reference Obligation Undrawn Amount in respect of a Reference Obligation has been reduced to zero upon the satisfaction of the Conditions to Settlement in respect of such Reference Obligation.

Any such addition and/or increase in the circumstances described above is referred to as a "**Replacement**". The CDS Counterparty will have the right to make Replacements on any Business Day during the Revolving Period (any such day on which a Replacement is made, a "**Replacement Date**").

On each Replacement Date upon which a Replacement is made, each Replacement Reference Obligation must comply with the Reference Obligation Criteria and, in aggregate with the other Reference Obligations, the Replacement Reference Portfolio Criteria (taking into account all Replacements on that date); provided that if the Reference Portfolio is not in compliance with the Replacement Reference Portfolio Criteria (other than (ii), (v), (vi) and (vii) thereof) immediately prior to the proposed Replacements on such Replacement Date, then such Replacements must not in aggregate increase the extent of non-compliance with such criteria on the Replacement Date.

The Credit Default Swap Agreement will provide that, in addition to making Replacements during the Revolving Period, the CDS Counterparty will be entitled at any time to remove from the Reference Portfolio any Reference Obligation that it discovers did not comply with the Reference Obligation Criteria at the time it was added to the Reference Portfolio and to substitute a new Reference Obligation that complies with the Reference Obligation Criteria.

Replacement Reference Portfolio Criteria

The "**Replacement Reference Portfolio Criteria**" are as follows:

(i) the aggregate of the Reference Obligation Notional Amounts in respect of Reference Obligations of Borrowers in the largest single Industry category represented in the Reference Portfolio together may not be greater than 15 per cent. of the Reference Portfolio Notional Amount;

(ii) the Weighted Average Time to Maturity of the Reference Portfolio must be less than or equal to 3.31 years;

(iii) the Weighted Average Time to Maturity of the Reference Obligations comprised in the Reference Portfolio with an Internal Credit Grade of "D1" or "D2" or lower must be less than or equal to 3 years;

(iv) the aggregate of the Reference Obligation Notional Amounts in respect of Reference Obligations comprised in the Reference Portfolio with an Internal Credit Grade of "D1" or lower or "D2" or lower must not be greater than 20 per cent. or 10 per cent., respectively, of the Reference Portfolio Notional Amount;

(v) the S&P CDO Evaluator Condition is satisfied for each rating assigned by S&P on the Closing Date to a Class of Rated Notes;

(vi) the Moody's CDOROM Condition is satisfied for each Class of Rated Notes; and

(vii) the Fitch Default VECTOR Model Test is satisfied.

"**Industry**" means each of the following industry classifications:

SIC 92 Code	*SIC 92 Industry Description*
1	Agriculture, Hunting and Related Service Activities
2	Forestry, Logging and Related Service Activities
5	Fishing, Operation of Fish Hatcheries and Fish Farms; Service Activities Incidental To Fishing
10	Mining of Coal and Lignite; Extraction of Peat
11	Extraction of Crude Petroleum and Natural Gas; Service Activities Incidental to Oil and Gas Extraction Excluding Surveying
12	Mining of Uranium and Thorium Ores
13	Mining of Metal Ores
14	Other Mining and Quarrying
15	Manufacture of Food Products, Beverages
16	Manufacture of Tobacco Products
17	Manufacture of Textiles
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur
19	Tanning and Dressing of Leather; Manufacture of Luggage, Handbags, Saddlery, Harness and Footwear
20	Manufacture of Wood and Products of Wood and Cork, except Furniture; Manufacture of Articles of Straw and Plaiting Materials
21	Manufacture of Pulp, Paper and Paper Products
22	Publishing, Printing And Reproduction of Recorded Media
23	Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel
24	Manufacture of Chemicals and Chemical Products
25	Manufacture of Rubber and Plastic Products
26	Manufacture of Other Non-Metallic Mineral Products
27	Manufacture of Basic Metals
28	Manufacture of Fabricated Metal Products, Except Machinery and Equipment
29	Manufacture of Machinery and Equipment not elsewhere Classified
30	Manufacture of Office Machinery and Computers
31	Manufacture of Electrical Machinery and Apparatus not elsewhere Classified
32	Manufacture of Radio, Television and Communication Equipment and Apparatus
33	Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks
34	Manufacture of Motor Vehicles, Trailers and Semi-Trailers
35	Manufacture of Other Transport Equipment
36	Manufacture of Furniture; Manufacturing not elsewhere Classified
37	Recycling
40	Electricity, Gas, Steam and Hot Water Supply
41	Collection, Purification and Distribution of Water
45	Construction
50	Sale, Maintenance and Repair of Motor Vehicles and Motorcycles; Retail Sale of Automotive Fuel
51	Wholesale Trade and Commission Trade, Except of Motor Vehicles and Motorcycles
52	Retail Trade, Except of Motor Vehicles and Motorcycles; Repair of Personal and Household Goods
55	Hotels and Restaurants

SIC 92 Code	*SIC 92 Industry Description*
60	Land Transport; Transport Via Pipelines
61	Water Transport
62	Air Transport
63	Supporting and Auxiliary Transport Activities; Activities of Travel Agencies
64	Post and Telecommunications
65	Financial Intermediation, Except Insurance and Pension Funding
66	Insurance and Pension Funding, Except Compulsory Social Security
67	Activities Auxiliary to Financial Intermediation
70	Real Estate Activities
71	Renting of Machinery and Equipment Without Operator and of Personal and Household Goods
72	Computer and Related Activities
73	Research and Development
74	Other Business Activities
75	Public Administration and Defence; Compulsory Social Security
80	Education
85	Health and Social Work
90	Sewage and Refuse Disposal, Sanitation And Similar Activities
91	Activities of Membership Organisations not elsewhere Classified
92	Recreational, Cultural and Sporting Activities
93	Other Service Activities
95	Private Households with Employed Persons
99	Extra-Territorial Organisations and Bodies

"**Weighted Average Time to Maturity**" means, in respect of the Reference Portfolio or the relevant part thereof, on any date of determination (the "**Weighted Average Time to Maturity Determination Date**"), the number which equals (i) the number obtained by summing the products obtained by multiplying the Reference Obligation Notional Amount of each Reference Obligation in the Reference Portfolio or the relevant part thereof (excluding Defaulted Reference Obligations) by the period from the Weighted Average Time to Maturity Determination Date to the date when the Reference Obligation Notional Amount of each Reference Obligation in the Reference Portfolio or the relevant part thereof (excluding Defaulted Reference Obligations) falls due or is cancelled, measured in years and rounded to the second decimal place, divided by (ii) the aggregate of the Reference Obligation Notional Amounts of such Reference Obligations (excluding Defaulted Reference Obligations).

"**S&P CDO Evaluator Condition**" means, on any Replacement Date, a condition that is satisfied in respect of the relevant S&P rating if the Scenario Default Rate Test, based upon the S&P Equivalent Rating and Reference Obligation Notional Amount of each Reference Obligation as of such Replacement Date (on the basis that the proposed Replacement in respect of which the Replacement Reference Portfolio Criteria are being applied is deemed to have been made), as determined by the CDS Calculation Agent using the S&P CDO Evaluator is not less than 100 per cent.

"**Scenario Default Rate Test**" means A divided by B,

where:

A means the S&P Break-even Default Rate; and

B means the S&P Scenario Default Rate.

"**S&P CDO Evaluator**" means a dynamic, analytical computer programme developed by S&P and used to determine the credit risk of the Reference Portfolio and provided to the CDS Counterparty by S&P on or before the Closing Date, as such programme may be modified by S&P from time to time.

"**S&P Break-even Default Rate**" means on any date of determination, in respect of any S&P rating, the maximum percentage of defaults that such S&P rating level can tolerate, as specified in the table below:

S&P Rating	Break-even Default Rate (%)
AAA	31.78
AA+	21.33
A+	18.87
BBB+	15.19
BB	11.16
B	7.26

"**S&P Scenario Default Rate**" means, in respect of any S&P rating on any Replacement Date or the Closing Date, an estimate (expressed as a percentage) of the current cumulative default rate for the Reference Portfolio as of such date, determined by the CDS Calculation Agent using the S&P CDO Evaluator.

"**S&P Equivalent Rating**" means, in respect of an Internal Credit Grade, the Equivalent S&P Rating set out opposite such Internal Credit Grade in the table in "*Origination of Loans – Comparison of Internal Credit Grades with Rating Agencies' Rating Levels*".

"**Moody's CDOROM Condition**" means, on any Replacement Date, a condition that is satisfied for a given Class of Rated Notes if the Moody's Metric on the Replacement Date and as determined by the CDS Calculation Agent using the Moody's CDOROM, is less than or equal to the Hurdle Moody's Metric.

"**Moody's CDOROM**" means a dynamic, analytical computer programme developed by Moody's and used to determine the expected loss in respect of a Class of Notes by Moody's on or before the Closing Date, as such programme may be modified by Moody's from time to time.

"**Moody's Metric**" means, on any date of determination, a numerical equivalent of a rating deduced from the expected loss, determined by the CDS Calculation Agent using Moody's CDOROM on such date in accordance with the detailed provisions set out in the Credit Default Swap Agreement.

"**Hurdle Moody's Metric**" means, in respect of a Class of Notes, on any date of determination, the initial rating hurdle expressed as a Moody's Metric as shown in the table below in respect of such Class:

Class of Notes	Hurdle Moody's Metric
Class A Notes	1
Class B Notes	3
Class C Notes	6
Class D Notes	9
Class E Notes	12
Class F Notes	15

The "**Fitch Default VECTOR Model Test**" will be satisfied on any Replacement Date in respect of a Class of Notes if the Fitch VECTOR Model Test for every Class is satisfied.

The "**Fitch VECTOR Model Test**" for a Class of Notes and corresponding rating will be satisfied on any date if the sum of:

(1) the product of the Fitch Rating Loss Rate of such Class of Notes and the Reference Portfolio Notional Amount; plus

(2) the Fitch Derived Loss Amount on Default,

is less than:

(3) the Available Subordination for such Class of Notes; plus

(4) the Fitch Rating Loss Adjustment for such Class of Notes.

The "**Fitch Rating Loss Rate**" for a Class of Notes means, at any time, the number equal to the level of Rating Loss Rate ("**RLR**"), expressed as a percentage and derived from the Fitch Default VECTOR Model based

on the Reference Portfolio (taking into account any proposed Replacements at such time) and consistent with the then current Fitch rating for such Class of Notes.

"**Fitch Default VECTOR Model**" means the latest version of the Fitch Ratings' proprietary computer programme used to calculate portfolio default and loss levels, available at www.fitchratings.com.

"Fitch Derived Loss Amount on Default" means the difference between (i) the Reference Obligation Notional Amount of a Defaulted Reference Obligation and (ii) the Fitch Recovery On Default Amount.

"**Fitch Recovery On Default Amount**" means, with respect to a Defaulted Reference Obligation, an amount (no lower than zero) equal to the product of (i) the Reference Obligation Notional Amount of such Defaulted Reference Obligation and (ii) the Fitch Recovery Rate for such Defaulted Reference Obligation.

"**Fitch Recovery Rate**" means:

Liability Rating	Fitch Recovery Rate
AAA	32.00%
AA	34.00%
A	36.00%
BBB	38.00%
BB	39.00%
B	40.00%

The **"Available Subordination"** for a Class of Notes is equal to sum of the Adjusted Principal Balance of each Class of Notes ranked subordinate to such Class.

The "**Fitch Rating Loss Adjustment**" for a Class of Notes means the number from the table below (RLA based on WAL of 3.3 yrs).

RLA based on WAL of 3.3 yrs	Class A	Class B	Class C	Class D	Class E	Class F
RLA Amount	35,000,000	35,000,000	35,000,000	35,000,000	35,000,000	33,250,000
% of Reference Portfolio	1.00%	1.00%	1.00%	1.00%	1.00%	0.95%

Reporting

On the 14th day of each month (or if such day is not a Business Day, on the following Business Day) from and including August 2006 (each, a "**Monthly Report Date**", the CDS Counterparty is required to provide to each of the Rating Agencies and the Independent Verification Accountant a periodic report on the Reference Portfolio (the "**Monthly Reference Portfolio Periodic Report**").

On the 14th day of January, April, July and October in each year (or if such day is not a Business Day, on the following Business Day) commencing in October 2006 (each, a "**Quarterly Report Date**", the CDS Counterparty is required to provide to each of the Issuer, the Trustee and the Noteholders a periodic report on the Reference Portfolio (the "**Quarterly Reference Portfolio Periodic Report**").

Each period from (and including) the last Business Day of each month or, in the case of the first such period, the Closing Date to (but excluding) the last Business Day of the next month or, in the case of the first such period, the last Business Day in July 2006 shall be a "**Monthly Reporting Period**".

Each period from (and including) the last Business Day of March, June, September and December in each year or, in the case of the first such period, the Closing Date, to (but excluding) the last Business Day of the month three calendar months after such day or, in the case of the first such period, the last Business Day of September 2006 shall be a "**Quarterly Reporting Period**".

The Monthly Reference Portfolio Periodic Reports and the Quarterly Reference Portfolio Periodic Reports will include details of all Credit Event Notices delivered during the preceding Monthly Reporting Period, in the case of Monthly Reference Portfolio Periodic Reports, or during the preceding Quarterly Reporting Period, in the case of Quarterly Reference Portfolio Periodic Reports. They will also specify the Reference Obligation Notional Amount of any Reference Obligation in respect of which the Conditions to Settlement have been satisfied

together with the Credit Protection Amounts, if any, resulting therefrom as well as information relating to amortisation, prepayment or repayments, Defaulted Reference Obligations and Liquidated Reference Obligations during the relevant Monthly Reporting Period or Quarterly Reporting Period, as the case may be.

All information delivered pursuant to the Monthly Reference Portfolio Periodic Report and the Quarterly Reference Portfolio Periodic Report will be on a strictly anonymous and statistical basis and no data which would enable identification of any Borrower or any Guarantor in respect of any Reference Obligations or any Qualifying Guarantees will be disclosed.

Other than the Monthly Reference Portfolio Periodic Report (in the case of the Rating Agencies) and the Quarterly Reference Portfolio Periodic Report (in the case of the Issuer, the Trustee and the Noteholders), none of the Issuer, the Trustee, the Rating Agencies or the Noteholders will be entitled to receive from the CDS Counterparty any information relating to the Reference Portfolio. In particular, none of the Issuer, the Trustee, the Rating Agencies or the Noteholders will be entitled to receive from the CDS Counterparty any information as to the identity of the Borrowers or the Reference Obligations from time to time designated in the Reference Register.

THE CREDIT DEFAULT SWAP AGREEMENT

The following description of the Credit Default Swap Agreement is a summary only of certain aspects of the Credit Default Swap Agreement and is subject in all respects to the terms of the Credit Default Swap Agreement. The following summary does not purport to be complete, and prospective investors must refer to the Credit Default Swap Agreement for detailed information regarding the Credit Default Swap Agreement.

On the Closing Date, the Issuer will enter into a Credit Default Swap Agreement with The Royal Bank of Scotland plc as CDS Counterparty pursuant to a 1992 ISDA Master Agreement (Multicurrency-Cross Border), the Schedule thereto and a credit default swap confirmation having an effective date which is the same as the Closing Date (the "**Credit Default Swap Agreement**"). The Credit Default Swap Agreement will incorporate the 2003 ISDA Credit Derivatives Definitions (the "**2003 Definitions**").

Reference Portfolio

The Reference Portfolio will comprise those obligations (the "**Reference Obligations**") which are listed in a register maintained by the CDS Counterparty and updated from time to time to reflect any changes in the Reference Portfolio (the "**Reference Register**"). Each Reference Obligation that is included in the Reference Portfolio on the Closing Date is expected to comply as at the Closing Date with the Reference Obligation Criteria. If a Reference Obligation is added to the Reference Portfolio (or if the Reference Obligation Notional Amount of a Reference Obligation is increased) as a result of a Replacement, such Reference Obligation is expected to comply on the relevant Replacement Date with the Reference Obligation Criteria and, in aggregate with the other Reference Obligations (taking into account all Replacements on that date), with the Replacement Reference Portfolio Criteria, or if the Replacement Reference Portfolio Criteria (other than (ii), (v), (vi) and (vii) thereof) are not met, will not increase the extent of non-compliance with such criteria on such Replacement Date. The Reference Obligation Criteria and the Replacement Reference Portfolio Criteria are, respectively, set out in full in "*The Reference Portfolio – Reference Obligation Criteria*" and "*The Reference Portfolio – Replacement Reference Portfolio Criteria*". No third party (other than the Independent Verification Accountant) will have access to the Reference Register.

The Reference Register will include, amongst other items, the following information:

(i) in respect of each Borrower in respect of a Reference Obligation: (a) name; (b) client identification code; (c) Industry; (d) Internal Credit Grade; and (e), if applicable, any Guarantor in respect thereof;

(ii) in respect of each Reference Obligation: (a) loan type; (b) identification number; (c) Reference Obligation Notional Amount; (d) the date on which it was first included in the Reference Portfolio; (e) the maturity date; (f) whether such Reference Obligation has more than one holder; and (g) if applicable the Reference Obligation Undrawn Amount of such Reference Obligation; and

(iii) with effect from the relevant Replacement Date, each replaced Reference Obligation in respect of which the Reference Obligation Notional Amount has been reduced to zero as a result of the operation of the Replacement provisions.

Subject to the Replacement Reference Portfolio Criteria, at any one time more than one Reference Obligation in relation to one Borrower may be included in the Reference Portfolio.

The CDS Counterparty will update the Reference Register on the Closing Date and as necessary from time to time (for example in relation to any Replacements, which may occur on any Replacement Date) to reflect any changes in relation to any information set out therein and shall at all times update the Reference Register as at the date a Credit Event occurs in respect of a Reference Obligation.

Reference Portfolio Notional Amount and Swap Notional Amount

The Reference Obligation Notional Amount in respect of each Reference Obligation under the Credit Default Swap Agreement will be denominated in pounds sterling. The aggregate of the Reference Obligation Notional Amounts of all Reference Obligations included in the Reference Portfolio at any time is referred to as the "**Reference Portfolio Notional Amount**".

Under the Credit Default Swap Agreement, the Reference Portfolio Notional Amount will be constituted as follows:

(i) £3,500,000,000 (the "**Initial Reference Portfolio Notional Amount**"); plus

(ii) the amount by which the Reference Obligation Notional Amount of any Reference Obligation has been increased by Replacements to the date of such calculation; plus

(iii) the Reference Obligation Notional Amounts of all Reference Obligations that have been added to the Reference Portfolio by Replacement to the date of such calculation; less

(iv) the aggregate of the Reference Obligation Notional Amounts of all Reference Obligations that have been removed from the Reference Portfolio by virtue of having become Liquidated Reference Obligations on or prior to such date of calculation; less

(v) without duplication with (iv), the amount by which the Reference Obligation Notional Amount of any Reference Obligation has been reduced by Replacements to the date of such calculation; less

(vi) without duplication with (iv) or (v), the aggregate of the amounts, in respect of each Reference Obligation, by which the Reference Obligation Notional Amount of such Reference Obligation is reduced to reflect prepayment, repayment, amortisation, termination or renewal of such Reference Obligation as at such date of calculation, subject in each case to a maximum of the initial Reference Obligation Notional Amount of such Reference Obligation and a minimum of zero; less

(vii) without duplication with (iv) or (v), the Reference Obligation Undrawn Amount of any Reference Obligation that has been reduced to zero upon the Conditions to Settlement having been satisfied in respect of such Reference Obligation; less

(viii) without duplication with (iv), (v) or (vi), the amount by which the Reference Obligation Undrawn Amount of any Reference Obligation has been reduced at the commencement of the Amortisation Period.

Under the Credit Default Swap Agreement, the notional amount on any date (the "**Swap Notional Amount**") is calculated as the aggregate of the Adjusted Principal Balance in respect of each Class of Notes on such date. The initial notional amount of the Credit Default Swap Agreement (the "**Initial Swap Notional Amount**") will be £3,500,000,984.84.

On the Closing Date, the Initial Reference Portfolio Notional Amount will be £3,500,000,000. On the Closing Date, the Initial Swap Notional Amount and the aggregate of the Adjusted Principal Balance in respect of each Class of Notes will be equal to each other.

Reference Obligations

Under the Credit Default Swap Agreement, the CDS Counterparty will, on or prior to the Closing Date, designate Reference Obligations, the Reference Obligation Notional Amounts of which will in aggregate equal the Initial Reference Portfolio Notional Amount. No Transaction Party (other than RBS in its capacity as CDS Counterparty and CDS Calculation Agent and the Independent Verification Accountant for verification purposes) will be permitted to have access to data that would enable identification of a Borrower or a Guarantor in relation to a Reference Obligation.

Each Reference Obligation may be either (i) a Term Facility or (ii) a Revolving Facility, and in each case will be designated as such in the Reference Register.

Reference Obligation Notional Amount in relation to each Reference Obligation

In respect of each Reference Obligation, the CDS Counterparty will designate a notional amount (the "**Reference Obligation Notional Amount**") denominated in pounds sterling (and subject to adjustment as outlined further below).

Some or all of the Reference Obligation Notional Amount in respect of a Reference Obligation (irrespective of whether it is a Term Facility or a Revolving Facility) may be designated in respect of an undrawn commitment of principal to the relevant Borrower (the "**Reference Obligation Undrawn Amount**") and the balance may be designated in respect of drawn amounts (the "**Reference Obligation Drawn Amount**"). For the avoidance of doubt, a Reference Obligation that is designated as a Term Facility may have a Reference Obligation Undrawn Amount of zero.

The Reference Obligation Notional Amount of each Reference Obligation will be adjusted from time to time (and updated in the Reference Register accordingly) as follows:

(i) in respect of each Reference Obligation that is designated in the Reference Register as a Term Facility:

(a) during the Revolving Period, where (1) part of the Reference Obligation Notional Amount of such a Reference Obligation consists of a Reference Obligation Undrawn Amount and (2) the drawn portion of the Reference Obligation Facility Amount of such Reference Obligation is reduced by prepayment, repayment or amortisation, the Reference Obligation Undrawn Amount will be reduced to zero and the Reference Obligation Drawn Amount of the Reference Obligation will be reduced in the same proportion as the drawn portion of the Reference Obligation Facility Amount to reflect such prepayment, repayment or amortisation.

(b) during the Revolving Period, where there is no Reference Obligation Undrawn Amount in respect of such a Reference Obligation, the Reference Obligation Notional Amount of the Reference Obligation will be reduced in the same proportion as the Reference Obligation Facility Amount of the Reference Obligation to reflect any prepayment, repayment or amortisation of such Reference Obligation;

(c) on the Assessment Date immediately preceding the first day of the Amortisation Period, where part of the Reference Obligation Notional Amount of a such Reference Obligation consists of a Reference Obligation Undrawn Amount, the Reference Obligation Undrawn Amount of the Reference Obligation will be reduced to zero; and

(d) during the Amortisation Period, the Reference Obligation Drawn Amount of such a Reference Obligation will be reduced in the same proportion as the Reference Obligation Facility Amount of the Reference Obligation to reflect any prepayment, repayment or amortisation of the Reference Obligation;

(ii) in respect of each Reference Obligation that is designated in the Reference Register as a Revolving Facility irrespective of whether there is an undrawn portion of the Reference Obligation Facility Amount, where the drawn portion of the Reference Obligation Facility Amount of such a Reference Obligation is reduced by prepayment, repayment or amortisation, the Reference Obligation Drawn Amount of such a Reference Obligation will be reduced in the same proportion as the drawn portion of the Reference Obligation Facility Amount and the Reference Obligation Undrawn Amount will be correspondingly increased, so that the Reference Obligation Notional Amount of the Reference Obligation is not reduced; and

(iii) in respect of each Reference Obligation:

(a) (without duplication with (i) or (ii) above) the Reference Obligation Notional Amount of such Reference Obligation will be reduced to zero upon the termination or renewal of such Reference Obligation;

(b) the Reference Obligation Notional Amount of such Reference Obligation will be reduced by an amount equal to the Reference Obligation Undrawn Amount in respect thereof (if any), and such Reference Obligation Undrawn Amount will be reduced to zero, upon the satisfaction of the Conditions to Settlement in respect of such Reference Obligation;

(c) the Reference Obligation Notional Amount of such Reference Obligation will be reduced to zero upon such Reference Obligation becoming a Liquidated Reference Obligation and being removed from the Reference Portfolio; and

(d) (without duplication with any of the above) the Reference Obligation Notional Amount of such Reference Obligation may be increased or decreased by Replacement in an amount equal to the amount of such Reference Obligation Notional Amount that is the subject of such Replacement.

Periodic Reporting in relation to Reference Portfolio

The CDS Counterparty will deliver periodic reports in respect of the Reference Portfolio as described in more detail in "*The Reference Portfolio – Reporting*".

Replacements

The CDS Counterparty will have the right to make changes to the composition of the Reference Portfolio by adding a new Reference Obligation and/or by increasing the notional amount of a Reference Obligation which is already in the Reference Portfolio in certain circumstances as described in more detail in "*The Reference Portfolio – Replacements*".

Credit Events

The following "**Credit Events**" apply in relation to the Reference Obligations and the Borrowers (or, in relation to Reference Obligations that are subject to a Qualifying Guarantee, the Guarantors) in respect thereof for the purpose of the Credit Default Swap Agreement.

(1) *Bankruptcy:*

"**Bankruptcy**" means a Borrower (or, if a Reference Obligation is stated in the Reference Register to be the subject of a Qualifying Guarantee, the Guarantor in respect thereof) on or after the later of the Closing Date and the Replacement Date when the Reference Obligation in respect of such Borrower entered the Reference Portfolio:

(i) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(ii) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;

(iii) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(iv) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:

(a) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(b) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof;

(v) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(vi) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(vii) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or

(viii) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified under clauses (i) to (vii) (inclusive).

(2) *Failure to Pay:*

"**Failure to Pay**" means, on or after the later of the Closing Date and the date the Relevant Reference Obligation entered the Reference Portfolio, after the expiration of the longer of (i) 90 days and (ii) any applicable grace period (after the satisfaction of any conditions precedent to the commencement of such grace period) the failure by a Borrower (or, if a Reference Obligation is stated in the Reference Register to be the subject of a Qualifying Guarantee, the Guarantor in respect thereof) to make, where and when due, any payments under a Reference Obligation (or, in the case of any such Guarantor, under such Qualifying Guarantee), in accordance with the terms of such Reference Obligation (or, in the case of any such Guarantor, under such Qualifying Guarantee) at the time of such failure.

(3) *Restructuring:*

"**Restructuring**" means that, on or after the later of the Closing Date and the date the Relevant Reference Obligation entered the Reference Portfolio, in respect of a Reference Obligation which is stated in the Reference Register to be an obligation which has two or more holders that are not affiliates of one another or to which two or more holders that are not affiliates of one another are entitled, any one or more of the following events occurs in a form that binds all holders of such Reference Obligation, is agreed between the Borrower and all the holders of such Reference Obligation or is announced by a Borrower in a form that binds all of the holders of such Reference Obligation, such event is not expressly provided for under the terms of such Reference Obligation in effect as at the later of the Closing Date and the date on which such Reference Obligation is added to the Reference Portfolio:

(i) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

(ii) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;

(iii) a postponement or deferral of a date or dates for either (a) the payment or accrual of interest or (b) the payment of principal or premium;

(iv) a change in the ranking in priority of payment of any obligation causing the Subordination (as defined in the 2003 Definitions) of such Reference Obligation to any other obligation; or

(v) any change in the currency or composition of any payment of interest or principal from pounds sterling to any other currency,

in each case that results in a value adjustment or other similar debit to the profit and loss account of two or more of the holders of the Reference Obligation.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

(i) the payment of euro interest or principal in relation to a Reference Obligation as a result of the adoption by the United Kingdom of the single currency in accordance with the Treaty establishing the European Community, as amended from time to time including by the Treaty on European Union;

(ii) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and

(iii) the occurrence of, agreement to or announcement of any of the events described in (i) to (v) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Borrower.

"**Guarantor**" means any entity with an investment grade rating by S&P, Moody's and Fitch at the time the corresponding Reference Obligation is included in the Reference Portfolio that has entered into a Qualifying Guarantee.

"**Qualifying Guarantee**" means an arrangement evidenced by a written instrument pursuant to which a Guarantor irrevocably agrees (by guarantee of payment or equivalent legal arrangement) to pay all amounts due under a Reference Obligation for which a Borrower is the obligor.

Conditions to Settlement

A Credit Protection Calculation Amount will be calculated in respect of a Reference Obligation if the following conditions (the "**Conditions to Settlement**") are satisfied:

(i) the CDS Counterparty has delivered to the Issuer, the Independent Verification Accountant and the Trustee a Credit Event Notice confirming the occurrence of a Credit Event which is continuing and such Credit Event Notice is delivered during the period (the "**Credit Event Notice Delivery Period**")

commencing on the Closing Date and ending on the earlier of: (a) four years prior to the Legal Final Maturity Date and (b) the day which is 60 days after the CDS Counterparty first became aware of such Credit Event; and

(ii) if an Independent Verification Accountant Trigger Event has occurred, the Independent Verification Accountant has delivered to the Issuer, the Trustee and the CDS Calculation Agent a Credit Event Verification Report within 30 days after the delivery of such Credit Event Notice.

The date upon which the Conditions to Settlements are satisfied in respect of a Reference Obligation will be the "**Event Determination Date**".

For a description of the Credit Event Notice and the Credit Event Verification Report, see "*Calculation of Credit Protection Amounts and Verification Procedures – Verification of Credit Events*" below.

Calculation of Credit Protection Calculation Amount

If the Conditions to Settlement are satisfied in respect of a Reference Obligation (each such Reference Obligation, a "**Defaulted Reference Obligation**"), the CDS Calculation Agent will (subject to verification as further described below) calculate the Credit Protection Calculation Amount in relation to that Defaulted Reference Obligation. For a description of how a Credit Protection Calculation Amount is calculated and verified, see "*Calculation of Credit Protection Amounts and Verification Procedures – Calculation and Verification of Credit Protection Calculation Amount*".

Once the Valuation Period in respect of a Defaulted Reference Obligation has ended, the CDS Calculation Agent will deliver to the Issuer, the Independent Verification Accountant, the Cash Administrator and the Trustee during the period (the "**Credit Protection Calculation Notice Delivery Period**") commencing on the final day of such Valuation Period and ending on the earlier of (a) 30 Business Days prior to the Legal Final Maturity Date and (b) the day that is 60 days after the end of such Valuation Period, a Credit Protection Calculation Notice setting out the Credit Protection Calculation Amount in respect of such Defaulted Reference Obligation. If an Independent Verification Accountant Trigger Event has occurred, the Independent Verification Accountant shall, within 30 days after receipt of a Credit Protection Calculation Notice from the CDS Calculation Agent, deliver to the Issuer, the Cash Administrator, the CDS Calculation Agent and the Trustee a Credit Protection Verification Report confirming the calculation of the Credit Protection Calculation Amount the subject of such Credit Protection Calculation Notice.

A Defaulted Reference Obligation in respect of which a Credit Protection Calculation Notice has been delivered to the Issuer, the Independent Verification Accountant, the Cash Administrator and the Trustee or, following the occurrence of the Independent Verification Accountant Trigger Event, in respect of which a Credit Protection Verification Report has been delivered to the Issuer, the Cash Administrator, the CDS Calculation Agent and the Trustee will be a "**Liquidated Reference Obligation**". A Credit Protection Calculation Amount that has been verified (and, if necessary, adjusted as further described in "*Calculation of Credit Protection Amounts and Verification Procedures – Calculation and Verification of Credit Protection Calculation Amount – Credit Protection Verification Report"* below) in a Credit Protection Verification Report will be a "**Credit Protection Verified Amount**".

For a description of the Credit Protection Calculation Notice and the Credit Protection Verification Report, see "*Calculation of Credit Protection Amounts and Verification Procedures – Calculation and Verification of Credit Protection Calculation Amount*" below.

Calculation and Satisfaction of Credit Protection Amount

On each Assessment Date, the CDS Calculation Agent will calculate the Credit Protection Amount in respect of Defaulted Reference Obligations that became Liquidated Reference Obligations in the Assessment Period ending on the day before such Assessment Date. On the next Payment Date, the amount of the Credit Protection Amount will be satisfied by the Issuer liquidating relevant portions of the Cash Deposit and by paying the relevant amount to the CDS Counterparty and the CDS Counterparty will remove the related Liquidated Reference Obligation(s) from the Reference Portfolio.

The "**Credit Protection Amount**" in respect of any Assessment Period is an amount equal to (i) the aggregate of all Credit Protection Calculation Amounts (if any) that were the subject of Credit Protection Calculation Notices delivered during such Assessment Period or (ii) following the occurrence of the Independent

Verification Accountant Trigger Event, the aggregate of all Credit Protection Verified Amounts (if any) that were the subject of Credit Protection Verification Reports delivered during such Assessment Period, where:

"**Assessment Date**" means each day that falls three Business Days prior to a Payment Date or an Early Termination Date (as defined in the Credit Default Swap Agreement); and

"**Assessment Period**" means, in respect of any Assessment Date, the period from (and including) the immediately preceding Assessment Date (or, in the case of the first Assessment Date, from and including the Closing Date) to (but excluding) such Assessment Date.

The Credit Protection Amount relating to an Assessment Period will be paid on the Payment Date or Early Termination Date immediately following such Assessment Period.

It will not be a condition precedent to the payment of any Credit Protection Amount under the Credit Default Swap Agreement that the CDS Counterparty was the originator, holder or servicer of any relevant Defaulted Reference Obligation at the time of occurrence of any relevant Credit Event or the time of satisfaction of the related Conditions to Settlement.

CDS Counterparty Payments and Periodic CDS Counterparty Expense Payments

On the Closing Date, the CDS Counterparty will make payment to the Issuer under the Credit Default Swap Agreement of an amount in pounds sterling equal to 0.125 per cent. multiplied by the Initial Swap Notional Amount (the "**Initial CDS Payment**").

On each Payment Date, the CDS Counterparty will pay to the Issuer the "**CDS Counterparty Payment**", which shall be calculated by the CDS Calculation Agent, subject to the CDS Counterparty having the CDS Counterparty Required Ratings, as the aggregate of the following:

(i) the aggregate of the Class Payment Amount in respect of each Class of Notes at such Payment Date; minus

(ii) the Issuer Income payable on such Payment Date; plus

(iii) the Additional Payment at such Payment Date.

In the event (a "**CDS Counterparty Downgrade Event**") that the CDS Counterparty ceases to have a long-term rating of at least "AA-" by S&P, "A1" by Moody's and "A+" by Fitch or a short-term rating of at least "A-1+" by S&P, "P-1" by Moody's and "F1" by Fitch (the "**CDS Counterparty Required Ratings**"), the CDS Counterparty will, within 30 days or (if earlier) three Business Days before the next Payment Date pay in advance to the Issuer an amount estimated to be equal to the CDS Counterparty Payment payable on the next Payment Date and three Business Days before each Payment Date (including the Payment Date following the CDS Counterparty Downgrade Event) pay in advance to the Issuer an amount estimated to be equal to the CDS Counterparty Payment payable on the Payment Date falling in the third month following such Payment Date, (each such payment, a "**CDS Prepayment Amount**"), which amounts will be credited to an account established by the Issuer for such purpose (the "**CDS Prepayment Account**"). Each CDS Prepayment Amount shall be adjusted if necessary by a further payment on each succeeding Payment Date until the CDS Counterparty does have the CDS Counterparty Required Ratings in an amount equal to any underpayment by the CDS Counterparty as a result of the relevant CDS Prepayment Amount, which underpayment will be capable of being determined on the next Payment Date when the relevant Sterling LIBOR rate, the amount of interest (if any) which will accrue on the CDS Prepayment Account during the succeeding Payment Period and amounts of Issuer Income among other things are capable of being ascertained (each such adjustment payment, a "**CDS Prepayment Adjustment Amount**").

"**Class Payment Amount**" means, in respect of each Class of Notes on any Payment Date, an amount calculated by the CDS Calculation Agent equal to the product of (i) (a) the Outstanding Principal Balance of such Class of Notes on the immediately preceding Payment Date (or, in respect of the first Payment Date, the Closing Date) minus (b) the balance of the Principal Deficiency Ledger in respect of such Class of Notes as at such immediately preceding Payment Date (if any) after any increase or reduction thereof on such immediately preceding Payment Date, (ii) the sum of three month Sterling LIBOR for the corresponding Payment Period and the Spread in respect of such Class of Notes and (iii) the actual number of days in the corresponding Payment Period divided by 365 (or, if that Payment Period ends in a leap year, 366).

"**Spread**" means, in respect of each Class Payment Amount, the percentage spread (in the case of each Class of Sterling Notes) payable by the Issuer to the Noteholders in respect of such Class of Notes and (in the case of each Class of Non-Sterling Notes) payable by the Issuer to the Cross-currency Swap Counterparty under the Cross-currency Swap Agreement in respect of such Class (or, if such Cross-currency Swap Agreement has been terminated and not replaced, the amount that would have been payable by the Issuer to such Cross-currency Swap Counterparty had such Cross-currency Swap Agreement not been terminated).

"**Additional Payment**" means an amount payable by the CDS Counterparty to the Issuer on each Payment Date equal to (i) 0.3 per cent. of the Swap Notional Amount on the day before such Payment Date, multiplied by (ii) the actual number of days in the corresponding Payment Period divided by 365 (or, if that Payment Period ends in a leap year, 366).

Expense Payments

On the Closing Date the CDS Counterparty will pay to the Issuer an amount in pounds sterling (the "**Initial Sterling Expense Payment**") and an amount in euro (the "**Initial Euro Expense Payment**") and on each Payment Date the CDS Counterparty will pay to the Issuer an amount in pounds sterling (each, a "**Periodic Sterling Expense Payment"**) and an amount in euro (each, a "**Periodic Euro Expense Payment**") in each case to be credited to the relevant Issuer Expense Account for use by the Issuer to pay its costs and expenses.

On the termination date of the Credit Default Swap Agreement, the Issuer will (unless directed by the CDS Counterparty to pay a lesser amount) pay to the CDS Counterparty all amounts standing to the credit of the Issuer Expense Accounts to the extent of funds available in such accounts to pay such amounts (the "**Expenses Clean-Up Payment**").

If a CDS Counterparty Downgrade Event occurs and until the CDS Counterparty has the CDS Counterparty Required Ratings, the CDS Counterparty will be required to pay the Periodic Sterling Expense Payment and the Periodic Euro Expense Payment in advance at the same time as the CDS Prepayment Amounts.

Early Termination of the Credit Default Swap Agreement

The Credit Default Swap Agreement is scheduled to terminate on the Legal Final Maturity Date and is subject to early termination in certain specified circumstances:

(i) payment default (being a failure to pay after an amount has been due and payable for three Local Business Days (as defined under the Credit Default Swap Agreement) after notice of such failure is given) by the Issuer or the CDS Counterparty;

(ii) certain bankruptcy events related to the Issuer or the CDS Counterparty;

(iii) tax events related to the Issuer or the CDS Counterparty (including tax events in relation to the CDS Counterparty that occur as a result of the CDS Counterparty consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to another party);

(iv) illegality;

(v) merger of the CDS Counterparty with another entity without assumption in whole of all of the obligations under the Credit Default Swap Agreement;

(vi) termination of the arrangements in respect of the Collateral (being the Cash Deposit (and the Cash Deposit Agreement in respect thereof) as the case may be (without replacement thereof);

(vii) early redemption of the Notes in full; or

(viii) at the option of the CDS Counterparty on any Payment Date on which the Reference Portfolio Notional Amount is less than 10 per cent. of the Initial Reference Portfolio Notional Amount.

If any Credit Protection Amount is subject by law to deduction or withholding for tax, the Issuer shall not be under any obligation to gross up such Credit Protection Amount. The CDS Counterparty may elect either (i) to receive any Credit Protection Amount net of such withholding or deduction for tax; or (ii) to terminate the Credit Default Swap Agreement.

If any CDS Counterparty Payment expense payment or expense prepayment is subject by law to deduction or withholding for tax the CDS Counterparty may elect to gross up such CDS Counterparty Payment. If the CDS Counterparty does not so elect the Issuer will have the right to terminate the Credit Default Swap Agreement.

A "**CDS Tax Event**" means the termination of the Credit Default Swap Agreement as described in either of the two immediately preceding paragraphs.

Any early termination in whole of the Credit Default Swap Agreement will result in mandatory early redemption of the Notes.

Following the occurrence of an Early Termination Date (as defined in the Credit Default Swap Agreement) under the Credit Default Swap Agreement, the Issuer or the CDS Counterparty may be liable to make a termination payment to the other (regardless, if applicable, of which party may have caused such termination). Such termination payment will be payable on such Early Termination Date and will be based on the amounts owed but unpaid by each party to the other on the date on which such termination payment is payable and not on market quotations of the cost of entering into a replacement credit default swap on equivalent terms.

Governing Law

The Credit Default Swap Agreement will be governed by English law. Each of the Issuer and the CDS Counterparty will submit to the jurisdiction of the English courts in connection with the Credit Default Swap Agreement. The Issuer will appoint Simmlaw Services Limited to accept service of process on its behalf.

CALCULATION OF CREDIT PROTECTION AMOUNTS AND VERIFICATION PROCEDURES

On the Closing Date, the Independent Verification Accountant will be appointed pursuant to the Verification Engagement Letter to carry out certain verification procedures (the "**Agreed Upon Procedures**") in connection with the Credit Default Swap Agreement. These procedures are intended to verify the occurrence of Credit Events, the calculation of Credit Protection Calculation Amounts and the compliance by each Defaulted Reference Obligation with the Reference Obligation Criteria on the Closing Date or, if such Defaulted Reference Obligation was a Replacement Reference Obligation, compliance with the Reference Obligation Criteria and the Replacement Reference Portfolio Criteria on the corresponding Replacement Date.

Verification of Credit Events

Following the occurrence of an Independent Verification Accountant Trigger Event, the Independent Verification Accountant will be required to issue a Credit Event Verification Report within 30 days after receipt of a Credit Event Notice from the CDS Counterparty.

"**Independent Verification Accountant Trigger Event**" means that the following shall have occurred: on any Assessment Date, the balance of the Principal Deficiency Ledger in respect of the Class G Notes on such date when added to the aggregate of the Credit Protection Calculation Amounts that were the subject of Credit Protection Calculation Notices delivered during the preceding Assessment Period would exceed 90 per cent. of the Outstanding Principal Balance of the Class G Notes on the next Payment Date.

Credit Event Notice

A "**Credit Event Notice**" will be a written notice by the CDS Counterparty to the Issuer, the Independent Verification Accountant and the Trustee that is delivered during the Credit Event Notice Delivery Period, that states that a Credit Event occurred on or after the Closing Date and on or prior to the termination date of the Credit Default Swap Agreement and that has attached to it a Credit Event Identification Annex.

The "**Credit Event Identification Annex**" will set out the type of Credit Event that is the subject of the Credit Event Notice and contain a description of the facts and the date thereof relevant to the determination that a Credit Event has occurred with respect to a Reference Obligation or the corresponding Borrower or Guarantor.

No information that would enable identification of a Borrower or a Guarantor in relation to a Reference Obligation will be included in any Credit Event Notice delivered to the Issuer or the Trustee but will be included in the same delivered to the Independent Verification Accountant.

Credit Event Verification Report

A "**Credit Event Verification Report**" will be a written report delivered by the Independent Verification Accountant to the Issuer, the Trustee and the CDS Calculation Agent in which the Independent Verification Accountant sets out the information and records that it has inspected, in accordance with the Agreed Upon Procedures:

(i) to check that the Reference Obligation that was the subject of the Credit Event Notice was included in the Reference Portfolio prior to the date of the relevant Credit Event; and

(ii) to check that, as at the Closing Date, the Reference Obligation that was the subject of the Credit Event Notice complied with the Reference Obligation Criteria or, if the Reference Obligation that is the subject of the Credit Event Notice was added to the Reference Portfolio (or its Reference Obligation Notional Amount was increased) after the Closing Date by way of Replacement, as at the relevant Replacement Date the Reference Obligation complied with the Reference Obligation Criteria (other than Reference Obligation Criterion (vii)) and, in aggregate with the other Reference Obligations, the Replacement Reference Portfolio Criteria (taking into account all Replacements on that date); provided that if the Reference Portfolio was not in compliance with the Replacement Reference Portfolio Criteria (other than (ii), (v), (vi) and (vii) thereof) immediately prior to the proposed Replacement on such Replacement Date then such Replacement did not increase the extent of non-compliance with such criteria on the Replacement Date.

For the purposes of any Credit Event Verification Report, Reference Obligation Criterion (vii) will be deemed to have been verified pending the preparation of the corresponding Credit Protection Verification Report.

No information in respect of a Borrower, a Guarantor or a Reference Obligation that is subject to confidentiality obligations will be included in any Credit Event Verification Report.

Non-Compliance with Criteria

If the Independent Verification Accountant is unable for any reason to give the confirmations required in a Credit Event Verification Report issued in respect of a Credit Event Notice that was effective after the occurrence of an Independent Verification Accountant Trigger Event, the Conditions to Settlement in respect of the Reference Obligation that was the subject of the Credit Event Verification Report will not have been satisfied, the CDS Counterparty will be required to remove such Reference Obligation from the Reference Portfolio on the next Replacement Date. During the Revolving Period, the CDS Counterparty will be entitled, at its own option, to effect a Replacement on such Replacement Date in respect of some or all of the Reference Obligation Notional Amount of such Reference Obligation.

Calculation and Verification of Credit Protection Calculation Amount

If the Conditions to Settlement are satisfied in respect of a Reference Obligation, the CDS Calculation Agent will (subject to verification as further described below) calculate the "**Credit Protection Calculation Amount**" in relation to that Defaulted Reference Obligation, in an amount equal to:

(i) the Reference Obligation Drawn Amount in respect of such Defaulted Reference Obligation on the date of the relevant Credit Event Notice; less

(ii) any Recovery Amounts in respect of a principal amount of that Defaulted Reference Obligation equal to the Reference Obligation Drawn Amount of that Reference Obligation realised or deemed to be realised during the Valuation Period,

subject to a minimum of zero and a maximum of the Reference Obligation Drawn Amount of the Defaulted Reference Obligation on the date of the relevant Credit Event Notice.

"**Recovery Amount**" means, in respect of a Defaulted Reference Obligation, such Defaulted Reference Obligation's *pro rata* portion of the sum of each of the following amounts received by the holder(s) in respect of such Defaulted Reference Obligation after the occurrence of the Credit Event: (i) any amounts repaid in respect of such Defaulted Reference Obligation by or on behalf of the Borrower or Guarantor; (ii) the amount of any Cash Collateral; (iii) to the extent not included in (ii), any amounts in respect of which the holder(s) in respect of such Defaulted Reference Obligation have successfully exercised against any obligor (including any Guarantor) of such Defaulted Reference Obligation (or Qualifying Guarantee, as the case may be) a right of set-off in respect of amounts due under such Defaulted Reference Obligation (or Qualifying Guarantee, as the case may be); (iv) the sale proceeds or other proceeds of enforcement of any Reference Collateral; and (v) to the extent not included in (iv), any payments received by the holder(s) in respect of such Defaulted Reference Obligation from any other related security.

For the avoidance of doubt, in determining any Recovery Amount in respect of a Defaulted Reference Obligation, any amounts received by the holder(s) of such Defaulted Reference Obligation in respect of items (i) to (v) of the definition of Recovery Amount shall be allocated first in respect of the outstanding principal amount of such Defaulted Reference Obligation up to the amount of such outstanding principal amount.

"**Cash Collateral**" means, in respect of a Reference Obligation, such Reference Obligation's *pro rata* portion of any cash deposit held in respect of such Reference Obligation as security for the obligations of any obligor under such Reference Obligation and recorded in the Reference Register.

"**Reference Collateral**" means, in respect of a Reference Obligation, such Reference Obligation's *pro rata* portion of any mortgage, charge, guarantee or other security interest granted to or held for the benefit of any holder in respect of such Reference Obligation as security for the obligations of the obligor under such Reference Obligation.

The CDS Calculation Agent will calculate the amount of the Credit Protection Calculation Amount and the Recovery Amount as at the last day of the Valuation Period in relation to the relevant Defaulted Reference Obligation. If an Independent Verification Accountant Trigger Event has occurred, the Independent Verification Accountant will check and recalculate such Credit Protection Calculation Amount and Recovery Amount. In addition, with regard to any Defaulted Reference Obligation in relation to which the Valuation Period ended prior to any determination by the CDS Calculation Agent that there is no reasonable prospect of any further Recovery Amount in respect of such Defaulted Reference Obligation, the Recovery Amount will be deemed to be an

amount calculated by the CDS Calculation Agent and recalculated by the Independent Verification Accountant equal to the Reference Obligation Drawn Amount of such Defaulted Reference Obligation multiplied by the Recovery Percentage.

"**Recovery Percentage**" means the greatest of:

(i) the Recovery Amount received in respect of such Defaulted Reference Obligation as of the final day of the relevant Valuation Period, divided by the Reference Obligation Drawn Amount thereof (expressed as a percentage);

(ii) the recovery percentage of such Defaulted Reference Obligation, as specified by S&P;

(iii) the recovery percentage of such Defaulted Reference Obligation, as specified by Moody's; and

(iv) the recovery percentage in respect of such Defaulted Reference Obligation as estimated by the CDS Calculation Agent.

In such circumstances, the CDS Calculation Agent will notify the Independent Verification Accountant as soon as reasonably practicable that the Independent Verification Accountant is required to recalculate the Recovery Amount and the corresponding Recovery Percentage, and upon receipt of such notice the Independent Verification Accountant will make such recalculation and inform the CDS Calculation Agent thereof in writing within five Business Days.

In respect of any Defaulted Reference Obligation, in the event that the Credit Event is a Failure to Pay that relates to amounts of interest and not principal and (i) any delinquency (and any related penalty interest in respect thereof) is cured by the Borrower during the Valuation Period; (ii) the Borrower is not in default of any principal repayment obligation under that Defaulted Reference Obligation; and (iii) no enforcement proceedings are instituted in respect of that Defaulted Reference Obligation; then the Recovery Amount for that Defaulted Reference Obligation shall be deemed to be the Reference Obligation Drawn Amount of that Reference Obligation, the related Credit Protection Calculation Amount shall be deemed to be zero, the Defaulted Reference Obligation shall be deemed not to be a Defaulted Reference Obligation and that Defaulted Reference Obligation shall remain in the Reference Portfolio.

The "**Valuation Period**", for any Defaulted Reference Obligation, means the period from (and including) the date of the Credit Event in respect of such Defaulted Reference Obligation to (but excluding):

(i) if at any time during the determination of the relevant Credit Protection Calculation Amount, the Notes have been called for redemption in whole for whatever reason, the date which is 30 Business Days prior to the date of such early redemption; or

(ii) if paragraph (i) does not apply, the earlier of: (a) the date upon which the CDS Calculation Agent determines that there is no further prospect of any further Recovery Amounts in respect of the relevant Defaulted Reference Obligation (provided that the CDS Calculation Agent may not make such determination less than three years after the Event Determination Date in respect of such Defaulted Reference Obligation); and (b) 30 Business Days prior to the Legal Final Maturity Date.

Once the Valuation Period in respect of a Defaulted Reference Obligation has ended, the CDS Calculation Agent will deliver to the Issuer, the Independent Verification Accountant, the Cash Administrator and the Trustee during the period (the "**Credit Protection Calculation Notice Delivery Period**") commencing on the final day of such Valuation Period and ending on the earlier of (a) 30 Business Days prior to the Legal Final Maturity Date and (b) the day that is 60 days after the end of such Valuation Period, a Credit Protection Calculation Notice setting out the Credit Protection Calculation Amount in respect of such Defaulted Reference Obligation.

If an Independent Verification Accountant Trigger Event has occurred, the Independent Verification Accountant shall, within 30 days after receipt of a Credit Protection Calculation Notice from the CDS Calculation Agent (but no later than six Business Days prior to any date of redemption of the Notes), be required to issue to the Issuer, the Cash Administrator, the CDS Calculation Agent and the Trustee a Credit Protection Verification Report.

Credit Protection Calculation Notice

A "**Credit Protection Calculation Notice**" will be a written notice by the CDS Calculation Agent to the Issuer, the Independent Verification Accountant, the Cash Administrator and the Trustee that is delivered during

the Credit Protection Calculation Notice Delivery Period, that states that a Valuation Period in respect of a Defaulted Reference Obligation occurred on or after the Closing Date and on or prior to the termination date of the Credit Default Swap Agreement, that a Credit Protection Calculation Amount has been calculated in respect of such Defaulted Reference Obligation and that has attached to it a Credit Protection Calculation Annex.

The "**Credit Protection Calculation Annex**" will set out the Credit Protection Calculation Amount (and the corresponding Recovery Amount) that is the subject of the Credit Protection Calculation Notice and contain a description of the facts and the dates thereof relevant to the recalculation of such Credit Protection Calculation Amount and Recovery Amount.

No information that would enable identification of a Borrower or a Guarantor in relation to a Reference Obligation will be included in any Credit Protection Calculation Notice delivered to the Issuer, the Cash Administrator or the Trustee but will be included in the same delivered to the Independent Verification Accountant.

Credit Protection Verification Report

A "**Credit Protection Verification Report**" will be a written report delivered by the Independent Verification Accountant to the Issuer, the CDS Calculation Agent, the Cash Administrator and Trustee in which the Independent Verification Accountant sets out the information and records that it has inspected, in accordance with the Agreed Upon Procedures:

(i) to check the occurrence of the Credit Event which is the subject of the Credit Protection Calculation Notice to which the Credit Protection Verification Report relates;

(ii) to check the consistency of the information contained in the Credit Event Identification Annex in respect of such Credit Event with the definition of such Credit Event in the Credit Default Swap Agreement;

(iii) to check, in the case of a Restructuring Credit Event, that the relevant Reference Obligation was included in the Reference Portfolio as at the date of such Credit Event as a Reference Obligation with two or more holders that are not affiliates of one another or to which two or more holders that are not affiliates of one another are entitled;

(iv) to check, in the case of a Reference Obligation with a Qualifying Guarantee, that a Credit Event occurred in respect of the Guarantor (if applicable);

(v) to check that the Valuation Period in respect of the Defaulted Reference Obligation referred to in the Credit Protection Calculation Notice has ended;

(vi) to confirm that the Defaulted Reference Obligation complied with Reference Obligation Criterion (vii) as at the Closing Date or, if such Defaulted Reference Obligation was added to the Reference Portfolio (or its Reference Obligation Notional Amount was increased) after the Closing Date by way of Replacement, as at the relevant Replacement Date; and

(vii) to verify and recalculate the Credit Protection Calculation Amount and, if necessary, the Recovery Amount contained in the Credit Protection Calculation Annex and to determine the Credit Protection Verified Amount, the Recovery Amount and the Credit Protection Shortfall Amount (if applicable) determined as a result of such verification or recalculation (see "*Additional Obligations of the Independent Verification Accountant*" below).

No information that would enable identification of a Borrower or a Guarantor in respect of a Reference Obligation will be included in any Credit Protection Verification Report.

In the event that the Independent Verification Accountant determines, in the course of preparing a Credit Protection Verification Report, that it is unable to check or verify the matters referred to above it shall immediately notify the CDS Counterparty and the CDS Calculation Agent of its observations. Upon receipt of such notice, the CDS Calculation Agent will, for the purposes of determining the Credit Protection Verified Amount, adjust the Credit Protection Calculation Amount and the Recovery Amount as it deems necessary to take account of the observations of the Independent Verfication Accountant (including, if necessary, reducing such Credit Protection Calculation Amount to zero and increasing such Recovery Amount to the amount of the Reference Obligation Drawn Amount of the relevant Defaulted Reference Obligation) and will provide such adjusted amounts to the Independent Verification Accountant as soon as practicable thereafter. Upon receiving

such adjusted amounts, the Independent Verification Accountant shall promptly notify the CDS Counterparty whether it is able to recalculate such adjusted amounts. In the event that the Independent Verification Accountant is still unable, having received such adjusted amounts from the CDS Calculation Agent, to recalculate such amounts, it shall promptly notify the CDS Counterparty and the CDS Calculation Agent and the Credit Protection Verified Amount shall be deemed to be zero.

Additional Obligations of the Independent Verification Accountant

Following the occurrence of an Independent Verification Accountant Trigger Event, the Independent Verification Accountant will additionally be required to issue:

(i) in respect of each Reference Obligation that became a Defaulted Reference Obligation before the occurrence of such Independent Verification Accountant Trigger Event, a Credit Event Verification Report within 30 days after the occurrence of such Independent Verification Accountant Trigger Event; and

(ii) in respect of each Reference Obligation that became a Liquidated Reference Obligation before the occurrence of such Independent Verification Accountant Trigger Event, a Credit Protection Verification Report within 30 days after the occurrence of such Independent Verification Accountant Trigger Event.

In the event that the Independent Verification Accountant determines in the course of preparing a Credit Event Verification Report (of the type referred to in (i) above) that it is unable to make the required checks, the Credit Protection Verified Amount in respect of the Reference Obligation in question will be deemed to be zero.

For the avoidance of doubt, a Credit Protection Verification Report (of the type referrred to in (ii) above) will be required, inter alia, to check the occurrence of the Credit Event to which it relates. If the Independent Verification Accountant determines that it is unable to do so the relevant Credit Protection Verified Amount will be zero to take account thereof.

Where a Credit Protection Verification Report is delivered in respect of a Reference Obligation that became a Liquidated Reference Obligation prior to the occurrence of an Independent Verification Accountant Trigger Event:

(i) if the Credit Protection Verified Amount contained therein is equal to the Credit Protection Calculation Amount contained in the Credit Protection Calculation Notice delivered in respect of such Reference Obligation, no further action will be required in connection therewith;

(ii) if the Credit Protection Verified Amount contained therein is less than the Credit Protection Calculation Amount contained in the Credit Protection Calculation Notice delivered in respect of such Reference Obligation, the CDS Calculation Agent will reduce each subsequent Credit Protection Verified Amount (if any) as the same shall be verified by the Independent Verification Accountant to the extent necessary to take account of any prior overpayment to the CDS Counterparty of Credit Protection Amounts under the Credit Default Swap Agreement as a result of such Credit Protection Calculation Amount having been larger than the corresponding Credit Protection Verified Amount; and

(iii) if the Credit Protection Verified Amount contained therein is more than the Credit Protection Calculation Amount contained in the Credit Protection Calculation Notice delivered in respect of such Reference Obligation, the difference between such Credit Protection Verified Amount and such Credit Protection Calculation Amount (a "**Credit Protection Shortfall Amount**") shall be used by the CDS Calculation Agent in determining the Credit Protection Amount in respect of the Assessment Period during which such Credit Protection Verification Report was delivered (in accordance with the definition of "Credit Protection Amount").

THE CROSS-CURRENCY SWAP AGREEMENTS

The following description of the Cross-currency Swap Agreements is a summary only of certain aspects of the Cross-currency Swap Agreements and is subject in all respects to the terms of the Cross-currency Swap Agreements. The following summary does not purport to be complete, and prospective investors must refer to the Cross-currency Swap Agreements for detailed information regarding the Cross-currency Swap Agreements.

General

The Non-Sterling Notes will be denominated in euro and U.S. dollars respectively and the Issuer will be required to pay interest and principal in respect of such Notes in euro and U.S. dollars, respectively. However, CDS Counterparty Payments and Issuer Income will be made or paid in pounds sterling. In order that the Issuer is able to pay amounts due in respect of the Non-Sterling Notes in euro or U.S. dollars, as the case may be, on the Closing Date, the Issuer will enter into a Cross-currency Swap Agreement with the Cross-currency Swap Counterparty in respect of each Class of Non-Sterling Notes.

Under the terms of each Cross-currency Swap Agreement, the Issuer will pay to the Cross-currency Swap Counterparty:

(i) on the Closing Date, the proceeds received on the issue of the relevant Class of Non-Sterling Notes;

(ii) on each Payment Date, an amount in pounds sterling based on three-month Sterling LIBOR plus the Margin plus or minus an additional margin corresponding to the cost of the Cross-currency Swap Agreement in respect of the relevant Class of Notes applied to the Outstanding Principal Balance of such Class of Notes (as at the immediately preceding Payment Date) to the extent such amount is available to be so paid pursuant to the Available Income Funds Priority of Payments on that Payment Date; and

(iii) on each Payment Date during the Amortisation Period, an amount in pounds sterling equal to the amount available in repayment of principal of the relevant Class of Notes on that Payment Date.

Under the terms of each Cross-currency Swap Agreement, the Cross-currency Swap Counterparty will pay to the Issuer or to its order:

(i) on the Closing Date, an amount in pounds sterling equal to the proceeds of the issuance of the relevant Class of Notes (net of underwriting commission), such proceeds to be converted from euro or U.S. dollars, as the case may be at the Relevant FX Rate;

(ii) on each Payment Date, an amount in euro based on EURIBOR or in U.S. dollars based on U.S. dollar LIBOR, as the case may be, equal to the amount of interest to be paid on the relevant Class of Notes proportionate to the corresponding amount paid by the Issuer to the Cross-currency Swap Counterparty pursuant to the Available Income Funds Priority of Payments; and

(iii) on each Payment Date during the Amortisation Period, an amount in euro or U.S. dollars, as the case may be, equal to the sterling amounts available to be applied in repayment of principal of the relevant Class of Notes on that Payment Date converted into the relevant currency at the Relevant FX Rate.

The Cross-currency Swap Counterparty will only be obliged to make payments to the Issuer under a Cross-currency Swap Agreement on any date for payment to the same extent that the Issuer complies with its payment obligations under such Cross-currency Swap Agreement on such date. In the event that the amount available to make payment to the Cross-currency Swap Counterparty under the Cross-currency Swap Agreement in respect of any Class of Notes, following application of the relevant Priority of Payments, is insufficient to make such payment in full, the amount in euro or U.S. dollars, as the case may be, payable by the Cross-currency Swap Counterparty to or to the order of the Issuer, for payment to the Noteholders of the relevant Class, shall be reduced accordingly.

Cross-currency Swap Counterparty Ratings Downgrade

Each of the Cross-currency Swap Agreements provides that if the ratings of the Cross-currency Swap Counterparty are withdrawn or fall below the Cross-currency Swap Counterparty Required Ratings then, within the timeframe stipulated in such Cross-currency Swap Agreement, the Cross-currency Swap Counterparty will be required (at its own expense) to take certain remedial measures, which may include one or more of the following steps:

(i) transferring its rights and obligations under such Cross-currency Swap Agreement to a replacement counterparty with the Cross-currency Swap Counterparty Required Ratings; or

(ii) obtaining a co-obligor with the Cross-currency Swap Counterparty Required Ratings in respect of the obligations of the Cross-currency Swap Counterparty under such Cross-currency Swap Agreement; or

(iii) posting collateral in an amount determined pursuant to the credit support annex in respect of such Cross-currency Swap Agreement in support of its obligations under such Cross-currency Swap Agreement; or

(iv) taking such other action as may be agreed with the relevant Rating Agency.

"**Cross-currency Swap Counterparty Required Ratings**" means a long-term credit rating of at least "AA-" by S&P, "A1" by Moody's and "A+" by Fitch and a short-term credit rating of at least "A-1+" by S&P, "P-1" by Moodys and "F1" by Fitch.

The Issuer will have the right to terminate the relevant Cross-currency Swap Agreement in accordance with its terms if the Cross-currency Swap Counterparty fails to take such steps.

Any collateral amounts that may be required to be provided by the Cross-currency Swap Counterparty following any rating downgrade may be delivered in the form of cash or securities. Cash amounts will be paid into a newly opened account of the Issuer designated "**Cross-currency Swap Collateral Cash Account**" and securities will be transferred to an account designated "**Cross-currency Swap Collateral Custody Account**" (the Cross-currency Swap Collateral Cash Account and the Cross-currency Swap Collateral Custody Account together referred to as the "**Cross-currency Swap Collateral Accounts**").

Any collateral provided in the above circumstances will not form part of the Available Income Funds of the Issuer unless, following termination of a Cross-currency Swap Agreement there is a surplus available to the Issuer (after such collateral as is required to be returned to the Cross-currency Swap Counterparty has been so returned or such collateral as is not required to be so returned has been used to fund any premium or upfront payment required in order to enter into a replacement Cross-currency Swap Agreement), in which event such surplus will form part of any relevant Cross-currency Swap Premium Excess and shall be paid into the Income Collection Account upon receipt by the Issuer.

Termination of the Cross-currency Swap Agreements

The Cross-currency Swap Agreements will terminate on the earlier of the Legal Final Maturity Date and the date on which all of the Notes are redeemed in full.

The Cross-currency Swap Agreements may also be terminated early in accordance with certain termination events and events of default as set out in the Cross-currency Swap Agreements (each, a "**Currency Swap Early Termination Event**").

Where a Cross-currency Swap Agreement is terminated (either wholly or partially), prior to the Legal Final Maturity Date, the Issuer or the Cross-currency Swap Counterparty may be liable to make a swap termination payment to the other. Any swap termination payment will be payable in pounds sterling. The amount of any swap termination payment will be based on market quotations of the cost of entering into a swap with terms and conditions that would have the effect of preserving the respective full payment obligations of the parties (or based upon loss in the event that market quotations cannot be determined). Any such termination payment could be substantial.

To the extent that a termination results from an event of default under a Cross-currency Swap Agreement where the Cross-currency Swap Counterparty is the defaulting party or the sole Affected Party (as defined in the Cross-currency Swap Agreement) following a ratings downgrade below the Cross-currency Swap Counterparty Required Ratings and a failure to take the required remedial action within the time limits set out in the Cross-currency Swap Agreement (a "**Cross-currency Swap Counterparty Default**"), any swap termination payment arising from such termination will be made by the Issuer to the Cross-currency Swap Counterparty only after paying interest amounts due on the Notes and after paying any Cash Deposit Replenishment Amounts. However, if a Cross-currency Swap Agreement terminates for any other reason that results in a termination payment becoming due from the Issuer to the Cross-currency Swap Counterparty, such swap termination payment will be made by the Issuer in accordance with the relevant Priority of Payments. The Issuer shall apply amounts received from the Cross-currency Swap Counterparty in respect of swap termination payments in accordance with the

Available Income Funds Priority of Payments, or, as the case may be, the Enforcement Priority of Payments, provided that the amount of any premium or other upfront payment paid to the Issuer to enter into a swap to replace a Cross-currency Swap Agreement shall to the extent of any such payment due to the Cross-currency Swap Counterparty be paid directly to the Cross-currency Swap Counterparty and not via any of the Priorities of Payments. The application by the Issuer of swap termination payments due to the Cross-currency Swap Counterparty may affect the funds available to pay amounts due to the Noteholders (see "*Risk Factors — Cross-currency Swap Agreements*").

If a Cross-currency Swap Agreement is terminated prior to the service of an Enforcement Notice or the redemption in full of all of the Notes, the Issuer shall use its best efforts to enter into a replacement Cross-currency Swap Agreement in respect of the relevant Class of Notes. Any replacement Cross-currency Swap Agreement must be entered into on terms, and with a cross-currency swap counterparty, acceptable to the Issuer and the Trustee and which the Rating Agencies have previously confirmed in writing to the Issuer and the Trustee will not cause the then applicable ratings of the Notes to be downgraded, withdrawn or qualified.

If a Cross-currency Swap Agreement is terminated for any reason and not replaced within 30 days, it will constitute a mandatory early redemption event under Condition 9.6 *(Mandatory Early Redemption following Termination of the Cash Deposit Agreement or a Cross-currrency Swap Agreement)* of the Notes.

Taxation

Pursuant to the terms of each Cross-currency Swap Agreement, the Issuer is not required to gross up payments made by it to the Cross-currency Swap Counterparty if the Issuer is required to deduct or withhold an amount in respect of tax from payments made under such Cross-currency Swap Agreement.

Pursuant to the terms of each Cross-currency Swap Agreement, the Cross-currency Swap Counterparty is not required to gross up payments made by it to the Issuer if the Cross-currency Swap Counterparty is required to deduct or withhold an amount in respect of tax from payments made under such Cross-currency Swap Agreement.

Each Cross-currency Swap Agreement will provide that if, due to action taken by a taxing authority or court or any change in tax law, the Issuer or the Cross-currency Swap Counterparty will (or there is a substantial likelihood that it will) be required to (i) deduct or withhold an amount in respect of tax from payments due from it, or (ii) receive any payment from the other of them from which an amount is required to be deducted or withheld for or on account of tax, then each party will be entitled to terminate such Cross-currency Swap Agreement, provided that, if applicable, the Cross-currency Swap Counterparty shall only be entitled to terminate such Cross-currency Swap Agreement where it has satisfied its obligation described below to use best endeavours to arrange the substitution of an affiliate incorporated in another jurisdiction, and has failed to arrange such substitution.

Further, each Cross-currency Swap Agreement will provide that if the Cross-currency Swap Counterparty will (or there is a substantial likelihood that it will) be required by any relevant taxing authority or court of competent jurisdiction by operation of law to deduct or withhold an amount in respect of tax from payments due from it to the Issuer, the Cross-currency Swap Counterparty will use its best endeavours (provided that using its best endeavours will not require it to incur any loss (including additional capital costs), excluding immaterial, incidental expenses) to arrange the substitution of an affiliate incorporated in another jurisdiction to act as the Cross-currency Swap Counterparty under the relevant Cross-currency Swap Agreement or to change the office through which it acts as Cross-currency Swap Counterparty, but not so as in any event to (i) result in the ratings of the relevant Class of Notes by S&P or Moody's or Fitch being downgraded, withdrawn or qualified, or (ii) otherwise prejudice the position of the Issuer under the relevant Cross-currency Swap Agreement.

Governing Law

Each Cross-currency Swap Agreement will be governed by English law and will provide for the parties thereto to submit to the jurisdiction of the English courts.

THE CASH DEPOSIT AGREEMENT

The following description of the Cash Deposit Agreement is a summary only of certain aspects of the Cash Deposit Agreement and is subject in all respects to the terms of the Cash Deposit Agreement. The following summary does not purport to be complete and prospective investors in the Notes must refer to the Cash Deposit Agreement for detailed information regarding the Cash Deposit Agreement.

Pursuant to the Cash Deposit Agreement, The Royal Bank of Scotland plc as Cash Deposit Bank will provide certain banking services and establish and operate the Cash Deposit Account.

Deposit of Funds

The proceeds of the issuance of the Notes (in the case of the Euro Notes and U.S. dollar Notes, following conversion into pounds sterling pursuant to the relevant Cross-currency Swap Agreement), being the sum of £3,500,000,984.84, will be deposited by the Issuer in a segregated account (the "**Cash Deposit Account**") in the name of the Issuer in respect of the Notes held with the Cash Deposit Bank.

Withdrawals from the Cash Deposit Account

Until such time as the Issuer has no further obligations under the Notes, the Issuer shall not be entitled to withdraw the moneys standing to the credit of the Cash Deposit Account or any part thereof without the prior consent in writing of the Trustee, and the Cash Deposit Bank shall not be under any obligation to repay any balance standing to the credit of the Cash Deposit Account unless and to the extent that such withdrawal is to make payments anticipated under the Conditions of the Notes and the Credit Default Swap Agreement.

The Trustee has in the Cash Deposit Agreement given its consent to moneys being withdrawn from the Cash Deposit Account (i) for the purpose of funding payments of interest and principal due in respect of the Notes (including Amortisation Amounts) and (ii) to fund the payment of any Credit Protection Amounts payable by the Issuer to the CDS Counterparty under the Credit Default Swap Agreement.

If the directions to withdraw funds to make payments are received by the Cash Deposit Bank before 12.30 p.m. London time on a Business Day, the Cash Deposit Bank shall, if so directed, comply with such directions by no later than the close of business on that day. With respect to directions received after 12.30 p.m. London time on any Business Day, or on a day which is not a Business Day, the Cash Deposit Bank is required to comply with such directions on the following Business Day, or such later Business Day as so directed.

Interest on the Cash Deposit Account

The balance standing to the credit of the Cash Deposit Account from time to time will accrue interest payable at a rate determined in respect of each quarterly interest period by the Cash Deposit Bank based (for so long as The Royal Bank of Scotland plc is the Cash Deposit Bank) upon three month Sterling LIBOR (as of the first day of such period), payable quarterly on each Payment Date in respect of the Notes and based upon the balance of such Cash Deposit Account at the commencement of the relevant quarterly period. The amount of interest accrued in respect of each such period shall be paid by the Cash Deposit Bank into the Income Collection Account on behalf of the Issuer on each Payment Date with respect to the Notes for payment to the Noteholders in respect of interest amounts due in respect of the Notes for the corresponding Payment Period in accordance with the Available Income Funds Priority of Payments. In addition, on each Payment Date any Cash Deposit Replenishment Amounts payable by the Issuer in accordance with the Available Income Funds Priority of Payments shall be credited by or on behalf of the Issuer to the Cash Deposit Account.

Payment of Credit Protection Amounts

In the event that a Credit Protection Amount is due and payable by the Issuer to the CDS Counterparty pursuant to the Credit Default Swap Agreement, the CDS Calculation Agent shall deliver a notice to the Cash Deposit Bank, with a copy to the Trustee, setting out the amount of the Credit Protection Amount and the details of the account to which such amount is to be credited. Such amount shall be deducted from the balance of the Cash Deposit Account and paid to the specified account of the CDS Counterparty as described in "*Withdrawals from the Cash Deposit Account*" above. The Royal Bank of Scotland plc will have the right to set off amounts owed by it (in the capacity of Cash Deposit Bank) to the Issuer against Credit Protection Amounts owed by the Issuer to it (in the capacity of CDS Counterparty under the Credit Default Swap Agreement).

Termination of Cash Deposit Agreement

The Cash Deposit Agreement will terminate on the earlier of the Legal Final Maturity Date and the date on which all of the Notes are redeemed in full.

The Cash Deposit Bank may resign its appointment upon not less than six months' written notice to the Issuer (with a copy to the Trustee, the CDS Counterparty and the Rating Agencies) ending on a Business Day which does not fall on (i) a Payment Date or (ii) a date which is less than 10 Business Days before or after a Payment Date, provided that (a) if such resignation would otherwise take effect less than 60 days before or after the Legal Final Maturity Date or other date for redemption of the Notes, it shall not take effect until such date and (b) such resignation will not take effect until a successor has been duly appointed (as described further below).

The Issuer may (with the prior written approval of the Trustee), or the Trustee may, revoke the appointment of the Cash Deposit Bank by not less than 30 days' notice to the Cash Deposit Bank (with a copy to the Trustee and the CDS Counterparty) if any of the following events occur: (i) a deduction or withholding for or on account of any Tax is imposed in respect of the interest payable on the Cash Deposit Account held with the Cash Deposit Bank and the Cash Deposit Bank does not gross-up such interest payment in full, or it appears likely that such a deduction or withholding will be imposed or (ii) the Cash Deposit Bank fails to perform any of its obligations under the Cash Deposit Agreement and such failure remains unremedied for five Business Days after the CDS Counterparty, the Issuer or the Trustee has given notice of such failure or (iii) the service of an Enforcement Notice. Such revocation will not take effect until a successor has been duly appointed (as described further below).

The appointment of the Cash Deposit Bank will terminate forthwith if an insolvency event occurs in relation to the Cash Deposit Bank. If the appointment of the Cash Deposit Bank is so terminated in accordance with this provision, the Issuer will forthwith appoint a successor.

The Issuer may (with the prior written approval of the Trustee and the CDS Counterparty and provided that the Rating Agencies have previously confirmed in writing to the Issuer and the Trustee that such appointment will not cause the then applicable ratings of the Notes to be downgraded, withdrawn or qualified) appoint a successor Cash Deposit Bank and will forthwith give notice of any such appointment to the Trustee and the Rating Agencies, whereupon the Issuer, the CDS Counterparty, the Trustee and the successor Cash Deposit Bank will acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form of (and on the same terms as) the Cash Deposit Agreement. Any successor Cash Deposit Bank appointed by the Issuer will be a reputable and experienced financial institution which has at least the Cash Deposit Bank Required Ratings.

If the Cash Deposit Bank gives notice of its resignation and by the tenth day before the expiry of such notice a successor has not been duly appointed, the Cash Deposit Bank may itself, following such consultation with the Issuer as is practicable in the circumstances and with the prior written approval of the Trustee and the Rating Agencies, appoint as its successor any reputable and experienced financial institution which has at least the Cash Deposit Bank Required Ratings.

Downgrade of Cash Deposit Bank

On the Closing Date, the Cash Deposit Bank is expected to have a long-term rating by S&P of "AA", a short-term rating by S&P of "A-1+", a long-term rating by Moody's of "Aa1", a short-term rating by Moody's of "P-1", a long-term rating by Fitch of "AA+" and a short-term rating by Fitch of "F1+". Pursuant to the terms of the Cash Deposit Agreement, if the Cash Deposit Bank's S&P long-term rating falls below "AA-" or its S&P short-term rating falls below "A-1+" or its Moody's long-term rating falls below "A-1" or its Moody's short-term rating falls below "P-1" or its Fitch long-term rating falls below "AA-" or its Fitch short-term rating falls below "F1+" (the "**Cash Deposit Bank Required Ratings**") or any such rating is withdrawn (a "**Cash Deposit Bank Downgrade Event**"), the Cash Deposit Bank will be obliged, within 14 calendar days:

(a) to use commercially reasonable efforts to obtain (at its expense) an on-demand, irrevocable and legally enforceable guarantee in respect of its obligations under the Cash Deposit Agreement from a third party acceptable to the Trustee and which has at least the Cash Deposit Bank Required Ratings; or

(b) to find (at its expense) a replacement Cash Deposit Bank acceptable to the Trustee, meeting the requirements set out in the Cash Deposit Agreement including having at least the Cash Deposit Bank Required Ratings, to act as Cash Deposit Bank under the Cash Deposit Agreement; or

(c) to take such other appropriate action acceptable to the Trustee which the Rating Agencies have previously confirmed in writing to the Issuer and the Trustee will not cause the then applicable ratings of the Notes to be downgraded, withdrawn or qualified.

It will constitute an "**Early Termination Event**" under the Cash Deposit Agreement if any of the following occur (i) the Cash Deposit Bank fails to take any of the actions set out in paragraphs (a) to (c) in "*Downgrade of Cash Deposit Bank*" within 14 calendar days after the occurrence of a Cash Deposit Bank Downgrade Event, (ii) the appointment of the Cash Deposit Bank is terminated and a successor Cash Deposit Bank is not appointed within the time period specified for such appointment or (iii) if the Cash Deposit Bank fails to pay an amount of quarterly interest payable by it to the Issuer in accordance with the terms of the Cash Deposit Agreement.

Governing Law

The Cash Deposit Agreement will be governed by English law and will provide for the parties thereto to submit to the jurisdiction of the English courts.

Issuer Accounts

In addition to the Cash Deposit Account, the Issuer will on or prior to the Closing Date establish the Accounts referred to in Condition 5.7 of the Conditions of the Notes (see "*Conditions of the Notes – Condition 5.7* (*Accounts*)") with the Transaction Account Bank, the CDS Prepayment Account Bank and the Reserve Account Bank, as applicable.

Each of the Transaction Account Bank, the CDS Prepayment Account Bank and the Reserve Account Bank will be required to have long-term ratings of at least "AA-" by S&P, "A-1" by Moody's and "A" by Fitch and short-term ratings of at least "A-1+" by S&P, "P-1" by Moody's and "F1" by Fitch. If any of such long-term or short-term ratings of any of the Transaction Account Bank, the CDS Prepayment Account Bank or the Reserve Account Bank fall below such levels, the Issuer will be required, in accordance of the provisions of the Transaction Account Bank Agreement, the CDS Prepayment Account Agreement or the Reserve Account Agreement, as applicable, to appoint a successor to such bank within 30 days of such event which has such required ratings.

RATINGS OF THE RATED NOTES

It is expected that each Class of Rated Notes will be assigned the rating by S&P, the rating by Moody's and the rating by Fitch stated in respect of such Class of Notes below on the Closing Date.

Class of Notes	S&P Rating	Moody's Rating	Fitch Rating
Class A1 Notes	AAA	Aaa	AAA
Class A2 Notes	AAA	Aaa	AAA
Class A3 Notes	AAA	Aaa	AAA
Class B1 Notes	AA	Aa2	AA+
Class B2 Notes	AA	Aa2	AA+
Class B3 Notes	AA	Aa2	AA+
Class C1 Notes	A	A2	A+
Class C2 Notes	A	A2	A+
Class D1 Notes	BBB	Baa2	BBB+
Class D2 Notes	BBB	Baa2	BBB+
Class E1 Notes	BB	Ba2	BB+
Class E2 Notes	BB	Ba2	BB+
Class E3 Notes	BB	Ba2	BB+
Class F1 Notes	B	B2	B+
Class F2 Notes	B	B2	B+
Class F3 Notes	B	B2	B+
Class G Notes	Unrated	Unrated	Unrated

A credit rating is not a recommendation to buy, sell or hold a security and may be subject to revision or withdrawal at any time by the assigning rating agency. There can be no assurance that either Rating Agency will continue to monitor their ratings of the Notes during the life of the Notes or that any such rating may not be downgraded, withdrawn or qualified.

The ratings assigned by S&P and Fitch to the Rated Notes address the timely payment of interest and principal in respect of the Class A and the Class B Notes and the ultimate payment of interest and principal in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. The ratings assigned by Moody's to the Rated Notes address the expected loss posed to the investors by the Legal Final Maturity Date.

WEIGHTED AVERAGE LIFE OF THE NOTES

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of amounts distributed in net reduction of principal of such security (assuming no losses). The weighted average life of the Notes will be influenced by, among other things, the actual rate of repayment of the Reference Obligations.

The calculation of the weighted average life of the Notes represents an assumed constant per annum rate of prepayment ("**CPR**") each month relative to the then outstanding principal balance of a pool of loans. CPR does not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any loans, including the Reference Obligations to be included in the Reference Portfolio. For this purpose, "prepayment" means a prepayment of principal by refinancing, a prepayment of principal before a scheduled amortisation date or a scheduled prepayment of principal in respect of a loan.

The following tables were prepared based on the characteristics of the Reference Obligations to be included in the Reference Portfolio and the following additional assumptions (the "**Modelling Assumptions**"):

(i) no Credit Event occurs with respect to any Borrower;

(ii) no amount is credited to the Principal Deficiency Ledger in respect of any Class of Notes;

(iii) each Reference Obligation is repayable by a single payment of principal at maturity;

(iv) there are no Reference Obligation Undrawn Amounts;

(v) the characteristics or the Reference Obligations are assumed to remain unchanged throughout the Revolving Period; and

(vi) the notes are not redeemed early due to a Tax Redemption Event; and

(vii) the Regulatory Call Option is not exercised.

The actual characteristics and performance of the Reference Obligations are likely to differ from the assumptions used in constructing the tables set forth below. The following tables are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is not expected that the Reference Obligations will prepay at a constant rate until maturity, that all of the Reference Obligations will prepay at the same rate or that there will be no Credit Events with respect to any Reference Obligations. Moreover, the diverse remaining terms to maturity of the Reference Obligations could produce slower or faster principal distributions than indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Reference Obligations is assumed. Any difference between such assumptions and the actual characteristics and performance of the Reference Obligations will affect the percentage of the initial amount outstanding of the Notes which are outstanding over time and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated percentage of CPR.

Subject to the foregoing discussion and assumptions, the following tables indicate the weighted average lives of the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes and Class G Notes.

Weighted Average Life in Years

Table 1

	CPR					
Class of Notes	**10%**	**15%**	**20%**	**25%**	**30%**	**40%**
Class A Notes	7.07	4.97	3.92	3.29	2.87	2.34
Class B Notes	18.69	12.96	9.74	7.80	6.50	4.87
Class C Notes	18.98	14.71	11.01	8.79	7.32	5.43
Class D Notes	18.98	15.44	11.65	9.35	7.68	5.80
Class E Notes	18.98	15.48	11.72	9.48	7.72	5.98
Class F Notes	18.98	15.48	11.72	9.48	7.72	5.98
Class G Notes	18.98	15.48	11.72	9.48	7.72	5.98

The above table assumes that the Notes are redeemed at their Principal Amount Outstanding on the Payment Date on which the aggregate Principal Amount Outstanding of the Notes is less than 10 per cent. of the Initial Principal Amount of the Notes.

Weighted Average Life in Years

Table 2

	CPR					
Class of Notes	**10%**	**15%**	**20%**	**25%**	**30%**	**40%**
Class A Notes	7.07	4.97	3.92	3.29	2.87	2.34
Class B Notes	18.69	12.96	9.74	7.80	6.50	4.87
Class C Notes	18.98	14.71	11.01	8.79	7.32	5.43
Class D Notes	18.98	15.86	11.86	9.44	7.82	5.80
Class E Notes	18.98	17.63	13.14	10.44	8.63	6.36
Class F Notes	18.98	18.96	15.00	11.88	9.80	7.17
Class G Notes	18.98	18.98	18.29	15.73	13.24	9.67

The above table assumes that there is no early redemption of the Notes.

THE ISSUER

General

Arran Corporate Loans No. 1 B.V., a private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*), was incorporated under the laws of the Netherlands on 18 May 2006 for an unlimited period. The Issuer was established as a special purpose vehicle company for the purpose of issuing asset-backed securities. Its objects include issuing notes, acquiring collateral (if any) and entering into and carrying out its obligations in relation to such notes.

The Issuer has not previously carried on any business or carried on any activities other than those incidental to its registration, the authorisation and issue of the Notes contemplated in this Prospectus, matters incidental to such issues of notes, and the other matters described or contemplated in this Prospectus and the obtaining of all approvals and the effecting of all registrations and filings necessary or desirable for its business activities.

The Issuer has no subsidiaries.

Share Capital and Registered Office

The Issuer has an issued and outstanding share capital of €18,000, consisting of 180 shares with a nominal value of €100 each, all of which are fully paid up and held by Stichting Arran Corporate Loans No. 1 (the "**Foundation**"), a foundation (*stichting*) established under Dutch law on 5 May 2006. The Foundation has issued depository receipts in respect of such shares to SFM Investments (Netherlands) B.V.

The corporate seat (*statutair zetel*) of the Issuer is in Amsterdam, the Netherlands, its registered office is Amsteldijk 166, 1079 LH Amsterdam, the Netherlands (telephone number: +31(0) 2064 4558), and its correspondence address is Amsteldijk 166, 1079 LH Amsterdam, the Netherlands. The Issuer is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 34248064. The Foundation is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam under number 34247815.

Management

As at the date of this Prospectus, Structured Finance Management (Netherlands) B.V. is the sole director of the Issuer and has been appointed the managing director (*statutair directeur*) (in such capacity, the "**Managing Director**"). The Managing Director's corporate seat is in Amsterdam, the Netherlands and its registered office and postal address is Amsteldijk 166, 1079 LH Amsterdam, the Netherlands.

The Managing Director is registered in the trade register of the Chamber of Commerce and Industry in Amsterdam, the Netherlands under number 34234797.

The directors of the Managing Director are:

Mr. H.S. Leijdesdorff

Mr. G. Kruizinga

The Managing Director is responsible for the management and administration of the Issuer and the Managing Director entered into a management agreement dated 23 May 2006 with the Issuer in respect thereof (the "**Management Agreement**").

Pursuant to a letter agreement dated 23 May 2006 between, amongst others, the Issuer, the Managing Director and the Foundation, in order to ensure that neither the Managing Director nor the Foundation abuses its control of the Issuer, the Foundation and the Managing Director undertook (i) to manage the affairs of the Issuer in accordance with proper and prudent Dutch business practice and in accordance with the requirements of Dutch law and accounting practices, (ii) not to liquidate the Issuer without the prior written approval of the Trustee and The Royal Bank of Scotland plc and (iii) that the Issuer should undertake no business except the transactions contemplated by the documents relating to the Notes.

Financial Statements

Since its date of incorporation, the Issuer has not commenced operations and no financial statements have been made up as at the date of this Prospectus. The Issuer has undertaken to prepare annual audited financial statements and will distribute copies thereof as soon as reasonably practicable after preparation thereof to the

Trustee. Copies of such financial statements will be available for collection at the specified offices of the Principal Paying Agent and the Transfer and Paying Agent.

Business of the Issuer

So long as any of the Notes remains outstanding, the Issuer will be subject to the restrictions set out in the Trust Deed.

The Issuer has, and will have, no assets other than the amounts standing to the credit of the Issuer Dutch Account and any other assets on which the Notes are secured. Save in respect of the minimum profit to be retained according to the Dutch tax agreement obtained on behalf of the Issuer with the Dutch tax authorities in connection with each issue of notes and the proceeds of any deposits and investments made from such amounts or from amounts representing the Issuer's issued and paid-up share capital, the Issuer will not accumulate any surpluses.

The Notes are obligations of the Issuer alone and not of, or guaranteed in any way by, the Managing Director, the Foundation or the Trustee. Furthermore, they are not obligations of, or guaranteed in any way by Structured Finance Management (Netherlands) B.V. and/or its group entities, the CDS Counterparty or the Cross-currency Swap Counterparty or any other entity.

Shareholders' Funds:

Share capital (Authorised: €18,000; Issued: 180 shares of €100): €18,000

Indebtedness:

Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation. As at the date of this Prospectus, save as disclosed herein, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Tax Status of Issuer

The Issuer is a resident of the Netherlands for Dutch tax purposes.

The Managing Director of the Issuer

Business of the Managing Director

As part of its Corporate and Commercial Services for the capital markets in the Netherlands and abroad, Structured Finance Management group entities provide independent directors, management services and corporate administration services to Special Purpose Vehicles (SPVs) in structured finance and securitisation transactions.

Responsibilities of the Managing Director in relation to the Issuer

The Managing Director is responsible for the management and administration of the Issuer pursuant to the terms of the Management Agreement.

Retirement and Replacement of the Managing Director

The Managing Director may resign its appointment as managing director by written notice to the Issuer and observing a three month notice-period, provided however that (i) such termination shall only become effective as from the moment a new managing director (*statutair bestuurder*) has been appointed for the Issuer in accordance with the applicable provisions of the relevant Dutch Civil Code (which appointment shall not be unreasonably delayed) and (ii) such three-month notice-period may be reduced to one month in such circumstances that if it were not reduced to one month it would be materially prejudicial to either the Issuer or the Managing Director.

THE ROYAL BANK OF SCOTLAND PLC

The Royal Bank of Scotland plc will perform the following roles in connection with the issuance of the Notes:

1. CDS Counterparty;
2. Cross-currency Swap Counterparty;
3. Cash Deposit Bank;
4. Transaction Account Bank;
5. Reserve Account Bank;
6. Cash Administrator;
7. Note Calculation Agent;
8. CDS Calculation Agent;
9. arranger and sole bookrunner; and
10. Joint Lead Manager.

The Group

The Royal Bank of Scotland Group plc ("**RBSG")** is a public limited company incorporated in Scotland with registration number 45551. RBSG was incorporated under Scots law on 25 March 1968 under the name "National and Commercial Banking Group Limited" and its name was changed to "The Royal Bank of Scotland Group Limited" by special resolution passed on 4 July 1979. By resolution of the Directors passed on 28 January 1982, pursuant to section 8 of the Companies Act, 1980, the name of RBSG was changed to "The Royal Bank of Scotland Group public limited company". RBSG (together with its subsidiaries, the "**Group"**) is the holding company of one of the world's largest banking and financial services groups, based on a market capitalisation of £56 billion as at 31 December 2005. The Group's operations are conducted principally through The Royal Bank of Scotland plc ("**RBS")** and its subsidiaries including National Westminster Bank Plc ("**NatWest"**), other than the general insurance business (primarily Direct Line Group) which RBS transferred to RBSG in 2004. RBS is a public limited company incorporated in Scotland with registration number 90312, having been incorporated under Scots law on 31 October 1984. Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. The Group has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

The Group had total assets of £776.8 billion and shareholders' equity of £35.4 billion at 31 December 2005. The Group is strongly capitalised with a total capital ratio of 11.7 per cent and tier 1 capital ratio of 7.6 per cent as at 31 December 2005.

Organisational Structure and Business Overview

The Group's activities are organised in the following business divisions: Corporate Markets (formerly Corporate Banking & Financial Markets), Retail Markets (comprising Retail Banking, Retail Direct and Wealth Management), Ulster Bank, Citizens, RBS Insurance and Manufacturing. A description of each of the divisions is given below.

The Group's annual report on Form 20-F for the year ended 31 December 2005 is on file with the United States Securities and Exchange Commission (the "**SEC**") and may be viewed on the SEC's website, http://www.sec.gov.

Corporate Markets

Corporate Markets is focused on the provision of debt and risk management services to medium and large businesses and financial institutions in the UK and around the world. Corporate Banking & Financial Markets was renamed Corporate Markets on 1 January 2006 when its activities were reorganised into two businesses, UK Corporate Banking and Global Banking & Markets, in order to enhance the Group's focus on the distinct needs of these two customer segments.

Corporate Markets provides an integrated range of core banking, structured finance and financial markets products and services, including acquisition finance, trade finance, leasing, factoring, treasury services, money markets, foreign exchange, derivatives, bond origination and trading, sovereign debt trading, futures brokerage and interest rate risk management services.

Corporate Markets is a leading provider of banking, finance and risk management services to Mid-Corporate and Commercial customers in the UK. Through its network of relationship managers across the country it provides the full range of Corporate Markets products and services to small, medium and large companies.

Corporate Markets is a leading banking partner to major corporations and financial institutions around the world, specialising in providing a full range of debt financing, risk management and investment services to its Global Banking & Markets customers.

Retail Markets

Retail Markets comprises Retail Banking, Retail Direct and Wealth Management.

Retail Banking

Retail Banking is one of the leading retail banks in the UK. The division comprises both the RBS and NatWest retail brands. It offers a full range of banking products and related financial services to the personal, premium and small business markets.

In the personal banking market, Retail Banking offers a comprehensive product range: money transmission, savings, loans, mortgages and insurance. In the small business market, Retail Banking provides a full range of services which include money transmission and cash management, short, medium and long-term financing, deposit products and insurance.

Customer choice and product flexibility are central to the Retail Banking proposition and customers are able to access services through a full range of channels: branches, ATMs, the internet and the telephone.

Retail Direct

Retail Direct consists of the Group's non-branch based retail businesses. Retail Direct issues a comprehensive range of credit, charge and debit cards to personal and corporate customers and provides card processing services for retail businesses. It also includes Tesco Personal Finance, The One account, First Active UK, Direct Line Financial Services and Lombard Direct, all of which offer products to customers through direct channels principally in the UK. In continental Europe, Retail Direct offers a similar range of products through the RBS and Comfort Card brands.

Wealth Management

Wealth Management provides private banking and investment services to its clients through a number of leading UK and overseas private banking subsidiaries and offshore banking businesses. Coutts is one of the world's leading international wealth managers with over 20 offices worldwide, including Switzerland, Dubai, Monaco, Hong Kong and Singapore, as well as its premier position in the UK. Adam & Company is the major private bank in Scotland. The offshore banking businesses – The Royal Bank of Scotland International and NatWest Offshore – deliver retail banking services to local and expatriate customers, principally in the Channel Islands, the Isle of Man and Gibraltar.

Ulster Bank

Ulster Bank brings together Ulster Bank and First Active to provide a highly effective challenger to the larger competitors in the Irish banking market. Serving personal and small business customers, Ulster Bank Retail Banking provides branch banking, wealth management and direct banking throughout the Republic of Ireland and Northern Ireland. With a continued focus on providing customer choice and value, First Active serves personal and small business customers through its separately branded product offerings and branch network throughout the Republic of Ireland. Both First Active and Ulster Bank retain their own brands, branch networks and distinctive customer propositions and benefits are achieved by selling more mortgage and savings products to Ulster Bank's customers and a broader range of banking products to First Active's customers.

Ulster Bank Corporate Banking & Financial Markets caters for the banking needs of business and corporate customers, including treasury and money market activities, asset finance, ebanking and international services.

Citizens

Citizens provides retail and corporate banking services under the Citizens brand in Connecticut, Delaware, Massachusetts, New Hampshire, New Jersey, New York state, Pennsylvania, Rhode Island and Vermont and the Charter One brand in Illinois, Indiana, Michigan and Ohio. Through its branch network, Citizens provides a full range of retail and corporate banking services, including personal banking, residential mortgages and cash management. In addition, Citizens engages in a wide variety of commercial lending, consumer lending, commercial and consumer deposit products, merchant credit card services, insurance products, trust services and retail investment services.

RBS Insurance

RBS Insurance is the second largest general insurer in the UK, by gross earned premiums. Through the Direct Line, Churchill and Privilege brands it sells and underwrites personal insurance over the telephone and the internet in the UK. Through the Direct Line brand, RBS Insurance also sells and underwrites personal insurance in Spain, Italy and Germany. Through UKI Partnerships, our partnership business, the Group operates insurance schemes on behalf of third parties who in turn sell insurance products to their customers. The National Insurance and Guarantee Corporation sells personal and commercial products through a network of intermediaries, while Inter Group acts as an insurance administrator and Devitt Insurance Services operates as a specialist broker administrator.

Manufacturing

Manufacturing supports the customer facing businesses in the UK and Ireland and manages the Group's telephony, account management and money transmission operations. It is also responsible for information technology operations and development, global purchasing, property and other services.

Recent Developments

In 2005 the Group launched a strategic partnership with the Bank of China. The Group holds an investment of 10% in the Bank of China for U.S.$3.048 billion (c. £1.7 billion), of which RBSG itself invested U.S.$1.6 billion (c. £0.9 billion). The two banks will co-operate across a range of business activities including credit cards, wealth management, corporate banking and personal lines insurance. They will also closely co-operate in key operational areas.

Sir George Ross Mathewson retired as Chairman from the boards of directors of each of RBSG and RBS at the Annual General Meeting on 28 April 2006. Sir Tom McKillop, Deputy Chairman, succeeded him as Chairman.

On 1 March 2006 the Group appointed Johnny Cameron, Chief Executive, Corporate Markets and Mark Fisher, Chief Executive, Manufacturing as executive directors. William Friedrich was also appointed as a non-executive director of the Group and of RBS.

Principal Subsidiary Undertakings

RBSG's shares are widely held and, to the best of its knowledge, RBSG is not directly or indirectly controlled by anyone.

RBS is wholly-owned by RBSG and supervised by the Financial Services Authority as a bank.

RBSG's direct principal operating subsidiaries are RBS and RBS Insurance Group Limited. The principal subsidiary undertakings of RBS are shown below. Their capital consists of ordinary and preference shares, which are unlisted with the exception of certain preference shares issued by NatWest.

All of the subsidiary undertakings are owned directly or indirectly through intermediate holding companies and are wholly-owned. All of the subsidiaries shown below are included in the consolidated financial statements of RBSG and RBS and have an accounting reference date of 31 December.

Citizens Financial Group, Inc.

Coutts & Co

Greenwich Capital Markets, Inc.

National Westminster Bank Plc

Ulster Bank Limited

References below to Notes, to Global Registered Certificates and to the Definitive Registered Certificates representing such notes are to each respective Class of Notes.

Initial Issue of Notes

The Notes of each Class sold in reliance on Regulation S under the Securities Act will be represented by one of more Global Registered Certificates in fully registered form without interest coupons or principal receipts. Class A Notes, Class B Notes, Class C Notes and Class D Notes sold to Qualified Institutional Buyers (who are also QPs) in reliance on Rule 144A under the Securities Act will be represented by one or more Global Registered Certificates in fully registered form without interest coupons or principal receipts. Class E Notes, Class F Notes and Class G Notes sold to Qualified Institutional Buyers (who are also QPs) in reliance on Rule 144A under the Securities Act will be represented by one or more Rule 144A Definitive Registered Certificates in fully registered definitive form registered in the name of the legal and beneficial owner thereof.

The Regulation S Global Registered Certificates and the Rule 144A Global Registered Certificates representing Sterling Notes or Euro Notes and the Regulation S Global Registered Certificates representing the Class E3 Notes and the Class F3 Notes will be registered in the name of a nominee for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

The Regulation S Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes and the Rule 144A Global Registered Certificates representing U.S. dollar Notes will be deposited with a custodian for The Depository Trust Company ("**DTC**") and registered in the name of Cede & Co., as nominee for DTC. The U.S. dollar Notes sold in reliance on Regulation S will be made eligible for trading through Euroclear and Clearstream, Luxembourg as participants in DTC.

Beneficial interests in a Global Registered Certificate representing Sterling Notes or Euro Notes and the Regulation S Global Registered Certificates representing the Class E3 Notes and the Class F3 Notes may be held only through, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg at any time. Beneficial interests in a Global Registered Certificate other than those representing the Class E3 Notes and the Class F3 Notes representing U.S. dollar Notes may be held through and transfers thereof will only be effected through, records maintained by DTC and its respective participants, including (where applicable) Euroclear and Clearstream, Luxembourg. See "*Book-Entry Clearance Procedures*" below. U.S. persons (as defined in Regulation S under the Securities Act) may not hold interests represented by Regulation S Global Registered Certificates.

Amendments to Conditions

Each Global Registered Certificate contains provisions that apply to the Class of Notes that they represent, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. The following is a summary of those provisions:

Prescription:	Claims against the Issuer in respect of principal and interest on the Notes while the Notes are represented by a Global Registered Certificate will become void unless surrendered for payment within a period of ten years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.
Meetings:	The holder of each Global Registered Certificate will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each £1,000 of the Outstanding Principal Balance of the outstanding Note(s) for which the relevant Global Registered Certificate may be exchanged.
Trustee's Powers:	In considering the interests of Noteholders while the Global Registered Certificates are held on behalf of a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its account holders with entitlements to each

Global Registered Certificate and may consider such interests as if such account holders were the holders of any Global Registered Certificate.

Cancellation: Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Registered Certificate and a corresponding notation made on the Register.

Exchange of Global Registered Certificates for Definitive Registered Certificates

Exchange

Holders of book-entry interests in a Global Registered Certificate will be entitled to receive Definitive Registered Certificates, free of charge (other than the costs of postage), in exchange for and commensurate with their respective holdings of such book-entry interests where any of the circumstances described in Condition 13.1 (*Issue of Definitive Registered Certificates*) occurs.

Exchange in Whole not Part

In the event that a Global Registered Certificate is exchanged for Definitive Registered Certificates, all the book-entry interests in such Global Registered Certificate will be exchanged for Definitive Registered Certificates.

Period of Non-Registration

The Registrar will not register an exchange of a Global Registered Certificate for a Definitive Registered Certificate, or an exchange of an interest in a Global Registered Certificate for a Definitive Registered Certificate, for a period of 15 calendar days prior to any date for payment of principal or interest in respect of such Global Registered Certificate.

Transfer Restrictions on Definitive Registered Certificates

If only one of the Global Registered Certificates (the "**Exchanged Global Registered Certificate**") becomes exchangeable for Definitive Registered Certificates, there shall be no transfer of Notes between persons holding such Definitive Registered Certificates and persons wishing to purchase beneficial interests in the other Global Registered Certificates.

Delivery

In the circumstances set out in "*Exchange*" above, the relevant Global Registered Certificate will be exchanged in full for Definitive Registered Certificates and the Issuer, at its own cost (in addition to providing such indemnity as the Registrar or any relevant Transfer and Paying Agent may reasonably require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such exchange), will cause all such Definitive Registered Certificates to be executed and delivered to the Registrar for completion, authentication and dispatch to the relevant Noteholders. A person having an interest in a Global Registered Certificate must provide the Registrar with (i) a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such Definitive Registered Certificates, (ii) in the case of the Rule 144A Global Registered Certificates only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of simultaneous sale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A and (iii) in the case of the Regulation S Global Registered Certificates, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange or, in the case of a simultaneous sale pursuant to Regulation S, a certification that the transfer is being made in compliance with the provisions of Regulation S. Definitive Registered Certificates issued in exchange for a beneficial interest in a Global Registered Certificate shall bear the legends applicable to transfers pursuant to Rule 144A or Regulation S, as the case may be as set out under "*Transfer Restrictions*" below.

Legends

The holder of a Definitive Registered Certificate may transfer the Notes represented thereby in whole or in part in the applicable Minimum Denomination by surrendering it at the specified office of the Registrar or any Transfer and Paying Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Definitive Registered Certificate bearing the legend referred to under "*Transfer Restrictions*" below, or upon specific request for removal of the legend on a Definitive Registered Certificate, the Issuer will deliver only Definitive Registered Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act and with Dutch banking and securities regulations.

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources that the Issuer believes to be reliable, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg or DTC (together, the "**Clearing Systems**") currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Joint Lead Managers or any Agent (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Euroclear and Clearstream, Luxembourg

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg which facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Settlement and Transfer of Notes*" below.

Euroclear and Clearstream, Luxembourg 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 have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Investors may hold their interests in a Regulation S Global Registered Certificate and a Rule 144A Global Registered Certificate directly through Euroclear or Clearstream, Luxembourg if they are accountholders or indirectly through organisations which are accountholders therein.

Book-Entry Ownership

Each Regulation S Global Registered Certificate and Rule 144A Global Registered Certificate representing Sterling Notes or Euro Notes and the Regulation S Global Registered Certificates representing the Class E3 Notes and the Class F3 Notes will have an ISIN and a Common Code and will be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

Payments and Relationship of participants with Euroclear and Clearstream, Luxembourg

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Registered Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for his share of each payment made by the Issuer to the holder of such Global Registered Certificate and in relation to all other rights arising under the Global Registered Certificate held in Euroclear and Clearstream, Luxembourg, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Registered Certificate and the obligations of the Issuer will be discharged by payment to the holder of such Global Registered Certificate in respect of each amount so paid. None of the Issuer, the Trustee, 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 Registered Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the Closing Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the U.S. Securities and

Exchange Commission under the Exchange Act, trades in the United States secondary market generally are required to settle within three business days (T3), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until the Closing Date will be required, by virtue of the fact the Notes initially will settle beyond T3, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and purchasers of Notes who wish to trade Notes between the date of pricing and the Closing Date should consult their own advisers.

DTC

Upon issuance, the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes will be deposited with the Registrar as custodian for DTC and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor or its nominee. Beneficial interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes may not be exchanged for Notes in definitive form except in the limited circumstances described above. See "*Form of the Notes – Exchange of Global Registered Certificates for Definitive Registered Certificates*".

The Notes (including beneficial interests in the Global Registered Certificates) are subject to certain restrictions on transfer and bear restrictive legends. In addition, transfers of beneficial interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream, Luxembourg), which may change from time to time.

DTC Depository Procedures

The following is only a summary of the operations and procedures of DTC. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes from time to time. The Issuer takes no responsibility for these operations and procedures.

DTC has advised the Issuer that it is a limited-purpose trust company organised under the laws of the State of New York, a member of the Federal Reserve System, a "banking organization" within the meaning of the New York Banking Law, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participating organisations and to facilitate the clearance and settlement of transactions in those securities between its participants through electronic book-entry changes in the accounts of its participants. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Persons who are not DTC participants may beneficially own securities held by or on behalf of DTC only through the DTC participants or indirect participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of DTC participants and indirect participants. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation, which, in turn, is owned by a number of direct participants in DTC and members of its subsidiaries, the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation, as well as by The New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc.

DTC has also advised that pursuant to DTC's procedures (i) upon deposit of the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes, DTC will credit the accounts of participants designated by the Joint Lead Managers with portions of the principal amount of the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes and (ii) ownership of such interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to DTC participants) or by DTC participants and indirect participants (with respect to other owners of beneficial interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes).

Investors in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes may hold their interests therein directly through DTC, if they are participants in such system, or indirectly through organisations (including Euroclear and Clearstream, Luxembourg) which are participants in such system. All interests in a Global Registered Certificate representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes, including those held through Euroclear or Clearstream, Luxembourg, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream, Luxembourg may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Registered Certificate representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes to such persons will be limited to that extent. Because DTC can act only on behalf of DTC participants, which in turn act on behalf of indirect participants and certain banks, the ability of a person having beneficial interests in a Global Registered Certificate representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Payments of principal and interest in respect of the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes will be payable to DTC (or its nominee) in its capacity as the registered holder under the Trust Deed. Under the terms of the Trust Deed, the Issuer, the Trustee, the Principal Paying Agent and the Registrar will treat the persons in whose names the Notes, including the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, none of the Issuer, the Trustee, the Principal Paying Agent, the Registrar nor any agent of the Issuer, the Trustee, the Principal Paying Agent or the Registrar have or will have any responsibility or liability for (i) any aspect of DTC's records or any DTC participant's or indirect participant's records relating to or payments made on account of beneficial ownership interest in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes, or for maintaining, supervising or reviewing any of DTC's records or any DTC participant's or indirect participant's records relating to the beneficial ownership interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes or (ii) any other matter relating to the actions and practices of DTC or any of its participants or indirect participants. DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant participants with the payment on each Payment Date in amounts proportionate to their respective holdings in the principal amount of beneficial interest in the relevant security as shown on the records of DTC unless DTC has reason to believe it will not receive payment on such Payment Date. Payments by the DTC participants and indirect participants to the beneficial owners of Notes are governed by standing instructions and customary practices and are the responsibility of the DTC participants or indirect participants and are not the responsibility of DTC, the Issuer, the Trustee, the Principal Paying Agent or the Registrar. None of the Issuer, the Trustee, the Principal Paying Agent or the Registrar will be liable for any delay by DTC or any DTC participants in identifying the beneficial owners of the Notes, and the Issuer, the Trustee, the Principal Paying Agent and the Registrar may conclusively rely on, and will be fully protected in relying on, instructions from DTC or its nominee for all such purposes.

Interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes are expected to be eligible to trade in DTC's Same-Day Funds Settlement System and secondary market trading activity in such interests will, therefore, settle in immediately available funds, subject in all cases to the rules and procedures of DTC and its participants. See "*Same Day Settlement and Payment*" below.

Subject to the transfer restrictions set forth in this Prospectus, transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same day funds.

DTC has advised the Issuer that it will take any action permitted to be taken by a Noteholder only at the direction of one or more of its participants to whose account DTC has credited the interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such participant or participants has or have given such direction.

Although DTC has agreed to the foregoing procedures to facilitate transfers of interests in the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes

among participants in DTC, DTC is 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 Principal Paying Agent or the Registrar or any of their respective agents will have any responsibility for the performance by DTC, its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Same Day Settlement and Payment

The Notes represented by the Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes are eligible to trade in DTC's Same Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream, Luxembourg participant purchasing an interest in a Global Registered Certificate representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream, Luxembourg participant, during the securities settlement processing day (which must be a business day for Euroclear or Clearstream, Luxembourg) immediately following the settlement date of DTC. DTC has advised the Issuer that cash received in Euroclear or Clearstream, Luxembourg as a result of a sale of interests in a Global Registered Certificate representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes by or through a Euroclear or Clearstream, Luxembourg participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream, Luxembourg cash account only as of the business day for Euroclear or Clearstream, Luxembourg following DTC's settlement date.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through direct participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note will in turn be recorded on the records of the direct participant or indirect participant (as the case may be). Beneficial owners will not receive written confirmation from any Clearing System of their purchase. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of participants acting on behalf of beneficial owners. Beneficial owners will not receive certificates representing their ownership interest in such Notes unless and until any Global Registered Certificate in respect of which they have such an ownership interest held within a Clearing System in respect of which they have such an ownership interest is exchanged for Definitive Registered Certificates.

Exchanges Among Registered Certificates

Beneficial interests in the Regulation S Global Registered Certificates in respect of any Class other than Class E, Class F or Class G may be exchanged for beneficial interests in the related Rule 144A Global Registered Certificate only if such exchange occurs in connection with a transfer of the Notes pursuant to Rule 144A and both the transferor and transferee first deliver to the Registrar written certificates to the effect that the Notes are being transferred to a transferee (A) (i) that is both a Qualified Institutional Buyer and a QP purchasing for its own account or the account of a Qualified Institutional Buyer that is also a QP in a transaction meeting the requirements of Rule 144A and (ii) that is not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle) (as each such term is defined below in the section captioned "*Transfer Restrictions*") and (B) in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

Beneficial interests in the Rule 144A Global Registered Certificate, or in the case of the Class E Notes, the Class F Notes and the Class G Notes, in the Rule 144A Definitive Registered Certificate, may be transferred to a person who takes delivery in the form of an interest in the Regulation S Global Registered Certificate only if both the transferor and transferee first deliver to the Registrar written certificates to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulations S to a person that is not a U.S. person and that is not acquiring such beneficial interest for the account or benefit of a U.S. person and that the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg. The Rule 144A Definitive Registered Certificates will be issued in definitive form; accordingly they will not be deposited with any Clearing System.

Transfers involving an exchange of a beneficial interest in one of the Global Registered Certificates for a beneficial interest in another Global Registered Certificate will be effected in Euroclear and Clearstream,

Luxembourg in the case of Global Registered Certificates denominated in pounds sterling and euro and in DTC in the case of Global Registered Certificates representing U.S. dollar Notes other than the Class E3 Notes and the Class F3 Notes. Transfers involving an exchange of a beneficial interest in one of the Rule 144A Definitive Registered Certificates for a beneficial interest in a Regulation S Global Registered Certificate will be effected in Euroclear and Clearstream, Luxembourg. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Registered Certificate representing the beneficial interest that is transferred and a corresponding increase in the principal amount of the other Registered Certificate, as applicable. Any beneficial interest in one of the Registered Certificates that is transferred to a person who takes delivery in the form of an interest in the other Registered Certificate will, upon transfer, cease to be an interest in such first Registered Certificate and will become an interest in another Registered Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Registered Certificate for so long as it remains such an interest.

TAX CONSIDERATIONS

The following is a general discussion of the anticipated United Kingdom, Dutch and United States tax treatment of the Issuer and the holders of the Notes. The discussion is based on laws, regulations, rulings and decisions (and interpretations thereof) currently in effect, all of which are subject to change. Any such change may have retroactive effect. The discussion is intended for general information only, and does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase the Notes.

Prospective investors should consult their own professional advisers concerning the possible tax consequences of buying, holding or selling any Notes under the applicable laws of their country of citizenship, residence or domicile.

United Kingdom Taxation

The following is a summary of the Issuer's understanding of current United Kingdom tax law and United Kingdom HM Revenue & Customs ("**HMRC**") practice as at the date of this Prospectus relating to certain aspects of the United Kingdom taxation of the Notes. The summary set out below is a general guide, applies only to the classes of persons mentioned below who are beneficial owners of the Notes and should be treated with appropriate caution. Some aspects do not apply to certain classes of taxpayer (such as dealers and persons connected with the Issuer). Each prospective purchaser is advised to consult its own tax advisers about the tax consequences of purchasing, holding and selling the Notes under the laws of the United Kingdom, the United States, their political subdivisions and any other jurisdiction in which the prospective purchaser may be subject to tax.

Interest on the Notes

Withholding Tax on Payments of Interest on the Notes

1. Interest on Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax except in circumstances when such interest has a United Kingdom source.

2. Interest on Notes may have a UK source; for example interest on Notes secured on assets situate in the UK may have a UK source. Interest which has a United Kingdom source ("**UK Interest**") may be paid by the Issuer without withholding for or on account of UK income tax if the Notes in respect of which the UK Interest is paid constitute "quoted Eurobonds". Notes will constitute "quoted Eurobonds" if they carry a right to interest and are and continue to be issued by a company and listed on a "recognised stock exchange" (the Irish Stock Exchange is so recognised).

3. In addition to the exemptions referred to in paragraphs 1 to 2 above, the Issuer is entitled to make payments of UK Interest on the Notes without withholding or deduction for or on account of United Kingdom income tax if, at the time the relevant payments are made, the Issuer reasonably believes that, broadly, the person beneficially entitled to the income is a company within the charge to United Kingdom corporation tax in respect of the interest or falls within a list of specified United Kingdom tax-exempt entities and bodies, or has made a successful application for exemption from withholding tax under an application double taxation treaty.

4. In all other cases, UK Interest on the Notes will be paid under deduction of United Kingdom income tax at the lower rate applicable to savings income (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double taxation treaty.

5. Noteholders should note that neither the Issuer nor the Principal Paying Agent nor the Transfer and 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. Any such withholding or deduction will not constitute an Event of Default under Condition 11 (*Events of Default and Enforcement*) of the Notes.

Provision of Information

Noteholders who are individuals should note that where any interest is paid to them (or to any person acting on their behalf) by any person in the United Kingdom acting on behalf of the Issuer (a paying agent), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (a collecting agent), then the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply to HMRC details of the payment and certain details relating to the Noteholder. These provisions will apply whether

or not the interest has been paid subject to withholding or deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to HMRC may, in certain cases, be passed by HMRC to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

Further United Kingdom Income Tax Issues for Non-United Kingdom Resident Noteholders

UK Interest on the Notes may be subject to tax by direct assessment even where paid without withholding, subject to any direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, UK Interest received without deduction or withholding on account of United Kingdom income tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company, which carries on a trade through a permanent establishment) in the United Kingdom 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 certain brokers and investment managers).

Where UK Interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom Corporation Tax Payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of the Notes will be charged to tax and obtain relief as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom Taxpayers

Taxation of Chargeable Gains

It is not expected that the Notes will be treated by HMRC as qualifying corporate bonds within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains depending on the individual circumstances of the Noteholder.

Accrued Income Scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Payment Date may be chargeable to tax as income under the rules of the accrued income scheme if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. Noteholders are advised to consult their own professional advisers for further information about the accrued income scheme in general and, in particular, the potentially adverse tax consequences of holding variable rate securities. Noteholders should note that, in December 2004, HMRC announced that the accrued income scheme is to be reformed following a further period of consultation, with draft legislation proposed to be published for further consultation in the summer of 2006. It is not currently known whether or in what form any changes arising from the consultations will be enacted and it is possible that, when any changes are created, they may affect the taxation treatment described in this paragraph.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or on the issue or transfer by delivery of a Note.

Dutch Taxation

This section provides a general description of the principal Dutch tax consequences of the holding of the Notes. This summary provides general information only and is restricted to the matters of Dutch taxation stated herein. It is intended neither as tax advice nor as a comprehensive description of all Dutch tax considerations that may be relevant to a decision to acquire, to hold, or to dispose of the Notes. This summary does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Save as otherwise indicated, this summary only addresses the position of investors who do not have any connection with the Netherlands other than the holding of the Notes. As it is unlikely that any holder of a Note will have a substantial interest (*aanmerkelijk belang)* (as defined in section 4.3 of the Dutch Income Tax Act 2001), in the Issuer, this summary does not describe the tax consequences relating to a substantial interest.

Prospective investors should consult their own professional advisers with respect to the consequences of an investment in the Notes.

The summary provided below is based on the Dutch tax laws as generally interpreted and applied by the Dutch courts at the date of this Prospectus, without prejudice to any changes in law or the interpretation or application thereof, which changes may be implemented with or without retroactive effect.

Withholding Tax

All payments of interest and principal made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

A holder of a Note (the "**Noteholder**") who derives income from a Note or who realises a gain from the disposal or redemption of a Note will not be subject to Dutch taxation on such income or gain, provided that:

1. the Noteholder is neither resident nor deemed to be resident in the Netherlands and, if the Noteholder is an individual, has not elected to be treated as a resident of the Netherlands for the purpose of the relevant Dutch tax law provisions;

2. the Noteholder does not have an enterprise or deemed enterprise (as defined in Dutch tax law) or an interest in an enterprise or deemed enterprise (as defined in Dutch tax law) that is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands and to which enterprise or part of that enterprise, as the case may be, the Notes are attributable;

3. the Noteholder is not entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable;

4. the Noteholder does not have a substantial interest (*aanmerkelijk belang*) or a deemed substantial interest in the Issuer as defined in the Dutch Income Tax Act 2001;

5. the Noteholder does not carry out and has not carried out employment activities in the Netherlands nor carries or carried out employment activities outside the Netherlands for which the remuneration is subject to Dutch wage withholding tax and with which employment activities the holding of the Notes is connected; and

6. the Noteholder does not derive benefits from the Notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*) as defined in the Dutch Income Tax Act 2001, which include, but are not limited to, activities in respect of the Notes which are beyond the scope of "regular active asset management" (*normaal actief vermogensbeheer*).

Under the laws of the Netherlands a Noteholder will not be deemed a resident, domiciled or carrying on a business in the Netherlands by reason only of its holding of the Notes or the performance by the Issuer of its obligations under the Notes.

Gift and Inheritance Taxes

No gift, estate or inheritance taxes will arise in the Netherlands with respect to the acquisition of the Notes by way of gift by, or on the death of, a Noteholder who is neither resident nor deemed to be resident in the Netherlands for the purpose of the relevant Dutch tax law provisions, unless:

(i) the Noteholder at the time of the gift has or at the time of his death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise, as the case may be, the Notes are attributable;

(ii) the Notes are or were attributable to an enterprise that is effectively managed in the Netherlands and at the time of the gift the donor is, or at the time of his death the deceased was, entitled to a share in the profits of that enterprise or part thereof other than by way of securities or through an employment contract; or

(iii) in the case of a gift of the Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands.

For the purpose of Dutch gift, estate and inheritance tax, an individual who has the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift or the date of his death if he has been a resident of the Netherlands at any time during the ten years preceding the date of the gift or the date of his death.

For the purposes of Dutch gift tax, an individual who does not have the Dutch nationality will be deemed to be a resident of the Netherlands at the date of the gift if he has been a resident of the Netherlands at any time during the twelve months preceding the date of the gift.

Value Added Tax

No Value Added Tax (*Omzetbelasting*) will arise in the Netherlands in respect of any payment in consideration for the issue of the Notes or with respect to any payment of principal or interest by the Issuer under the Notes.

Other Taxes and Duties

No stamp duty, registration tax or any other similar documentary tax or duty, other than court fees, will be payable in the Netherlands in respect of or in connection with the Issuer's issue or performance, or a Noteholder's transfer, delivery or enforcement, of a Note.

Council Directive of the European Union

Under the European Union Council Directive 2003/48/EC on the taxation of savings income (the "**Directive**") Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person within its jurisdiction (a "**paying agent**") to an individual resident in another Member State, except that for a transitional period, Belgium, Luxembourg and Austria instead operate a withholding system unless during that period they elect otherwise (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries and territories). Certain other jurisdictions, including Switzerland, have enacted equivalent legislation which imposes a withholding tax, or an obligation on a paying agent to provide information on a payment of interest or similar income, in substantially the same circumstances as envisaged by the Directive. Holders of the Notes who are individuals should note that, should any payment in respect of the Notes be subject to withholding imposed as a consequence of the Directive or under the equivalent legislation, no additional amounts would be payable by the Issuer.

United States Taxation

THIS SUMMARY IS NOT WRITTEN OR INTENDED TO BE USED, AND CANNOT BE USED BY ANY TAXPAYER, FOR THE PURPOSE OF AVOIDING UNITED STATES FEDERAL TAX PENALTIES, AND WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THIS TRANSACTION. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE TRANSACTION DESCRIBED HEREIN AND THE ASSOCIATED TAX STRATEGIES ARE NOT CONFIDENTIAL, PROPRIETARY OR EXCLUSIVE. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THERE IS NO LIMITATION ON THE DISCLOSURE BY ANY RECIPIENT OF THIS PROSPECTUS OF THE TAX TREATMENT OR TAX STRUCTURE OF THE TRANSACTION DESCRIBED HEREIN.

This is a discussion of the important U.S. federal income tax consequences of purchasing, holding, and disposing of the Notes issued by the Issuer. Except to the limited extent discussed below, this discussion only applies to a "U.S. Holder", defined as the beneficial owner of a Note who is or which is:

(A) a citizen or resident of the United States;

(B) a corporation created or organised under the laws of the United States or any political subdivision thereof or therein;

(C) an estate, the income of which is subject to U.S. federal income tax regardless of the source; or

(D) a trust, if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular U.S. Holder based on such holder's particular circumstances (including the potential application of the U.S. alternative minimum tax), nor does it address any aspect of state, local, or non-U.S. tax laws or the possible application of U.S. federal gift or estate taxes. In particular, this discussion does not consider the tax treatment of persons who hold Notes through a partnership or other pass-through entity, nor does it address the United States federal income tax consequences to U.S. Holders that are subject to special treatment, including U.S. Holders that:

(A) are broker-dealers, securities traders, insurance companies, tax-exempt organisations, or financial institutions;

(B) hold Notes as part of a "straddle", "hedge" or "conversion transaction" with other investments; or

(C) own 10.00 per cent. or more of Issuer's voting stock (directly, indirectly or constructively).

This discussion considers only U.S. Holders that will own Notes as capital assets and whose functional currency is the U.S. dollar. The discussion is generally limited to the tax consequences to initial holders that purchase Notes at the "issue" price, and does not address any special rules that may apply if the Notes are called before the Legal Final Maturity Date. For this purpose the "issue" price of a Note is the first price at which a substantial amount of the Notes are sold to the public for money, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters or wholesalers. It does not describe any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

This discussion is based upon the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), existing and proposed regulations thereunder, and current administrative rulings and court decisions. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

You should consult your tax adviser concerning the application of federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdiction, to your particular situation.

United States Taxation of the Issuer

The issuer does not expect that its activities will cause it to be treated as engaging in a United States trade or business, and the discussion below assumes that the Issuer will not be so engaged. If the Internal Revenue Service (the "**IRS**") were to successfully assert that the Issuer is engaged in a United States trade of business, however, there could be material adverse financial consequences to the Issuer and to persons who hold the Notes. In such a case, part or all of the income and gains of Issuer could be subject to United States federal income tax at a maximum corporate rate of 35.00 per cent., and the Issuer could be subject to an additional branch profits tax of 30.00 per cent., which would reduce or even eliminate cash available for distribution to the holders of Notes.

Characterisation of the Notes

Although all of the Notes are labelled as debt instruments, the Issuer intends to treat only the Class A, B, C, D, E and F Notes as debt for U.S. federal income tax purposes and will treat the Class G Notes as equity for such purposes. Moreover, based upon their level of subordination, rating and other factors there is a substantial risk that the Class E and Class F Notes may be treated as equity, rather than as indebtedness, for such purposes. The summary below assumes that the Class G Notes will be treated as equity rather than debt of the Issuer for U.S. federal income tax purposes and that all other Classes of Notes will be treated as indebtedness. The Issuer and each holder of a Class A Note, Class B Note, Class C Note, Class D Note, Class E Note and Class F Note agrees to treat such Note as debt for United States federal and state income tax purposes. Prospective investors should note, however, that the classification of an instrument as debt or equity is highly factual, and it is possible that other Classes of Notes (in addition to the Class G Notes) will be treated by the IRS as equity of the Issuer. Holders of the Notes should note that no rulings have been or will be sought from the IRS with respect to the

classification of the Notes or the federal income tax consequences discussed below, and no assurance can be given that the Service or the courts will not take a contrary position to any of the views expressed herein.

PERSONS CONSIDERING THE PURCHASE OF THE NOTES, AND IN PARTICULAR THE CLASS E NOTES, CLASS F NOTES AND CLASS G NOTES, SHOULD REVIEW THE SECTION "TAX TREATMENT OF NOTES TREATED AS EQUITY" BELOW AND SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THE CLASSIFICATION OF THE NOTES AND THE U.S. FEDERAL INCOME TAX CONSEQUENCES RELEVANT TO SUCH CLASSIFICATION FOR THEIR PURPOSES.

Tax Treatment of U.S. Holders of Notes (other than Notes Treated as Equity)

Interest and Discount on the Notes (other than Notes Treated as Equity)

In general, if the issue price of a Note (the first price at which a substantial amount of the Notes were sold to investors) is less than its principal amount by more than a *de minimis* amount, the Note will be considered to have been issued with original issue discount ("**OID**") for U.S. federal income tax purposes. If a U.S. Holder acquires a Note with OID, then, regardless of such holder's method of accounting, the holder with be required to include such OID in income as it accrues under a constant yield method. It is not anticipated that the Class A or B Notes will be issued with OID. However, because payments of stated interest on the Notes are contingent on available funds and subject to deferral, the Notes may be treated as having OID, for United States federal income tax purposes unless the possibility of deferral is remote. The Issuer intends to take the position that the possibility of deferral is remote with respect to the Class A and Class B Notes, but intends to treat the deferral on the Class C, D, E and F Notes as not remote for United States federal income tax purposes. The total amount of such discount with respect of each such Note will equal the sum of all payments to be received under the Notes less its issue price (the price at which a substantial amount of such Notes were sold to investors).

Interest paid on a Class A Note or Class B Note generally will be includable in the gross income of a U.S. Holder in accordance with its regular method of tax accounting. A U.S. Holder of a Class C, D, E and F Note will be required to include OID in income as it accrues under a constant yield method, regardless of when paid.

The Issuer intends to take the position, and the foregoing discussion assumes, that the Notes will not be classified as "contingent payment debt obligations" for purposes of calculating OID. However, it is possible that the IRS will take a contrary view, and seek to so classify some or all of the Notes. If the IRS were successful in so classifying the Notes, among other consequences, any gain recognised on the sale or disposition of such Notes might be treated as ordinary income rather than as capital gain.

Sale and Retirement of the Notes (other than Notes Treated as Equity)

In general a U.S. Holder of a Note (other than a Note treated as equity) will have a basis in such Note equal to the cost of such Note to such Holder, (i) increased by any amount includable in income by such Holder as OID with respect to such note, and (ii) reduced by any amortised premium applied to reduce, or allowed as a deduction against, interest on a Note and any payments on such Note, other than payments of stated interest on a Class A or B Note. Upon a sale, exchange, redemption or retirement of a Note, a U.S. Holder will generally recognise gain or loss equal to the difference between the amount realised on the sale, exchange, redemption or retirement (other than amounts attributable to accrued interest on a Class A or B Note, which will be taxable as described above) and the Holder's tax basis in such Note. Such gain or loss will be long-term capital gain or loss if the U.S. Holder held the Note for more than one year at the time of disposition. In certain circumstances, U.S. Holders that are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

A U.S. Holder may also recognise gain upon receipt of a principal payment equal to the difference between the amount received and the portion of its basis that is considered to be allocable to such payment. Such gain may, under certain circumstances, be taxable as ordinary income.

Gain recognised by a U.S. Holder on the sale, exchange or retirement of a Note generally will be treated as from sources within the United States and loss so recognised generally will offset income from sources in the United States.

Foreign Currency Considerations

A U.S. Holder of a Class A or B Note that uses the cash method of accounting must include in income the U.S. dollar value of interest denominated in pounds sterling or euro when received. Pounds sterling (or euro)

interest received is translated at the U.S. dollar spot rate of pounds sterling (or euro) on the date of receipt, regardless of whether the payment is converted into U.S. dollars on the date of receipt. A cash method U.S. Holder of a Class A or B Note will therefore generally not have exchange gain or loss on receipt of a pounds sterling (or euro) interest payment but may have exchange gain or loss upon disposing of the pounds sterling (or euro) received.

A U.S. Holder of a Class A or B Note that uses the accrual method of accounting and a U.S. Holder of a Class C, D, E or F Note regardless of the method of accounting used, will be required to include in income the U.S. dollar value of pounds sterling (or euro) interest or OID, as the case may be, accrued during the interest accrual period. A U.S. Holder may determine the amount of income recognised with respect to such interest or OID using either of two methods. Under the first method, the U.S. dollar value of accrued interest or OID is translated at the average pounds sterling (or euro) rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). A U.S. Holder of a Class A, B, C, D, E or F Note that uses this first method will therefore recognise exchange gain or loss, as the case may be, on interest or OID paid to the extent that the U.S. dollar: pounds sterling (or U.S. dollar : euro) exchange rate on the date the payment is received differs from the rate at which the income was accrued. Under the second method, the U.S. Holder can elect to translate accrued interest at the pounds sterling (or euro) spot rate on the last day of the interest accrual period or, if the last day of the interest accrual period is within five business days of the receipt, the spot rate on the date of receipt. An election to accrue interest or OID at the spot rate will generally apply to all foreign currency denominated debt instruments held by the U.S. Holder, and is irrevocable without the consent of the IRS. Regardless of the method used to accrue interest, a U.S. Holder may have additional exchange gain or loss upon a subsequent disposition of the pounds sterling (or euro) received.

Interest on the Notes received by a U.S. Holder will generally be treated as foreign source "passive income" for U.S. foreign tax credit purposes, or, in the case of a financial services entity, as "financial services income". Any foreign currency gain or loss recognised by a U.S. Holder will generally be treated as U.S. source ordinary income or loss.

The amount realised on the sale, exchange, redemption or repayment of a Note is determined by translating the pounds sterling (or euro) proceeds into U.S. dollars at the spot rate on the date the Note is disposed of, while a U.S. Holder's tax basis in a Note will generally be the cost of the Note to the U.S. Holder, determined by translating the pounds sterling (or euro) purchase price into U.S. dollars at the spot rate on the date the Note was purchased. A U.S. Holder will have a tax basis in pounds sterling (or euro) received on the sale, exchange or retirement of a Note equal to the U.S. dollar value of the pounds sterling (or euro) on the date of receipt. Exchange gain or loss on a sale, exchange, redemption or repayment of a note is recognised only to the extent of total gain or loss on the transaction.

Foreign exchange gain or loss recognised by a U.S. Holder on the sale, exchange or other disposition of a Note (including repayment at maturity) will generally be treated as U.S. source ordinary income or loss. Gain or loss in excess of exchange gain or loss on a Note will generally be treated as U.S. source capital gain or loss. Non-corporate taxpayers may be subject to favourable tax rates with respect to their net long-term capital gains.

Tax Treatment of U.S. Holders of Notes Treated as Equity

The following discussion relates to the Class G Notes and any other Class of Notes that is characterised as equity for U.S. federal income tax purposes.

Investment in a Passive Foreign Investment Company and Related Rules

Based on the assets that the Issuer expects to hold and the income anticipated thereon, the Issuer will be classified as a passive foreign investment company (a "**PFIC**") for U.S. tax purposes. Accordingly, the following discussion assumes that the Issuer will be a PFIC throughout the term of the Notes, and U.S. holders of Class G Notes should assume that they will be subject to the U.S. federal income tax consequences described below that result from owning stock in a PFIC.

Unless a U.S. Holder elects to treat the Issuer as a qualified electing fund (as described in the next paragraph), upon certain distributions by the Issuer and upon a disposition of the Class G Notes at a gain the Holder will be liable to pay tax at the highest tax rate on ordinary income in effect for each period to which the income is allocated, as if such distributions and gain had been recognised rateably over the U.S. Holder's holding period for the Class G Notes. An interest charge is also applied to the deferred tax amount resulting from the deemed rateable distribution. Finally, assuming that the Issuer is a PFIC, a U.S. Holder who acquires Class G

Notes from a decedent would not receive the step-up of the income tax basis to fair market value for such Class G Notes, but would have a tax basis equal to the decedent's basis, if lower.

If a U.S. Holder elects to treat the Issuer as a "qualified electing fund" (a "**QEF**"), distributions and gain will not be taxed as if recognised rateably over the U.S. Holder's holding period or subject to an interest charge, nor will the denial of a basis step-up at death described above apply. Instead, a U.S. Holder that makes a QEF election is required for each taxable year to include in income the holder's *pro rata* share of the ordinary earnings of the qualified electing fund as ordinary income and a *pro rata* share of the net capital gain of the qualified electing fund as long-term capital gain of the company, regardless of whether such earnings or gain have in fact been distributed, and subject to a separate election to defer payment of taxes, which deferral is subject to an interest charge. In order to comply with the requirements of a QEF election, a U.S. Holder must receive from the Issuer certain information. The Issuer does not intend to supply U.S. Holders with the information needed for such holders to comply with the requirements of the QEF election, and U.S. Holders should assume that they will not receive such information from the Issuer.

Investment in a Controlled Foreign Corporation

The Issuer may be classified as a controlled foreign corporation ("**CFC**"). In general, a foreign corporation will be classified as a CFC if more than 50.00 per cent. of the shares of the corporation, measured by reference to voting power or value, is owned (actually or constructively) by "**U.S. Shareholders**". A U.S. Shareholder, for this purpose, is any U.S. person who owns (actually or constructively) 10.00 per cent. or more of the combined voting power of all classes of shares of a corporation. The IRS may assert that the Class G Notes are *de facto* voting securities and that the U.S. Holders owning (actually or constructively) 10.00 per cent. or more of the sum of the aggregate outstanding principal amount of the Class G Notes are U.S. Shareholders. If this argument is successful and more than 50.00 per cent. of the Class G Notes (determined with respect to aggregate value or aggregate outstanding principal amount) are owned (actually or constructively) by such U.S. Shareholders, the Issuer will be treated as a CFC.

If the Issuer is a CFC, a U.S. Shareholder of the Issuer will be treated, subject to certain exceptions, as receiving a deemed dividend (taxable as ordinary income) at the end of the taxable year of the Issuer in an amount equal to that person's *pro rata* share of the "subpart F income" of the Issuer. Amongst other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income, income from certain notional principal contracts (e.g. swaps and caps) and income from certain transactions with related parties. It is likely that, if the Issuer were to constitute a CFC, all or most of its income would be subpart F income. If more than 70.00 per cent. of the Issuer's income is subpart F income, then 100.00 per cent. of its income will be so treated.

Furthermore, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder of the Issuer, the Issuer would not be treated as a PFIC with respect to such U.S. Holder for the period during which the Issuer remained a CFC and such U.S. Holder remained a U.S. Shareholder therein.

Disposition of the Class G Notes

In general, a U.S. Holder of a Class G Note will recognise gain or loss upon the sale, exchange, redemption or other taxable disposition of a Class G Note equal to the difference between the amount realised and such holder's adjusted tax basis in the Class G Note.

Initially, a U.S. Holder's tax basis for a Class G Note will equal the amount paid for the Class G Note. Such basis will be increased by amounts taxable to such U.S. Holder by virtue of the CFC rules, as applicable, and decreased by actual dividends from the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable reduction to the U.S. Holder's tax basis for the Class G Note (as described above).

Since the Class G Notes are interests in a PFIC, any gain realised on the sale, exchange, redemption or other taxable disposition of a Class G Note will be treated as an excess distribution and taxed as ordinary income with a deemed interest charge under the special tax rules described above. See "*Investment in a Passive Foreign Investment Company and Related Rules*".

Subject to a special limitation for individual U.S. Holders that have held the Class G Notes for more than one year, if the Issuer were treated as a CFC and a U.S. Holder were treated as a U.S. Shareholder of the Issuer, then any gain realised by such U.S. Holder upon the disposition of Class G Notes, other than gain constituting an excess distribution under the PFIC rules, if applicable, would be treated as ordinary income to the extent of the

U.S. Holder's share of the current and/or accumulated earnings and profits of the Issuer. In this regard, earnings and profits would not include any amounts previously taxed pursuant to the CFC rules.

Foreign Currency Considerations

For purposes of calculating any deemed distribution of earnings of the Issuer under the CFC or PFIC rules, the amount of such earnings is determined in the functional currency of the Issuer, and translated into Dollars at the average exchange rate for the taxable year of the Issuer. Amounts which are included in the income of the U.S. Holder upon receipt are translated into U.S. dollars at the spot rate on the date of receipt. U.S. Holders of Class G Notes may recognise foreign currency gain or loss attributable to movements in exchange rates between the times of deemed and actual distributions by the Issuer. Any such currency gain or loss will be treated as ordinary income from the same source as the associated income inclusion.

Tax Treatment of the Tax-Exempt U.S. Holders

In general, a tax-exempt U.S. Holder of Notes will not be subject to tax on unrelated business taxable income ("**UBTI**") with respect to income from such securities regardless of whether they are treated as equity or debt for U.S. federal income tax purposes, except to the extent that such securities are considered debt-financed property (as defined in the Code) of that entity. A tax-exempt holder that owns more than 50.00 per cent. of the outstanding Class G Notes and also owns other Notes should consider the possible application of the special UBTI rules for amounts received from controlled entities.

Transfer Reporting Requirements

A U.S. person (including a tax exempt entity) that purchases the Class G Notes for cash will be required to file a Form 926 or similar form with the IRS if (i) such person owned, directly or by attribution, immediately after the transfer at least 10.00 per cent. by vote or value of the Issuer or (ii) if the amount of cash transferred by such person to the Issuer, when aggregated with all transfers made by such person (or any related person) within the preceding 12 month period, exceeds U.S.$100,000. In the event a U.S. Holder fails to file any such required form, the U.S. Holder may be required to pay a penalty equal to 10.00 per cent. of the gross amount paid for such Class G Notes (subject to a maximum penalty of U.S.$100,000, except in cases involving intentional disregard). U.S. persons should consult their tax advisers with respect to this or any other reporting requirement which may apply with respect to their acquisition of Class G Notes.

Information Reporting and Backup Withholding

The amount of interest and principal paid or accrued on the Notes and the proceeds from the sale of a Note to a U.S. Holder (other than a corporation or other exempt recipient) will be reported to the IRS. Under the Code, a U.S. Holder may be subject, under certain circumstances, to "backup withholding" with respect to interest and principal on a Note or the gross proceeds from the sale of a Note. Backup withholding generally applies only if the U.S. Holder:

(A) fails to furnish his social security or other taxpayer identification number within a reasonable time after the request therefor;

(B) furnishes an incorrect taxpayer identification number;

(C) fails to report properly dividends, interest or OID; or

(D) fails, under certain circumstances, to provide a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is his correct number and that he is not subject to backup withholding.

Any amount withheld from a payment to a U.S. Holder under the backup withholding rules will be refunded or allowed as a credit against the U.S. Holder's United States federal income tax liability, provided that the required information is furnished to the IRS. U.S. Holders of Notes should consult their tax advisers as to their qualification for exemption from backup withholding and the procedure for obtaining such an exemption.

CERTAIN U.S. ERISA AND OTHER CONSIDERATIONS

General

The U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), and the Code impose strict requirements on all employee benefit plans which are subject to ERISA or Section 4975 of the Code, and certain individual retirement accounts and other retirement plans and arrangements, as well as on collective investment funds and separate accounts in which such plans or arrangements are invested (all of which are hereinafter referred to as "**Plans**"), and on persons who are fiduciaries with respect of Plans. Any Plan fiduciary which proposes to cause a Plan to acquire the Notes will be required to determine whether such an investment is permitted under the governing Plan instruments and is prudent and appropriate for the Plan in view of its overall investment policy and the composition and diversification of its portfolio.

Prohibited Transaction Rules

In addition to the general fiduciary requirements described above, ERISA and the Code prohibit certain transactions involving the assets of a Plan and "disqualified persons" (within the meaning of the Code) and "parties in interest" (within the meaning of ERISA) who have certain specified relationships to the Plan. A party in interest or disqualified person who engages in such a "prohibited transaction" may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Each of the Issuer and The Royal Bank of Scotland plc may be a party in interest or a disqualified person with respect to a Plan that is considering purchasing the Notes. Therefore, the purchase by a Plan of Notes may give rise to a direct or indirect prohibited transaction under ERISA or the Code. Certain exemptions from the prohibited transaction rules may, however, be applicable depending in part on the type and circumstances of the Plan fiduciary making the decision to acquire the Notes.

Plan Assets Regulation

An additional issue concerns the extent to which assets of the Issuer could themselves be treated as subject to ERISA. The United States Department of Labor has issued final regulations concerning the definition of what constitutes the assets of a Plan for purposes of ERISA and the prohibited transaction provisions of the Code (the "**Plan Assets Regulation**"). Under the Plan Assets Regulation, generally when a Plan invests in another entity, the Plan's assets do not include, solely by reason of such investment, any of the underlying assets of the entity. The Plan Assets Regulation provides, however, that if a Plan acquires an "equity interest" (including for these purposes debt with substantial equity features) in an entity that is neither a publicly offered security nor a security issued by an investment company registered under the Investment Company Act, the Plan's assets include both the equity interest and an undivided interest in each of the underlying assets of the entity, unless equity participation in the entity by "benefit plan investors" is not significant. For this purpose, the term "benefit plan investors" includes not only Plans but also employee benefit plans that are not subject to ERISA (such as, for example, plans maintained by governmental agencies or non-U.S. companies). Under the Plan Assets Regulation, equity participation by benefit plan investors is considered "significant" on any date if, immediately after the most recent acquisition of a particular class of equity interests, benefit plan investors held 25 per cent. or more of the aggregate value of the interests in such class.

Consistently with the discussion above under "*Tax Considerations*", the Issuer intends to take the position that for purposes of the Plan Assets Regulation, the Class A, B, C and D Notes will not be considered "equity interests". However, if any Class of Note is deemed to comprise equity interests in the Issuer, the Issuer may be considered to hold plan assets subject to ERISA. In particular, for purposes of the Plan Assets Regulation, the Notes will not constitute publicly offered securities, and the Issuer will not be an investment company or an operating company. Further, there can be no assurance that benefit plan investors will hold less than 25 per cent. of the total value of a class of Notes at the completion of the initial offering of thereafter, and no monitoring or other measures will be undertaken in respect of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, with respect to the level of such ownership. If the Issuer's assets were deemed to include plan assets, each of the CDS Counterparty, the Cross-currency Swap Counterparty, the Cash Deposit Bank and other parties might be considered a fiduciary of investing Plans, and therefore subject, among other things, to the general fiduciary requirements of ERISA in exercising authority with respect to the management of the assets of the Issuer. Inasmuch as the CDS Counterparty, the Cross-currency CDS Counterparty, the Cash Deposit Bank and other parties may become a fiduciary with respect to the Plans that will purchase Notes, there may be an improper delegation by such Plans of the responsibility to manage plan assets. In addition, among other adverse results, in the event the Issuer were deemed to hold plan assets, certain transactions involving the Issuer could be deemed to constitute direct or indirect prohibited transactions, to the extent such transactions involved a

disqualified person or party in interest with respect to a Plan holding Notes or were deemed to involve prohibited self-dealing.

Each purchaser of a Class A Note, Class B Note, Class C Note or Class D Note or any interest in such Notes will be deemed to have represented and agreed that either (A) it is not, and for so long as it holds such Note will not be, a Plan or any other employee benefit plan subject to any federal, state, local, non-U.S. or other law or regulation that contains one or more provisions that are substantively similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law"), or (B) its acquisition and holding of such Notes (or interests) will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code, or a violation of any applicable Similar Law.

The Class E Notes, Class F Notes and Class G Notes are not intended for purchase or holding by certain employee benefit plans and certain other plans. Each purchaser of Class E Notes, Class F Notes or Class G Notes or any interest in a Class E Note, Class F Note or Class G Note will provide a certificate in which it represents and agrees that: (i) it is not and for so long as it holds any Class E Notes, Class F Notes or Class G Notes it will not be a "benefit plan investor" as defined in 29 C.F.R. Section 2510.3-101 that is subject to ERISA or Section 4975 of the Code; and (ii)(A) it is not, and for so long as it holds any Notes will not be, an employee benefit plan which is subject to any Similar Law and (B) the purchase and holding of the Notes do not and will not violate any such Similar Law. *See* "*Transfer Restrictions*".

Any insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to the requirements of ERISA in light of the U.S. Supreme Court's decision in *John Hancock Mutual Life Insurance Co v. Harris Trust and Savings Bank* and under any subsequent legislation or other interpretative guidance that has or may become available relating to that decision.

The foregoing discussion is general in nature and is not intended to be comprehensive. Any fiduciary of a Plan considering the purchase of Notes should consult its legal advisers regarding the consequences of such purchase under ERISA and the Code. Plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), and certain non-U.S. and other plans, are not subject to the prohibited transaction rules under ERISA. Nevertheless, investments by such plans must be made in accordance with governing plan documents and any applicable U.S. federal, state or local, or non-U.S. law.

The sale of any Notes to an employee benefit plan is in no respect a representation by the Issuer or any Manager that such an investment meets all relevant legal requirements with respect to investments by such plans generally or any particular plan, or that such an investment is appropriate for such plans generally or any particular plan.

Any Plan and any employee benefit plan whether or not subject to ERISA or Section 4975 of the Code proposing to invest in the Notes should consult with its counsel to confirm that such investment will not result in a prohibited transaction that is not subject to an exemption and will satisfy the other requirements of ERISA and the Code (and, in the case of any non-ERISA plans, any additional U.S. federal, state or local, or non-U.S. legal requirements).

SUBSCRIPTION AND SALE

Subscription

Pursuant to the terms of the subscription agreement dated on or about 28 June 2006 (the "**Subscription Agreement**"), The Royal Bank of Scotland plc and Greenwich Capital Markets, Inc. in their respective capacities as joint lead managers (the "**Joint Lead Managers**") and the Co-Managers (together, the "**Managers**" and each a "**Manager**") have severally agreed, subject to certain conditions, to subscribe for the following Classes of Notes in each case at the issue price to the public indicated in the following table (in each case expressed as a percentage of the Initial Principal Amount of the relevant Class of Notes):

Class of Notes	Issue Price to Public	Commission Rate to Managers
Class A1 Notes	100%	0.125%
Class A2 Notes	100%	0.125%
Class A3 Notes	100%	0.125%
Class B1 Notes	100%	0.125%
Class B2 Notes	100%	0.125%
Class B3 Notes	100%	0.125%
Class C1 Notes	100%	0.125%
Class C2 Notes	100%	0.125%
Class D1 Notes	100%	0.125%
Class D2 Notes	100%	0.125%
Class E1 Notes	100%	0.125%
Class E2 Notes	100%	0.125%
Class E3 Notes	100%	0.125%
Class F1 Notes	100%	0.125%
Class F2 Notes	100%	0.125%
Class F3 Notes	100%	0.125%
Class G Notes	100%	0.125%

The Issuer has agreed to pay the Managers a combined selling, management and underwriting commission in connection with the offer and sale of each Class of the Notes at the rate indicated in the above table in each case expressed as a percentage of the Initial Principal Amount of the relevant Class of the Notes. For these purposes "**Sterling Equivalent**" means, in respect of the Class A2 Notes, the Class B2 Notes, the Class C2 Notes, the Class D2 Notes, the Class E2 Notes and the Class F2 Notes, a sterling amount calculated using a GBP/EUR exchange rate of sterling to euro of £1.00:€1.45, and in respect of the Class A3 Notes, the Class B3 Notes, the Class E3 Notes and the Class F3 Notes, a sterling amount calculated using a GBP/USD exchange of sterling to U.S. dollars of £1.00:$1.82. The Issuer will direct the CDS Counterparty to pay the Initial CDS Payment, payable to the order of the Issuer in accordance with the Credit Default Swap Agreement, to the Managers in respect of the Managers' combined selling, management and underwriting commissions. The Issuer has also agreed to reimburse the Joint Lead Managers for certain of its expenses in connection with the issue of the Notes, and to indemnify the Managers and certain other participants against certain liabilities or to contribute to payments they may be required to make in respect thereof.

Any Notes to be offered to a prospective purchaser in the United States on the date of issuance will be offered to such prospective purchaser by the Managers through their affiliates (within the meaning ascribed to that term in the Exchange Act) that are registered broker-dealers under the Exchange Act in compliance with the selling restrictions contained therein.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or any state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes are being offered and sold (a) in the United States only to Qualified Institutional Buyers pursuant to Rule 144A under the Securities Act and (b) outside the United States to persons other than U.S. persons (as defined in and pursuant to Regulation S under the Securities Act).

In the Subscription Agreement each Manager agrees and represents that it has not offered or sold and it will not offer or sell the Notes constituting part of its allotment except in accordance with Rule 903 of Regulation S under the Securities Act or as provided in the immediately following paragraph below; that accordingly neither it nor any of its affiliates nor any person acting on their behalf have engaged or will engage in any directed selling efforts with respect to the Notes; that it and they have complied and will comply with the offering restrictions requirements of Regulation S; and that it will have sent to each affiliate or other dealer (if any) to which it sells pursuant to Regulation S 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 the Subscription Agreement, each Manager agrees and represents that it will not, acting either as principal or agent, offer or sell any Notes within the United States or to, or for the account or benefit of U.S. persons except to persons that are Qualified Institutional Buyers pursuant to Rule 144A under the Securities Act that are also Qualified Purchasers and that it will have sent to each affiliate or other dealer (if any) to which it sells pursuant to Rule 144A 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.

The European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a "**Relevant Member State**") the Each Manager has represented to and agreed with the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may with effect from and including the Relevant Implementation Date make an offer to the public in that Relevant Member State at any time:

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

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

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

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

United Kingdom

Each Manager has represented, warranted and agreed with the Issuer, inter alia, that:

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

(b) 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.

France

Each of the Managers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other

offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties, and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier* with the exclusion of individuals.

Ireland

Each Manager represents, warrants and undertakes that:

(a) it will not underwrite or place Notes otherwise than in conformity with the provisions of the Investment Intermediaries Act, 1995 of Ireland, as amended, including, without limitation, Sections 9 and 23 (including advertising restrictions made thereunder) thereof and the codes of conduct made under Section 37 thereof or, in the case of a credit institution exercising its rights under the Banking Consolidation Directive (2000/12/EC of 20th March, 2000) in conformity with the codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989, of Ireland, as amended;

(b) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on, in Ireland, any document received by it in connection with the issue of such Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on; and

(c) in respect of a local offer (within the meaning of Section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (the 2005 Act)) of Notes in Ireland, it has complied and will comply with Section 49 of the 2005 Act.

Italy

Each Manager represents and agrees that it will not offer, sell or deliver the Notes or distribute any document relating to the Notes in Italy unless such offer, sale or delivery of Notes or distribution of documents is:

(a) made by an investment firm, bank or any other authorized intermediary pursuant to Article 25(1)d of CONSOB Regulation 11522;

(b) in compliance with Article 129 of the Banking Consolidated Act and the implementing Regulations of the Bank of Italy, pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy unless an exemption, depending, inter alia, on the aggregate value of the securities issued or offered in Italy and their characteristics applies; and

(c) in compliance with any and all other applicable laws and regulations, including any notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy, and, in any event, provided that any initial purchaser purchasing the Notes undertakes not to further distribute or transfer the Notes, except in accordance with any applicable laws and regulations, including any requirements or limitations imposed by CONSOB or the Bank of Italy.

The Netherlands

Each Manager has represented and agreed that they have not and will not, directly or indirectly, offer or sell any Notes (including rights representing an interest in any Global Note) to individuals or legal entities who or which are established, domiciled or have their residence in the Netherlands (Dutch Residents) other than to the following entities (hereinafter referred to as "**Professional Market Parties**" or "**PMPs**") provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession: (a) anyone who is subject to supervision of the Dutch Central Bank, the Dutch Authority for the Financial Markets or a supervisory authority from another member state and who is authorised to be active on the financial markets; (b) anyone who otherwise performs a regulated activity on the financial markets; (c) the State of the Netherlands, the Dutch Central Bank, a central government body, a central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations; (d) a company or entity which, according to its last annual (consolidated) accounts, meets at least two of the following three criteria: an average number of employees during the financial year of at least 250, a total balance sheet of at least €43,000,000 and an annual net turnover of at least € 50,000,000; (e) a company or entity with its statutory seat in the Netherlands other than a company as referred to in (d) above, which has requested the Dutch Authority for the Financial Markets to be treated as a professional market party; (f) a natural person, living in the Netherlands, who has requested the Dutch Authority for the Financial Markets to be treated as a professional market party, and who meets at least two of the following three criteria: the person has carried

out transactions of a significant size on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters; the size of the securities portfolio is at least EUR 500,000 and the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment; (g) a company or entity whose only purpose is investing in securities; (h) a company or entity whose purpose is to acquire assets and issue asset backed securities; (i) an enterprise or entity with total assets of at least €500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds; (j) an enterprise, entity or individual with net assets of at least €10,000,000 (or the equivalent thereof in another currency) as of the year end preceding the obtaining of the repayable funds who has been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds; (k) a subsidiary of any of the persons or entities referred to under (a)-(h) above, provided such subsidiaries are subject to consolidated supervision; and (l) an enterprise or entity which has a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise, or which issues securities that have a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise.

Australia

Neither this Prospectus nor any other prospectus or disclosure document (as defined in the Corporations Act 2001 of Australia) in relation to the Notes has been lodged with, or registered by, the Australian Securities and Investments Commission or the Australian Stock Exchange Limited.

(a) No offer or invitation of an offer of the Notes for issue or sale has been made or will be made in Australia (including an offer or invitation which is received by a person in Australia); and

(b) No distribution or publication of this Prospectus or any other offering material or advertisement relating to the Notes in Australia has been made or will be made, unless (i) the minimum aggregate consideration payable by each offeree is at least AUD500,000 (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6d.2 of the Corporations Act 2001 of Australia and (ii) such action complies with all applicable laws and regulations.

Hong Kong

Each Manager has represented and agreed 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) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

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

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (Securities and Exchange Law). Each Manager has agreed that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 Singapore (the Securities and Futures Act).

Accordingly, the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following relevant persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Notes, namely a person who is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 of the Securities and Futures Act except: (i) to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions, specified in Section 275 of the Securities and Futures Act; (ii) where no consideration is given for the transfer; or (iii) by operation of law.

General

Reference should be made to the Subscription Agreement for a complete description of the restrictions on offers and sales of the Notes and on distribution of documents. Attention is also drawn to the inside cover of this Prospectus.

TRANSFER RESTRICTIONS

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

United States

The Notes have not been and will not be registered under the Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Notes are being sold outside the United States to non-U.S. persons in reliance on Regulation S and in the United States only to QIBs who are also QPs in reliance on the exemption from registration under the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act.

Rule 144A Notes

Each holder and beneficial owner of the Rule 144A Notes offered hereby will be deemed to have represented and agreed, and each holder and beneficial owner of the Rule 144A Definitive Registered Certificates will deliver written certifications addressed to the Issuer and the Joint Lead Managers in which it certifies as follows (terms used in this section that are defined in Rule 144A or Regulation S are used herein as defined therein):

(1) It understands that the Notes have not been approved or disapproved by the SEC or any other governmental authority or agency of any jurisdiction and that neither the SEC nor any other governmental authority or agency has passed upon the accuracy or adequacy of this Prospectus. It further understands that any representation to the contrary is a criminal offence in the United States.

(2) If required by the Trust Deed, it will, prior to any sale, pledge or other transfer by it of any Note (or any interest therein), deliver to the Issuer, the Registrar or Transfer and Paying Agent and the Trustee duly executed transferor and transferee certifications in the form of the relevant exhibit attached to the Trust Deed, and such other certificates and other information as the Issuer and the Trustee may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in this Prospectus and in the Trust Deed.

(3) It (i) is a QIB that is also a QP; (ii) is not a broker-dealer that owns and invests on a discretionary basis less than U.S. $25 million in securities of unaffiliated issuers; (iii) is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, if investment decisions with respect to the plan are made by the beneficiaries of such plan; (iv) is aware that the sale to it is being made in reliance on Rule 144A or another exemption from the registration requirements of the Securities Act; (v) is acquiring such Notes for its own account or for the account of a QIB who is also a QP; (vi) will hold and transfer such Notes in at least the Minimum Denominations for itself and for each account for which it is purchasing; (vii) understands that the Issuer may receive a list of participants holding positions in the Notes from one or more book-entry depositories; (viii) will provide notice of the transfer restrictions to any subsequent transferees; (ix) it is (a) not a Flow-Through Investment Vehicle (other than a Qualifying Investment Vehicle) and (b) if it is a Qualifying Investment Vehicle, (x) it has only one class of securities outstanding (other than any nominal share capital the distributions in respect of which are not correlated to or dependent upon distributions on, or the performance of, the Notes) and (y) either (1) none of the beneficial owners of its securities is a U.S. person or (2) some or all of the beneficial owners of its securities are U.S. persons and each such beneficial owner has certified to the purchaser that such owner is a QP; and (x) is aware, and each beneficial owner of such Notes has been advised, that the sale of such Notes to it is being made in reliance on Rule 144A.

For the purposes of the foregoing, a holder is a "**Flow-Through Investment Vehicle**" if: (i) in the case of a holder that would be an investment company but for the exception in Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, the amount of the holder's investment in the Notes exceeds 40% of its total assets (determined on a consolidated basis with its subsidiaries), (ii) any person owning any equity or similar interest in the holder has the ability to control any investment decision of the holder (other than a general partner or similar entity) or to determine, on an investment-by-investment basis, the amount of such person's contribution to any investment made by the holder, (iii) the holder

was organised or reorganised for the specific purpose of acquiring any Notes or (iv) additional capital or similar contributions were specifically solicited from any person owning an equity or similar interest in the holder for the purpose of enabling the holder to purchase Notes. A "**Qualifying Investment Vehicle**" means an entity as to which all of the beneficial owners of any securities issued by such entity have made, and as to which (in accordance with the document pursuant to which such entity was organised or the agreement or other document governing such securities) each such beneficial owner must require any transferee of any such security to make each of the representations set forth in this Prospectus and (where applicable) the transfer certificate pursuant to which such Notes were transferred to such entity (in each case, with appropriate modifications to reflect the indirect nature of the interests of such beneficial owners in the Notes).

(4) It understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act. It further understands that the Issuer has no obligation to register the Notes under the Securities Act and no representation is made as to the availability of any exemption under the Securities Act or the permissibility of resale or other transfer under the laws of any jurisdiction.

(5) It is aware that no Note (and no interest therein) may be offered or re-sold, pledged or otherwise transferred:

(a) in the United States or to a U.S. person, except to a transferee (i) whom the seller reasonably believes to be a QIB, purchasing for its own account, to whom notice is given that the resale, pledge or other transfer is being made in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A and (ii) that is a QP; or

(b) to a transferee acquiring an interest in a Regulation S Global Certificate except to a transferee that is not a U.S. person and is acquiring such interest in an offshore transaction (within the meaning of Regulation S) in accordance with Rule 903 or Rule 904 of Regulation S.

(6) It understands that there is no market for the Notes and that there can be no assurance that a secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the Holders of such Notes with liquidity of investment or that it will continue for the life of the Notes. It further understands that, although the Managers may from time to time make a market in one or more Classes of Notes, the Managers are under no obligation to do so and, following the commencement of any market-making, may discontinue the same at any time. Accordingly, the purchaser must be prepared to hold its Notes for an indefinite period of time or until the applicable Legal Final Maturity Date.

(7) All Classes of Rule 144A Notes will bear a legend substantially to the following effect unless the Issuer has determined otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A "QIB") THAT IS A QUALIFIED PURCHASER ("QUALIFIED PURCHASER") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QUALIFIED PURCHASER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT NOT LESS THAN (A) £50,000 PRINCIPAL AMOUNT OF NOTES IN THE CASE OF STERLING NOTES, (B) €50,000 PRINCIPAL AMOUNT OF NOTES IN THE CASE OF EURO NOTES (C) U.S.$250,000 PRINCIPAL AMOUNT OF NOTES IN THE CASE OF U.S. DOLLAR NOTES, OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT

("REGULATION S") IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS NOTE, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

EACH BENEFICIAL OWNER HEREOF REPRESENTS THAT IT (I) IS A QIB THAT IS ALSO A QP; (II) IS NOT A BROKER-DEALER THAT OWNS AND INVESTS ON A DISCRETIONARY BASIS LESS THAN U.S. $25 MILLION IN SECURITIES OF UNAFFILIATED ISSUERS; (III) IS NOT A PLAN REFERRED TO IN PARAGRAPH (a)(1)(I)(D) OR (a)(1)(I)(E) OF RULE 144A OR A TRUST FUND REFERRED TO IN PARAGRAPH (a)(1)(I)(F) OF RULE 144A THAT HOLDS THE ASSETS OF SUCH A PLAN, IF INVESTMENT DECISIONS WITH RESPECT TO THE PLAN ARE MADE BY THE BENEFICIARIES OF SUCH PLAN; (IV) IS AWARE THAT THE SALE TO IT IS BEING MADE IN RELIANCE ON RULE 144A OR ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT; (V) IS ACQUIRING SUCH NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB WHO IS ALSO A QP; (VI) WILL HOLD AND TRANSFER SUCH NOTES IN AT LEAST THE MINIMUM DENOMINATIONS FOR ITSELF AND FOR EACH ACCOUNT FOR WHICH IT IS PURCHASING; (VII) UNDERSTANDS THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN THE NOTES FROM ONE OR MORE BOOK-ENTRY DEPOSITORIES; (VIII) WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREES; (IX) IT IS (a) NOT A FLOW-THROUGH INVESTMENT VEHICLE (OTHER THAN A QUALIFYING INVESTMENT VEHICLE) AND (b) IF IT IS A QUALIFYING INVESTMENT VEHICLE, (x) IT HAS ONLY ONE CLASS OF SECURITIES OUTSTANDING (OTHER THAN ANY NOMINAL SHARE CAPITAL THE DISTRIBUTIONS IN RESPECT OF WHICH ARE NOT CORRELATED TO OR DEPENDENT UPON DISTRIBUTIONS ON, OR THE PERFORMANCE OF, THE NOTES) AND (y) EITHER (1) NONE OF THE BENEFICIAL OWNERS OF ITS SECURITIES IS A U.S. PERSON OR (2) SOME OR ALL OF THE BENEFICIAL OWNERS OF ITS SECURITIES ARE U.S. PERSONS AND EACH SUCH BENEFICIAL OWNER HAS CERTIFIED TO THE PURCHASER THAT SUCH OWNER IS A QP; AND (X) IS AWARE, AND EACH BENEFICIAL OWNER OF SUCH NOTES HAS BEEN ADVISED, THAT THE SALE OF SUCH NOTES TO IT IS BEING MADE IN RELIANCE ON RULE 144A.

FOR THE PURPOSES OF THE FOREGOING, A HOLDER IS A "FLOW-THROUGH INVESTMENT VEHICLE" IF: (I) IN THE CASE OF A HOLDER THAT WOULD BE AN INVESTMENT COMPANY BUT FOR THE EXCEPTION IN SECTION 3(c)(1) OR SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, THE AMOUNT OF THE HOLDER'S INVESTMENT IN THE NOTES EXCEEDS 40% OF ITS TOTAL ASSETS (DETERMINED ON A CONSOLIDATED BASIS WITH ITS SUBSIDIARIES), (II) ANY PERSON OWNING ANY EQUITY OR SIMILAR INTEREST IN THE HOLDER HAS THE ABILITY TO CONTROL ANY INVESTMENT DECISION OF THE HOLDER (OTHER THAN A GENERAL PARTNER OR SIMILAR ENTITY) OR TO DETERMINE, ON AN INVESTMENT-BY-INVESTMENT BASIS, THE AMOUNT OF SUCH PERSON'S CONTRIBUTION TO ANY INVESTMENT MADE BY THE HOLDER, (III) THE HOLDER WAS ORGANISED OR REORGANISED FOR THE SPECIFIC PURPOSE OF ACQUIRING ANY NOTES OR (IV) ADDITIONAL CAPITAL OR SIMILAR CONTRIBUTIONS WERE SPECIFICALLY SOLICITED FROM ANY PERSON OWNING AN EQUITY OR SIMILAR INTEREST IN THE HOLDER FOR THE PURPOSE OF ENABLING THE HOLDER TO PURCHASE NOTES. A "QUALIFYING INVESTMENT VEHICLE" MEANS AN ENTITY AS TO WHICH ALL OF THE BENEFICIAL OWNERS OF ANY SECURITIES ISSUED BY SUCH ENTITY HAVE MADE, AND AS TO WHICH (IN ACCORDANCE WITH THE DOCUMENT PURSUANT TO WHICH SUCH ENTITY WAS ORGANISED OR THE AGREEMENT OR OTHER DOCUMENT GOVERNING SUCH SECURITIES) EACH SUCH BENEFICIAL OWNER MUST REQUIRE ANY TRANSFEREE OF ANY SUCH SECURITY TO

MAKE EACH OF THE REPRESENTATIONS SET FORTH IN THIS PROSPECTUS AND (WHERE APPLICABLE) THE TRANSFER CERTIFICATE PURSUANT TO WHICH SUCH NOTES WERE TRANSFERRED TO SUCH ENTITY (IN EACH CASE, WITH APPROPRIATE MODIFICATIONS TO REFLECT THE INDIRECT NATURE OF THE INTERESTS OF SUCH BENEFICIAL OWNERS IN THE NOTES).

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF AT ANY TIME WHILE IT HOLDS AN INTEREST IN THIS NOTE IT IS A PERSON WHO IS NOT A QIB THAT IS ALSO A QUALIFIED PURCHASER, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON (I) WHO IS ALSO A QUALIFIED PURCHASER AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO THE ISSUER OR AN AFFILIATE OF THE ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LEAST OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A PERSON WHO IS NOT A QIB AND A QUALIFIED PURCHASER.

THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

[The following paragraph is to be included in the legend to be included in relation to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:

EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER (I) IT IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER ARRANGEMENT SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (II) ITS ACQUISITION OR HOLDING OF THIS NOTE OR ANY INTEREST THEREIN SHALL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SUCH LAWS.]

[The following two paragraphs are to be included in the legend to be included in relation to the Class E Notes, the Class F Notes and the Class G Notes:

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN WILL BE REQUIRED TO CERTIFY THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT AND WILL NOT BE (I) A BENEFIT PLAN INVESTOR (AS DEFINED IN 29 C.F.R. SECTION 2510.3-101) THAT IS SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), AND (II)(A) IT IS NOT AND WILL NOT BE A GOVERNMENTAL PLAN OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, AND (B) THE PURCHASE AND HOLDING HEREOF WILL NOT VIOLATE ANY SUCH SIMILAR LAW, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTE OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THESE SAME FOREGOING WRITTEN CERTIFICATIONS FROM THAT PERSON.

THE BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN HEREBY FURTHER ACKNOWLEDGES THAT THE ISSUER MAY COMPEL THE BENEFICIAL OWNER OF A CLASS E NOTE, CLASS F NOTE OR CLASS G NOTE TO SELL ITS INTEREST IN SUCH NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH PERSON, AT A PRICE AT

LEAST EQUAL TO THE LOWEST OF (I) THE PURCHASE PRICE FOR SUCH NOTES PAID BY THE BENEFICIAL OWNER, (II) 100 PER CENT. OF THE THEN PRINCIPAL AMOUNT OUTSTANDING OF SUCH NOTES OR (III) THE FAIR MARKET VALUE THEREOF, IF SUCH HOLDER IS (A) A BENEFIT PLAN INVESTOR AS DEFINED IN 29 C.F.R.§2510.3-101, THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE CODE OR (B)(1) A GOVERNMENTAL PLAN OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, AND (2) THE PURCHASE AND HOLDING HEREOF VIOLATES ANY SUCH SIMILAR LAW.]

THE ISSUER MAY COMPEL EACH BENEFICIAL OWNER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB AND A QUALIFIED PURCHASER.

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT, AND THIS NOTE OR ANY INTEREST HEREIN MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM OR NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

[The following paragraph is to be included in the legend to be included in relation to the Class C Notes, Class D Notes, Class E Notes and Class F Notes:

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY WRITING TO: THE ROYAL BANK OF SCOTLAND PLC, 135 BISHOPSGATE, LONDON EC2M 3UR ATTN. MARKUS REULE, SECURITISATION, FIG DESK, TEL: 0207085 8078, FAX: 0207085 5510.]

(8) It acknowledges that the Issuer, the Joint Lead Managers and their respective affiliates, and others will rely upon the truth and accuracy of the acknowledgements, representations, agreements and certifications set forth in this section "Transfer Restrictions" and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made or certifications made by it is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts who are QIBs that are also QPs, it represents that it has sole investment discretion with respect to each such account, and that it has full power to make the above acknowledgements, representations and agreements on behalf of each such account.

(9) It understands that the Rule 144A Notes other than the Class E Notes, Class F Notes and Class G Notes will be evidenced by a Rule 144A Global Registered Certificate. Before any interest in the Rule 144A Global Registered Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate, it will be required to provide a Transfer and Paying Agent with written certifications (in the form provided in the Trust Deed) as to compliance with applicable securities laws. It understands further that the Rule 144A Notes representing Class E Notes, Class F Notes and Class G Notes will be evidenced by a Rule 144A Definitive Registered Certificate. Before any interest in the Rule 144A Definitive Registered Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Certificate, it will be required to provide a Transfer and Paying Agent with written certifications (in the form provided in the Trust Deed) as to compliance with applicable securities laws.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

(10) In the case of any Class A Notes, Class B Notes, Class C Notes or Class D Notes or any interest in such Notes either: (A) it is not, and for so long as it holds such Notes will not be, an "employee benefit plan" subject to ERISA, a plan subject to Section 4975 of the Code, a person or entity whose assets

include the assets of any such "employee benefit plan" or "plan" by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan subject to any U.S. federal, state or local, or non-U.S., law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code; or (B) the purchase and holding of the Notes is and will be exempt from the prohibited transaction rules of ERISA and Section 4975 of the Code (or in the case of any such other employee benefit plan, is not in violation of any such substantially similar law).

(11) In the case of any Class E Notes, Class F Notes or Class G Notes or any interest in such Notes it will be required to certify that: (A) (i) it is not, and for so long as it holds such Notes will not be, a "benefit plan investor" (as defined in 29 C.F.R. Section 2510.3-101) that is subject to ERISA or Section 4975 of the Code, and (ii) (a) it is not, and for so long as it holds such Notes will not be, a governmental plan or church plan that is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or any entity whose assets are treated as assets of any such plan and (b) the purchase and holding of any such Notes will not violate any such similar law, and (B) it will not sell or otherwise transfer any Note or interest therein to any person without first obtaining these same foregoing written certifications from that person.

(12) It will not, at any time, offer to buy or offer to sell the Notes by any directed selling efforts or by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice of other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertisements.

(13) It acknowledges and agrees that: (A) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in Notes, (B) is financially able to bear such risk, (C) no Manager nor any affiliates of any Manager are acting as a fiduciary or financial or investment adviser for it; (D) it is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of any Manager or any of its affiliates; (E)it has determined that an investment in Notes is suitable and appropriate for it and (F) it has consulted with its own legal, regulatory, tax, business, investment, financial, accounting and other advisers to the extent it has deemed necessary and has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by any Manager or its affiliates. The purchaser has received and reviewed the contents of this Prospectus. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary to make its own independent decision to purchase Notes, including the opportunity, at a reasonable time prior to its purchase of Notes, to ask questions and receive answers concerning the Issuer and the terms and conditions of the offering of the Notes.

(14) It agrees that (a) any resale, pledge or other transfer of a Note (or any interest therein) made in violation of the transfer restrictions contained in this Prospectus or the Trust Deed or made based upon any false or inaccurate representation made by the purchaser or a transferee to the Issuer, will be void and of no force or effect and (b) none of the Issuer, the Trustee or the Registrar and Transfer and Paying Agent has any obligation to recognise any sale, pledge or other transfer of a Note (or any interest therein) made in violation of any such transfer restriction or made based upon any such false or inaccurate representation.

Regulation S Notes

Each purchaser of Regulation S Notes offered hereby will be deemed to have represented, agreed and acknowledged that:

(1) It understands that the Notes have not been approved or disapproved by the SEC or any other governmental authority or agency of any jurisdiction and that neither the SEC nor any other governmental authority or agency has passed upon the accuracy or adequacy of this Prospectus. It further understands that any representation to the contrary is a criminal offence in the United States.

(2) If required by the Trust Deed, it will, prior to any sale, pledge or other transfer by it of any Note (or any interest therein), deliver to the Issuer, the Registrar and Transfer and Paying Agent, and the Trustee duly executed transferor and transferee certifications in the form of the relevant exhibit attached to the

Trust Deed, and such other certificates and other information as the Issuer and the Trustee may reasonably require to confirm that the proposed transfer complies with the transfer restrictions contained in this Prospectus and in the Trust Deed.

(3) It (a) is, or at the time Regulation S Notes are purchased will be, the beneficial owner of such Regulation S Notes and (b) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (c) it is not an affiliate (as defined in the Securities Act) of the Issuer or a person acting on behalf of such an affiliate.

(4) It understands that the Regulation S Notes have not been and will not be registered under the Securities Act and it will not offer, sell, pledge or otherwise transfer such Notes except (a) in accordance with Rule 144A in an amount of not less than (i) £50,000 principal amount of Notes in the case of Sterling Notes, (ii) €50,000 principal amount of Notes in the case of Euro Notes and (iii) U.S.$250,000 principal amount of Notes in the case of U.S. dollar Notes, to a person that it and any person acting on its behalf reasonably believes is a QIB that is also a QP purchasing for its own account or the account of a QIB that is also a QP each of which is purchasing not less than (i) £50,000 principal amount of Notes in the case of Sterling Notes, (ii) €50,000 principal amount of Notes in the case of Euro Notes and (iii) U.S.$250,000 principal amount of Notes in the case of U.S. dollar Notes, or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(5) It understands that there is no market for the Notes and that there can be no assurance that a secondary market for any of the Notes will develop, or if a secondary market does develop, that it will provide the holders of such Notes with liquidity of investment or that it will continue for the life of the Notes. It further understands that, although the Managers may from time to time make a market in one or more Classes of Notes, the Managers are under no obligation to do so and, following the commencement of any market-making, may discontinue the same at any time. Accordingly, the purchaser must be prepared to hold its Notes for an indefinite period of time or until the applicable Legal Final Maturity Date.

(6) All Classes of Regulation S Notes will bear a legend substantially to the following effect unless the Issuer has determined otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (A "QIB") THAT IS A QUALIFIED PURCHASER ("QUALIFIED PURCHASER") WITHIN THE MEANING OF SECTION 2(a)(51) OF THE U.S. INVESTMENT COMPANY ACT OF 1940 (THE "INVESTMENT COMPANY ACT") PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QUALIFIED PURCHASER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT SUCH OFFER, SALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT, AND IN AN AMOUNT NOT LESS THAN (A) £50,000 PRINCIPAL AMOUNT OF NOTES IN THE CASE OF STERLING NOTES, (B) €50,000 PRINCIPAL AMOUNT OF NOTES IN THE CASE OF EURO NOTES (C) U.S.$250,000 PRINCIPAL AMOUNT OF NOTES IN THE CASE OF U.S. DOLLAR NOTES, OR (2) IN AN OFFSHORE TRANSACTION TO A PERSON WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S") IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE. TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE OR EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER OF THIS

NOTE, THE TRUSTEE OR ANY INTERMEDIARY. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF ANY EXEMPTION UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

THE BENEFICIAL OWNER HEREOF HEREBY ACKNOWLEDGES THAT IF, NOTWITHSTANDING THE RESTRICTIONS ON TRANSFER CONTAINED IN THE TRUST DEED, THE ISSUER DETERMINES THAT SUCH BENEFICIAL OWNER OF THIS NOTE (OR ANY INTEREST THEREIN) (A) IS A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) AND (B) IS NOT BOTH (I) A QIB AND (II) A QUALIFIED PURCHASER, THE ISSUER MAY (A) COMPEL IT TO SELL ITS INTEREST IN THIS NOTE TO A PERSON (I) WHO IS ALSO A QUALIFIED PURCHASER AND WHO IS OTHERWISE QUALIFIED TO PURCHASE THIS NOTE IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR (II) WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT OR (B) COMPEL THE BENEFICIAL OWNER TO SELL ITS INTEREST IN THIS NOTE TO THE ISSUER OR AN AFFILIATE OF THE ISSUER OR TRANSFER ITS INTEREST IN THIS NOTE TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE ISSUER AT A PRICE EQUAL TO THE LOWEST OF (X) THE PURCHASE PRICE THEREFOR PAID BY THE BENEFICIAL OWNER, (Y) 100 PER CENT. OF THE PRINCIPAL AMOUNT THEREOF OR (Z) THE FAIR MARKET VALUE THEREOF. THE ISSUER HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF AN INTEREST IN THIS NOTE TO A PERSON WHO IS NOT A QIB AND A QUALIFIED PURCHASER.

THE ISSUER HAS NOT AND WILL NOT REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT.

[The following paragraph is to be included in the legend to be included in relation to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes:

EACH PERSON ACQUIRING OR HOLDING THIS NOTE OR ANY INTEREST THEREIN SHALL BE DEEMED TO REPRESENT AND WARRANT THAT EITHER (I) IT IS NOT AN EMPLOYEE BENEFIT PLAN OR OTHER ARRANGEMENT SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR ANY OTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY FEDERAL, STATE, LOCAL OR FOREIGN LAW THAT IS SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (II) ITS ACQUISITION OR HOLDING OF THIS NOTE OR ANY INTEREST THEREIN SHALL NOT RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SUCH LAWS.]

[The following two paragraphs are to be included in the legend to be included in relation to the Class E Notes, the Class F Notes and the Class G Notes:

EACH BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN WILL BE REQUIRED TO CERTIFY THAT FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST HEREIN (1) IT IS NOT AND WILL NOT BE (I) A BENEFIT PLAN INVESTOR (AS DEFINED IN 29 C.F.R. SECTION 2510.3-101(f)(2)) THAT IS SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")), AND (II)(A) IT IS NOT AND WILL NOT BE A GOVERNMENTAL PLAN OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, AND (B) THE PURCHASE AND HOLDING HEREOF WILL NOT VIOLATE ANY SUCH SIMILAR LAW, AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTE OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THESE SAME FOREGOING WRITTEN CERTIFICATIONS FROM THAT PERSON.

THE BENEFICIAL OWNER HEREOF OR OF ANY INTEREST HEREIN HEREBY FURTHER ACKNOWLEDGES THAT THE ISSUER MAY COMPEL THE BENEFICIAL OWNER OF A CLASS E NOTE, CLASS F NOTE OR CLASS G NOTE TO SELL ITS INTEREST IN SUCH

NOTES, OR MAY SELL SUCH INTEREST ON BEHALF OF SUCH PERSON, AT A PRICE AT LEAST EQUAL TO THE LEAST OF (I) THE PURCHASE PRICE FOR SUCH NOTES PAID BY THE BENEFICIAL OWNER, (II) 100 PER CENT. OF THE THEN PRINCIPAL AMOUNT OUTSTANDING OF SUCH NOTES OR (III) THE FAIR MARKET VALUE THEREOF AS DETERMINED BY THE ISSUER, IF THE ISSUER DETERMINES THAT SUCH HOLDER IS (A) A BENEFIT PLAN INVESTOR AS DEFINED IN 29 C.F.R.§2510.3-101(f)(2), THAT IS SUBJECT TO ERISA OR SECTION 4975 OF THE CODE OR (B)(1) A GOVERNMENTAL PLAN OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR ANY ENTITY WHOSE ASSETS ARE TREATED AS ASSETS OF ANY SUCH PLAN, AND (2) THE PURCHASE AND HOLDING HEREOF VIOLATES ANY SUCH SIMILAR LAW.]

THIS NOTE (OR ITS PREDECESSOR) WAS ORIGINALLY ISSUED IN A TRANSACTION EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT, AND THIS NOTE OR ANY INTEREST HEREIN MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION UNLESS SUCH TRANSACTION IS EXEMPT FROM OR NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT. EACH PURCHASER OF THIS NOTE IS HEREBY NOTIFIED THAT THE SELLER OF THIS NOTE MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER.

[The following paragraph is to be included in the legend to be included in relation to the Class C Notes, Class D Notes, Class E Notes and Class F Notes:

THIS NOTE HAS BEEN ISSUED WITH ORIGINAL ISSUE DISCOUNT ("OID") FOR UNITED STATES FEDERAL INCOME TAX PURPOSES. THE ISSUE PRICE, AMOUNT OF OID, ISSUE DATE AND YIELD TO MATURITY OF THIS NOTE MAY BE OBTAINED BY WRITING TO: THE ROYAL BANK OF SCOTLAND PLC, 135 BISHOPSGATE, LONDON EC2M 3UR ATTN. MARKUS REULE, SECURITISATION, FIG DESK, TEL: 0207085 8078, FAX: 0207085 5510.]

(7) It understands that the Regulation S Notes will be evidenced by the Regulation S Global Registered Certificate. Before any interest in the Regulation S Global Registered Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Registered Certificate or a Rule 144A Definitive Registered Certificate, it will be required to provide a Transfer and Paying Agent with written certifications (in the form provided in the Trust Deed) as to compliance with applicable securities laws.

(8) It acknowledges that the Issuer, the Joint Lead Managers and their respective affiliates and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements and certifications set forth in this section "Transfer Restrictions" and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made or certifications made by it is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgements, representations and agreements on behalf of each account.

(9) In the case of any Class A Notes, Class B Notes, Class C Notes or Class D Notes or any interest in such Notes either: (A) it is not, and for so long as it holds such Notes will not be, an "employee benefit plan" subject to ERISA, a plan subject to Section 4975 of the Code, a person or entity whose assets include the assets of any such "employee benefit plan" or "plan" by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan subject to any U.S. federal, state or local, or non-U.S., law that is substantially similar to Section 406 of ERISA or Section 4975 of the Code; or (B) the purchase and holding of the Notes is and will be exempt from the prohibited transaction rules of ERISA and Section 4975 of the Code (or in the case of any such other employee benefit plan, is not in violation of any such substantially similar law).

(10) In the case of any Class E Notes, Class F Notes or Class G Notes or any interest in such Notes it will be required to certify: (A) (i) it is not, and for so long as it holds such Notes will not be, a "benefit plan investor" (as defined in 29 C.F.R. Section 2510.3-101) that is subject to ERISA or Section 4975 of the Code, and (ii) (a) it is not, and for so long as it holds such Notes will not be, a governmental plan or

church plan that is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code or any entity whose assets are treated as assets of any such plan and (b) the purchase and holding of any such Notes will not violate any such similar law, and (B) it will not sell or otherwise transfer any Note or interest therein to any person without first obtaining these same foregoing written certifications from that person.

(11) It will not, at any time, offer to buy or offer to sell the Notes by any directed selling efforts or by any form of general solicitation or advertising, including, but not limited to, any advertisement, article, notice of other communication published in any newspaper, magazine or similar medium or broadcast over television or radio or seminar or meeting whose attendees have been invited by general solicitations or advertisements.

(12) It acknowledges and agrees that: (A) it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of its prospective investment in Notes, (B) is financially able to bear such risk, (C) no Manager nor any affiliates of any Manager are acting as a fiduciary or financial or investment adviser for it; (D) it is not relying (for purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of any Manager or any of its affiliates; (E) it has determined that an investment in the Notes is suitable and appropriate for it; and (F) it has consulted with its own legal, regulatory, tax, business, investment, financial, accounting and other advisers to the extent it has deemed necessary and has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by any Manager or its affiliates. The purchaser has received and reviewed the contents of this Prospectus. The purchaser has had access to such financial and other information concerning the Issuer and the Notes as it has deemed necessary to make its own independent decision to purchase Notes, including the opportunity, at a reasonable time prior to its purchase of Notes, to ask questions and receive answers concerning the Issuer and the terms and conditions of the offering of the Notes.

(13) It agrees that (a) any sale, pledge or other transfer of a Note (or any interest therein) made in violation of the transfer restrictions contained in this Prospectus or the Trust Deed or made based upon any false or inaccurate representation made by the purchaser or a transferee to the Issuer, will be void and of no force or effect and (b) none of the Issuer, the Trustee or the Registrar and Transfer and Paying Agent has any obligation to recognise any sale, pledge or other transfer of a Note (or any interest therein) made in violation of any such transfer restriction or made based upon any such false or inaccurate representation.

The Netherlands

Each purchaser of Notes, whether represented by a Rule 144A Global Registered Certificate, a Rule 144A Definitive Registered Certificate or a Regulation S Global Registered Certificate, will be deemed to have represented and agreed as follows:

(i) the purchaser is purchasing the Notes for its own account or for the account of a Professional Market Party to which notice has been given that the transfer is being made in reliance on it being a Professional Market Party, and not with a view to any public resale or distribution thereof;

(ii) such purchaser has confirmed it is a Professional Market Party and is aware that any sale and transfer of the Notes to it will be made in reliance on such confirmation; and

(iii) such purchaser has agreed and each subsequent purchaser of the Notes by its acceptance thereof will agree, to offer, to sell, to resell, or to transfer such Notes only (a) to the Issuer or (b) to a person it reasonably believes is a Professional Market Party that purchases for its own account or for the account of a Professional Market Party to which notice has been given that the transfer is being made in reliance on it being a Professional Market Party. Such purchaser acknowledges that the Notes bear a legend substantially to the following effect:

THIS NOTE (OR INTEREST THEREIN) MAY NOT, DIRECTLY OR INDIRECTLY, BE, OR ANNOUNCED TO BE, OFFERED, SOLD, RESOLD, TRANSFERRED, OR DELIVERED PRIOR TO ITS INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, TO OR TO THE ORDER OF OR FOR THE ACCOUNT OF ANY PERSON ANYWHERE IN THE WORLD, OTHER THAN PROFESSIONAL MARKET PARTIES ("**PROFESSIONAL MARKET PARTIES**"):

(A) ENTERPRISES OR ENTITIES UNDER SUPERVISION BY THE DUTCH CENTRAL BANK (DE NEDERLANDSCHE BANK) ("**DCB**"), THE DUTCH FINANCIAL MARKETS AUTHORITY (*AUTORITEIT FINANCIËLE MARKTEN*) OR BY A SUPERVISORY AUTHORITY OF ANOTHER STATE AND WHICH ARE CONSEQUENTLY AUTHORISED TO ACT ON THE FINANCIAL MARKETS;

(B) ENTERPRISES OR ENTITIES WHICH PURSUE REGULATED ACTIVITIES ON THE FINANCIAL MARKETS OTHERWISE THAN AS SET OUT UNDER (A);

(C) THE DUTCH GOVERNMENT (*DE STAAT DER NEDERLANDEN*), THE DCB, A FOREIGN GOVERNMENT BODY BEING PART OF A CENTRAL GOVERNMENT, A FOREIGN CENTRAL BANK, DUTCH OR FOREIGN REGIONAL, LOCAL DECENTRALISED GOVERNMENTAL INSTITUTIONS, INTERNATIONAL TREATY ORGANISATIONS AND SUPRANATIONAL ORGANISATIONS;

(D) ENTERPRISES OR ENTITIES WHICH MEET AT LEAST TWO OF THE FOLLOWING THREE CRITERIA:

(1) AN AVERAGE NUMBER OF EMPLOYEES OF 250;

(2) AN ASSET VALUE OF MORE THAN EUR 43,000,000; AND

(3) AN ANNUAL NET TURNOVER OF MORE THAN EUR 50,000,000;

(E) DUTCH LEGAL ENTITIES WHICH HAVE REQUESTED TO BE REGISTERED AS A PROFESSIONAL MARKET PARTY;

(F) NATURAL PERSONS DOMICILED IN THE NETHERLANDS WHO HAVE REQUESTED TO BE REGISTERED AS A PROFESSIONAL MARKET PARTY, AND WHO MEET AT LEAST TWO OF THE FOLLOWING THREE CRITERIA:

(1) ON AVERAGE AT LEAST 10 SIGNIFICANT TRANSACTIONS ON THE FINANCIAL MARKETS PER QUARTER DURING THE LAST FOUR QUARTERS;

(2) THE SIZE OF THE PERSON'S SECURITIES PORTFOLIO EXCEEDS EUR 500,000; AND

(3) THE PERSON HAS WORKED FOR AT LEAST ONE YEAR IN THE FINANCIAL SECTOR IN A PROFESSIONAL POSITION WHICH REQUIRES KNOWLEDGE OF INVESTMENT IN SECURITIES;

(G) ENTERPRISES OR INSTITUTIONS WHICH SOLE CORPORATE PURPOSE IS TO INVEST IN SECURITIES;

(H) ENTERPRISES OR ENTITIES WHICH ARE SOLELY INCORPORATED TO CARRY OUT TRANSACTIONS TO ACQUIRE ASSETS WHICH SERVE AS COLLATERAL FOR SECURITIES (*EFFECTEN*) OFFERED;

(I) ENTERPRISES OR ENTITIES WITH TOTAL ASSETS OF AT LEAST EUR 500,000,000 AS PER THE BALANCE SHEET AS OF THE YEAR END PRECEDING THE DATE THEY PURCHASE OR ACQUIRE THE NOTES;

(J) ENTERPRISES, ENTITIES OR INDIVIDUALS WITH NET EQUITY (*EIGEN VERMOGEN*) OF AT LEAST EUR 10,000,000 AS PER THE BALANCE SHEET AS OF THE FINANCIAL YEAR END PRECEDING THE DATE THEY PURCHASE OR ACQUIRE THE NOTES AND WHO OR WHICH HAVE BEEN ACTIVE IN THE FINANCIAL MARKETS ON AVERAGE TWICE A MONTH OVER A PERIOD OF AT LEAST TWO CONSECUTIVE YEARS PRECEDING SUCH DATE;

(K) SUBSIDIARIES OF THE ENTITIES REFERRED TO UNDER (A) UP TO AND INCLUDING (H) ABOVE PROVIDED SUCH SUBSIDIARIES ARE SUBJECT TO SUPERVISION ON A CONSOLIDATED BASIS; AND

(L) ENTERPRISES AND INSTITUTIONS WHICH HAVE A RATING OF A RATING AGENCY THAT IS RECOGNISED BY THE DCB OR WHICH ISSUE SECURITIES THAT HAVE A RATING FROM SUCH RATING AGENCY,

ALL WITHIN THE MEANING OF AND AS FURTHER DESCRIBED AND DEFINED IN SECTION 1, PARAGRAPH E, OF THE DUTCH MINISTERIAL REGULATION OF 26 JUNE 2002, AS AMENDED FROM TIME TO TIME, IMPLEMENTING, INTER ALIA, SECTION 6, PARAGRAPH 2 OF THE DUTCH 1992 ACT OF THE SUPERVISION OF THE CREDIT SYSTEM (*WET TOEZICHT KREDIETWEZEN 1992*), AS AMENDED FROM TIME TO TIME.

THE HOLDER OF THIS NOTE (OR INTEREST THEREIN) BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL, RESELL, TRANSFER OR DELIVER SUCH NOTE ONLY (A) TO THE ISSUER OR (B) TO A PERSON IT REASONABLY BELIEVES IS A PROFESSIONAL MARKET PARTY THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PROFESSIONAL MARKET PARTY TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON IT BEING A PROFESSIONAL MARKET PARTY.

EACH PURCHASER OF THIS NOTE (OR INTEREST THEREIN), BY ITS ACCEPTANCE HEREOF, WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS ACTING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF ANOTHER PROFESSIONAL MARKET PARTY.

ANY TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY. IF AT ANY TIME, THE ISSUER DETERMINES OR IS NOTIFIED THAT THE HOLDER OF THIS NOTE OR A BENEFICIAL INTEREST HEREIN WAS IN BREACH, AT THE TIME GIVEN, OF ANY OF THE REPRESENTATIONS SET FORTH IN THE TRUST DEED, THE ISSUER OR THE TRUSTEE WILL CONSIDER THE ACQUISITION OF THIS NOTE OR SUCH INTEREST IN THIS NOTE VOID AND REQUIRE THAT THIS NOTE OR SUCH INTEREST HEREIN BE TRANSFERRED TO A PERSON DESIGNATED BY THE ISSUER.

GENERAL INFORMATION

Interests of Natural and Legal Persons Involved in the Issue

Save as otherwise described in this document, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

Reasons for the Issue and Estimated Total Expenses

Reasons for the Issue: On the Closing Date, the proceeds of the issue and sale of the Sterling Notes, the Euro Notes and the U.S. dollar Notes will be £993,641,000, €1,271,200,000, and $2,966,000,000 respectively. After exchanging the proceeds of the Euro Notes and U.S. dollar Notes under the relevant Cross-currency Swap Agreements, the aggregate proceeds to the Issuer from the issue and sale of the Notes will be £3,500,000,984.84. This amount will be credited to the balance of the Cash Deposit Account held in the name of the Issuer with the Cash Deposit Bank. The Issuer will direct the CDS Counterparty to pay the Initial CDS Payment, payable to the order of the Issuer in accordance with the Credit Default Swap Agreement, to the Managers in respect of the Managers' combined selling, management and underwriting commissions.

Estimated Total Expenses of Listing: Approximately €40,000

Yield

Details of the interest payable under the Notes are set out in Condition 8 (*Interest*) of "*Conditions of the Notes*" above. Details of historic Sterling LIBOR and U.S. dollar LIBOR rates can be obtained from Moneyline Telerate page 3750 and details of historic EURIBOR rates can be obtained from Moneyline Telerate page 248.

Resolutions, Authorisations and Approvals by Virtue of which the Notes have been Issued

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Managing Director of the Issuer passed on 27 June 2006.

Litigation

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

Securities Codes

The Rule 144A Notes in respect of each Class of U.S. dollar Notes other than Class E Notes, Class F Notes and Class G Notes have been accepted for clearance through DTC and the Regulation S Notes in respect of each Class of U.S. dollar Notes have been accepted for clearance through Euroclear and Clearstream. The Regulation S Notes in respect of each Class of Sterling Notes and each Class of Euro Notes and Rule 144A Notes in respect of each Class of Sterling Notes other than Class E Notes, Class F Notes and Class G Notes and each Class of Euro Notes other than Class E Notes, Class F Notes and Class G Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The applicable securities codes for each Class of Notes are as follows:

Class	Registered Certificate	Clearance and Settlement	Securities Codes	
A1	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0257999507
			Common Code	025799950
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259806973
			Common Code	025980697
A2	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0257999689
			Common Code	025799968
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259819794
			Common Code	025981979
A3	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	USN06375AA26
			CUSIP	N06375 AA 2
	Rule 144A Global Registered Certificate	DTC	ISIN	US042702AA84
			CUSIP	042702 AA 8
B1	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0257999846
			Common Code	025799984
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259808755
			Common Code	025980875
B2	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0257999929
			Common Code	025799992
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259824018
			Common Code	025982401
B3	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	USN06375AB09
			CUSIP	N06375 AB 0
	Rule 144A Global Registered Certificate	DTC	ISIN	US042702AB67
			CUSIP	042702 AB 6
C1	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0258000107
			Common Code	025800010
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259810140
			Common Code	025981014
C2	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0258000289
			Common Code	025800028
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259823390
			Common Code	025982339
D1	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0258000446
			Common Code	025800044
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259811890
			Common Code	025981189
D2	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0258000529
			Common Code	025800052
	Rule 144A Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0259824794
			Common Code	025982479
E1	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0258000875
			Common Code	025800087
	Rule 144A Definitive Registered Certificate	None	None	None
E2	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN	XS0258000958
			Common Code	025800095
	Rule 144A Definitive Registered Certificate	None	None	None

Class	Registered Certificate	Clearance and Settlement	Securities Codes	
E3	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN Common Code	XS0258001097 025800109
	Rule 144A Definitive Registered Certificate	None	None	None
F1	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN Common Code	XS0258001170 025800117
	Rule 144A Definitive Registered Certificate	None	None	None
F2	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN Common Code	XS0258001253 025800125
	Rule 144A Definitive Registered Certificate	None	None	None
F3	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN Common Code	XS0258001337 025800133
	Rule 144A Definitive Registered Certificate	None	None	None
G	Regulation S Global Registered Certificate	Euroclear/Clearstream, Luxembourg	ISIN Common Code	XS0258001410 025800141
	Rule 144A Definitive Registered Certificate	None	None	None

Documents Available for Inspection

From the date of this document and for so long as any Notes remain outstanding hard copies of the following documents will be available, during usual business hours, for inspection at the registered office of the Issuer, the principal office of the Trustee, the specified office of the Principal Paying Agent and the specified office of the Transfer and Paying Agent:

(1) the Deed of Incorporation of the Issuer;

(2) the Management Agreement;

(3) the Subscription Agreement;

(4) the Trust Deed;

(5) the Agency Agreement;

(6) the Credit Default Swap Agreement;

(7) each Cross-currency Swap Agreement;

(8) the Cash Deposit Agreement;

(9) the Transaction Account Bank Agreement;

(10) the CDS Prepayment Account Agreement;

(11) the Reserve Account Bank Agreement;

(12) the Cash Administration Agreement;

(13) the Verification Agreement;

(14) the Verification Engagement Letter;

(15) the forms of the Global Registered Certificates;

(16) the forms of the Definitive Registered Certificates; and

(17) Quarterly Reference Portfolio Periodic Reports.

Available Information

The Issuer has agreed that, for so long as any Rule 144A Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner or to the Trustee for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner, prospective purchaser or Trustee, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

Each time an annual or other periodic report of the Issuer is sent to the holders of Rule 144A Notes, it will be accompanied by a reminder notice that: (a) each holder of Rule 144A Notes is required to be a QIB and a QP that can make the representations set forth in "*Transfer Restrictions – Rule 144A Notes*", (b) the Rule 144A Notes can only be transferred to a QIB that is also a QP which is capable of making the same representations, and (c) the Issuer has the right to force any holder of Rule 144A Notes that is not a QIB and a QP to sell its Rule 144A Notes.

Listing

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking an admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive.

INDEX OF TERMS

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