

EXECUTION VERSION

SECOND SUPPLEMENTAL NOTE TRUST DEED

DATED 8 JUNE 2012

LANGTON SECURITIES (2010-1) PLC
(as Issuer)

and

CITICORP TRUSTEE COMPANY LIMITED
(as Note Trustee)

ALLEN & OVERY

Allen & Overy LLP

0012262-0002973 ICM:15019582.11

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THIS SECOND SUPPLEMENTAL NOTE TRUST DEED is made on 8 June 2012

BETWEEN:

- (1) **LANGTON SECURITIES (2010-1) PLC** (registered number 7381471) whose registered office is at 35 Great St. Helen's, London, EC3A 6AP (the **Issuer**); and
- (2) **CITICORP TRUSTEE COMPANY LIMITED**, acting through its offices at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB (acting in its capacity as **Note Trustee**, which expression shall include such company and all other persons and companies for the time being acting as note trustee under this Deed).

WHEREAS:

- (A) On the Closing Date and on the Second Issue Closing Date, the Issuer issued the Notes, which were originally constituted by the note trust deed dated 1 October 2010 as supplemented on 23 December 2011 pursuant to the First Supplemental Note Trust Deed (the **Principal Note Trust Deed**).
- (B) The Issuer and the Note Trustee have agreed to amend and restate the Conditions of the Notes in the form set out in Schedule 2 to this Second Supplemental Note Trust Deed.
- (C) The Issuer and the Note Trustee have further agreed to modify and supplement the Principal Note Trust Deed as set out in Clause 2 of this Second Supplemental Note Trust Deed.
- (D) The Principal Note Trust Deed as supplemented by this Second Supplemental Note Trust Deed, each as may be further modified, amended or supplemented from time to time, are together referred to as the **Note Trust Deed**.

NOW THIS TRUST DEED WITNESSES AND IT IS AGREED AND DECLARED as follows:

1. DEFINITIONS

All expressions defined in the Principal Note Trust Deed shall, unless there is anything in the subject or context inconsistent therewith, have the same meanings in this Second Supplemental Note Trust Deed.

2. MODIFICATIONS

2.1 This Second Supplemental Note Trust Deed supplements and amends the Principal Note Trust Deed. On and from the date hereof, the Principal Note Trust Deed shall be read and construed as one with this Second Supplemental Note Trust Deed so that:

- (a) all references therein to "this Deed" or "these presents" shall be deemed to refer to the Principal Note Trust Deed as supplemented and amended by this Second Supplemental Note Trust Deed; and
- (b) the Principal Note Trust Deed together with this Second Supplemental Note Trust Deed shall form the Note Trust Deed.

2.2 Clause 20.2 of the Principal Note Trust Deed shall be amended as set out in Schedule 1 of this Second Supplemental Note Trust Deed.

2.3 The following words shall be inserted immediately after the last sentence in Clause 20.3 of the Principal Note Trust Deed:

"This Clause shall not apply to the novation of any Issuer Swap Agreement to a replacement Issuer Swap Provider or the novation of any Funding 1 Swap to a replacement Funding 1 Swap Provider pursuant to Clause 20.2(c)(xi) of the Note Trust Deed, Clause 12(b)(xi) of the Issuer Deed of Charge and Clause 12.1(b)(x) of the Funding 1 Deed of Charge."

2.4 Clause 27 of the Principal Note Trust Deed shall be amended so as to read as follows:

"A person who is not a party to this Deed has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed except and to the extent (if any) that this Deed expressly provides for such Act to apply to any of its terms including, without limitation, for any replacement Issuer Swap Provider or Funding 1 Swap Provider in respect of their respective rights pursuant to Clause 20.2(c)(xi), but this does not affect any right or remedy of a third party which exists or is available apart from that Act."

2.5 With effect on and from the date hereof, the Conditions of the Notes shall be amended and restated in the form set out in Schedule 2 to this Second Supplemental Note Trust Deed.

3. GENERAL

3.1 The Principal Note Trust Deed shall henceforth be read and construed in conjunction with this Second Supplemental Note Trust Deed as one document.

3.2 A memorandum of this Second Supplemental Note Trust Deed shall be endorsed by the Note Trustee on the Principal Note Trust Deed and by the Issuer on the duplicate thereof.

4. GOVERNING LAW

This Second Supplemental Note Trust Deed and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

5. COUNTERPARTS

This Second Supplemental Note Trust Deed may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Second Supplemental Note Trust Deed may enter into the same by executing and delivering a counterpart.

6. RIGHTS OF THIRD PARTIES

A person who is not a party to this Second Supplemental Note Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Second Supplemental Note Trust Deed except and to the extent (if any) that this Second Supplemental Note Trust Deed expressly provides for such Act to apply to any of its terms, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

IN WITNESS whereof this Second Supplemental Note Trust Deed has been executed as a deed by the Issuer and the Note Trustee and delivered on the date first stated on page 1.

SIGNATORIES

The Issuer

EXECUTED and DELIVERED as a DEED by)

LANGTON SECURITIES (2010-1) PLC)
acting by its attorney)

C. J. ...

in the presence of:)

Witness's signature:)

Yannis Kay
...

Name:

Address:

30 Great St Helens
London
EC3A 6AP

The Note Trustee

EXECUTED and DELIVERED as a DEED by)
CITICORP TRUSTEE COMPANY LIMITED)
acting by two directors)

Director:)

Director:)

SIGNATORIES

The Issuer

EXECUTED and DELIVERED as a DEED by)
)
LANGTON SECURITIES (2010-1) PLC)
acting by its attorney)

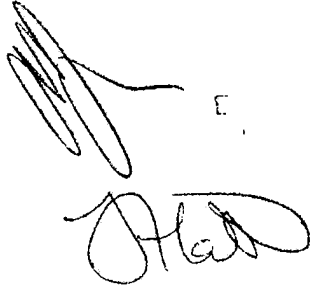
in the presence of:)

Witness's signature:)

Name:
Address:

The Note Trustee

EXECUTED and DELIVERED as a DEED by)
CITICORP TRUSTEE COMPANY LIMITED)
acting by two directors)
)
Director:)
)
Director:)



The image shows two handwritten signatures in black ink. The top signature is a stylized, cursive name. The bottom signature is also cursive and appears to be a different name. Both signatures are written on a white background.

SCHEDULE 1

AMENDED CLAUSE 20.2 OF THE NOTE TRUST DEED

20.2 Modification

- (a) The Note Trustee may without the consent or sanction of the Noteholders at any time and from time to time:
 - (i) concur with the Issuer or any other person;
 - (ii) direct the Issuer Security Trustee to concur with the Issuer or any other person; or
 - (iii) direct the Issuer Security Trustee to direct the Funding 1 Security Trustee to concur with Funding 1 or any other person,

in making any modification to these presents or any of the other Transaction Documents which in the opinion of the Note Trustee it may be proper to make **PROVIDED THAT** (a) the Note Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the holders of any Class of Notes (except in the case of a Basic Terms Modification where the Note Trustee shall have no such power) or (b) any modification to these presents or any of the other Transaction Documents if in the opinion of the Note Trustee such modification is of a formal, minor or technical nature or is necessary to correct a manifest error or is to comply with the mandatory provisions of law (and, for the avoidance of doubt, the Note Trustee shall be entitled to assume, without further investigation or inquiry, that such modification, waiver or authorisation will not be materially prejudicial to the interests of the Noteholders if (subject to Clause 20.4) each of the Rating Agencies has confirmed in writing that the then current ratings of the applicable Classes of Rated Notes would not be adversely affected by such modification, waiver or authorisation) **PROVIDED ALWAYS THAT** the Note Trustee shall not exercise any powers conferred on it by this Clause in contravention of any express direction given by Extraordinary Resolution of any class of Notes or by a request under **Condition 9** or **10** but so that no such direction or request shall affect any modification previously made. Any such modification may be made on such terms and subject to such conditions (if any) as the Note Trustee may determine, shall be binding upon the Noteholders and, unless the Note Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders and the Rating Agencies in accordance with **Condition 14** as soon as practicable thereafter.

- (b) So long as any of the Notes are rated by the Rating Agencies, the Issuer shall notify the Rating Agencies in writing as soon as reasonably practicable thereafter of any modification to the provisions of these presents, the Notes or any of the other Issuer Transaction Documents. The Note Trustee may also agree, without the consent of the Noteholders, to a change of the laws governing the Notes and/or the Issuer Transaction Documents (and to any consequential amendments deriving therefrom) **PROVIDED THAT** such change and consequential amendments would not, in the opinion of the Note Trustee, be materially prejudicial to the interests of the holders of any Class/es of Notes.
- (c) In addition, the Note Trustee shall give its consent to any modifications to any Transaction Document or direct the Issuer Security Trustee to give its consent to such

modifications or to direct the Funding 1 Security Trustee to give its consent to such modifications, that are requested by Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) provided that Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) certifies to the Note Trustee, the Issuer Security Trustee and/or the Funding 1 Security Trustee (as applicable) in writing that such modifications are required in order to accommodate (among other things):

- (i) New Intercompany Loan Agreements to be advanced to Funding 1 or any Further Funding Companies or the amendment of any existing Issuer Intercompany Loan and/or the issue of New Issuer Notes or Further Securities by New Issuers or the Issuer;
- (ii) New Funding 1 Start-Up Loan Agreements and/or new start-up loan agreement of any Further Funding Company or any New Issuer (as the case may be) or the amendment or increase in size of any existing Funding 1 Start-Up Loan Agreement or the Issuer Start-Up Loan Agreement or such new start-up loan agreement (as the case may be);
- (iii) the addition of New Issuer Secured Creditors, New Funding 1 Secured Creditors or secured creditors of any New Issuer or any Further Funding Company;
- (iv) the accession of New Beneficiaries to the Mortgages Trust Deed;
- (v) the issue (directly or indirectly) of debt by Funding 1 and/or any Further Funding Company (other than as referred to in **paragraphs (i) and (ii)** above);
- (vi) the sale of New Loan Types or their Related Security to the Mortgages Trustee;
- (vii) the creation and issue of Further Notes carrying the same terms and conditions in all respects (or in all respects except for the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, any class of the existing Notes, subject to the conditions set out in Condition 16.1;
- (viii) the creation and issue of New Notes which may rank *pari passu* with the Class A Notes or the Class Z Notes or after the Class A Notes but ahead of the Class Z Notes or after the Class Z Notes and which may have terms and conditions which differ from the Notes and which do not form a single series with the Class A Notes or the Class Z Notes provided that the conditions set out in Condition 16.1(a), (c), (d) and (e) are satisfied;
- (ix) changes to the Funding 1 Reserve Required Amount, the Issuer Reserve Fund Required Amount or the Issuer Liquidity Reserve Required Amount (or equivalent amounts in respect of any Further Funding Company and/or New Issuer) or to the manner in which each such amounts are funded;
- (x) changes to the Asset Trigger Events and Non-Asset Trigger Events; and/or
- (xi) the novation of any Issuer Swap Agreement to a replacement Issuer Swap Provider (provided that all conditions to the novation which are set out in the

relevant Issuer Swap Agreement have been or will be satisfied upon that novation) or the novation of any Funding 1 Swap to a replacement Funding 1 Swap Provider (provided that all conditions to the novation which are set out in the Funding 1 Swap Agreement have been or will be satisfied upon that novation).

- (d) The Note Trustee shall only be required to agree or consent to the modifications set out in **paragraph (c)** above if the Note Trustee is satisfied that:
- (i) in respect of the matters listed in **paragraphs (c)(i), (c)(iv), (c)(vi) and (c)(xi)** above, Funding 1, the Cash Manager, the Issuer and/or the Issuer Cash Manager has certified to the Note Trustee in writing that the conditions precedent to:
- (A) Loan Tranches being made available to Funding 1 (as set out in Clause 3.1 of the Issuer Intercompany Loan Agreement);
 - (B) the assignment of New Loans to the Mortgages Trustee (as set out in Clause 4 (Sale and Purchase of new Portfolios, Product Switches and Further Advances) of the Mortgage Sale Agreement);
 - (C) the inclusion of a New Beneficiary of the Mortgages Trust (as set out in Clause 17 (New Beneficiary of the Mortgages Trust) of the Mortgages Trust Deed);
 - (D) the novation of any Issuer Swap Agreement to a replacement Issuer Swap Provider as set out in the relevant Issuer Swap Agreement and/or the novation of any Funding 1 Swap to a replacement Funding 1 Swap Provider as set out in the Funding 1 Swap Agreement,

have been satisfied; and

the Note Trustee has received confirmation from, subject to Clause 20.4, each of the Rating Agencies in respect of **paragraph (c)(i) to (c)(x)** above that as a result of the relevant modifications the then current ratings of the Rated Notes will not be downgraded, withdrawn or qualified.

- (e) The Note Trustee shall give its consent to any modifications to any Transaction Document or direct the Issuer Security Trustee to give its consent to such modifications or to direct the Funding 1 Security Trustee to give its consent to such modifications, that are requested by Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) provided that Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) (i) certifies to the Note Trustee, the Issuer Security Trustee and/or the Funding 1 Security Trustee (as applicable) in writing that such modifications are required in order to accommodate changes to the Funding 1 Interest Payment Date from the 18th day of March, June, September and December in each calendar year (or, if such day is not a Business Day, the next succeeding Business Day) to the 18th day of each month in each year or any other day in each month of each year specified in such certificate (or, if such day is not a Business Day, the next succeeding Business Day) in respect of any Loan Tranche and; (ii) specifies the effective date for such modifications in such certificate, including without limitation:
- (i) to the definitions of Funding 1 Interest Payment Date and Funding 1 Interest Period;

- (ii) any amounts payable on any Funding 1 Interest Payment Date or to be reserved for any amount payable on any future Funding 1 Interest Payment Date in accordance with the Funding 1 Priority of Payments;
- (iii) in respect of the reference rate for the calculation of interest due on any Intercompany Loan and/or its method of calculation or the instalments of principal payable under any Intercompany Loan Agreement;
- (iv) in respect of the rates for calculating the amounts payable under and the periods for payment and the dates for payment under the Funding 1 Swap Agreement;
- (v) any amounts payable on any Interest Payment Date (other than in relation to the Notes without the prior consent or sanction of the relevant Noteholders) or to be reserved for any amount payable on any future Interest Payment Date in accordance with the Issuer Priority of Payments; and
- (vi) in respect of the rates for calculating the amounts payable under and the periods for payment under and the dates for payment under the Issuer Swap Agreements.

SCHEDULE 2

AMENDED AND RESTATED TERMS AND CONDITIONS OF THE NOTES

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions (the **Conditions**, and any reference to a **Condition** shall be construed accordingly) of the Notes in the form (subject to amendment) which will be incorporated by reference into each Global Note and each Definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Note Purchaser at the time of issue but, if not so permitted and agreed, such Definitive Note will have endorsed thereon or attached thereto such Conditions.

The £2,125,000,000 Floating Rate Class A1 Notes due 2054 (the **Class A1 Notes** and the holders thereof, the **Class A1 Noteholders**), the £2,125,000,000 Floating Rate Class A2 Notes due 2054 (the **Class A2 Notes** and, the holders thereof, the **Class A2 Noteholders**), the £2,125,000,000 Floating Rate Class A3 Notes due 2054 (the **Class A3 Notes** and, the holders thereof, the **Class A3 Noteholders**), the £2,125,000,000 Floating Rate Class A4 Notes due 2054 (the **Class A4 Notes** and, the holders thereof, the **Class A4 Noteholders**), the £400,000,000 Floating Rate Class A5 Notes due 2054 (the **Class A5 Notes** and, the holders thereof, the **Class A5 Noteholders**), the £2,500,000,000 Floating Rate Class A6 Notes due 2054 (the **Class A6 Notes** and, the holders thereof, the **Class A6 Noteholders**), the £2,500,000,000 Floating Rate Class A7 Notes due 2054 (the **Class A7 Notes** and, the holders thereof, the **Class A7 Noteholders**), the £2,500,000,000 Floating Rate Class A8 Notes due 2054 (the **Class A8 Notes** and, the holders thereof, the **Class A8 Noteholders**), the £2,500,000,000 Floating Rate Class A9 Notes due 2054 (the **Class A9 Notes** and, the holders thereof, the **Class A9 Noteholders**), the Floating Rate Class A10 Notes due 2054 to be issued in an amount not exceeding £1,981,494,000 (the **Class A10 Notes** and, together with the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the Class A6 Notes, the Class A7 Notes, the Class A8 Notes and the Class A9 Notes, the **Class A Notes** and, the holders thereof, the **Class A10 Noteholders** and, together with the Class A1 Noteholders, the Class A2 Noteholders, the Class A3 Noteholders, the Class A4 Noteholders, the Class A5 Noteholders, the Class A6 Noteholders, the Class A7 Noteholders, the Class A8 Noteholders and the Class A9 Noteholders the **Class A Noteholders**), the £1,385,715,000 Floating Rate Class Z1 Notes due 2054 (the **Class Z1 Notes** and the holders thereof, the **Class Z1 Noteholders**), the Floating Rate Class Z2 Notes due 2054 to be issued in an amount not less than £1,711,643,000 and not more than £2,000,000,000 (the **Class Z2 Notes** and together with the Class Z1 Notes, the **Class Z Notes** and, the holders thereof, the **Class Z2 Noteholders** and, together with the Class Z1 Noteholders, the **Class Z Noteholders** and, the Class Z Notes together with the Class A Notes, the **Notes** and the holders thereof, the **Noteholders**) in each case of the Issuer are constituted by a trust deed (the **Original Note Trust Deed**) dated the Closing Date and made between the Issuer and the Note Trustee (as defined below) as trustee for the Noteholders as supplemented on 23 December 2011 by the First Supplemental Note Trust Deed made between the Issuer and the Note Trustee (pursuant to which the Issuer and the Note Trustee agreed to amend the Conditions of the Notes and the Conditions of the Notes) and as supplemented on 8 June 2012 by the Second Supplemental Note Trust Deed made between the Issuer and the Note Trustee (pursuant to which the Issuer and the Note Trustee agreed to amend the Conditions of the Notes). References in these Conditions to the Note Trust Deed are to the Original Note Trust Deed, as modified and supplemented by the First Supplemental Note Trust Deed and the Second Supplemental Note Trust Deed (and as further supplemented, modified, amended, restated, novated or replaced from time to time).

Any reference in these Conditions to a **Class** shall be a reference to each class of the Class A Notes and/or the Class Z Notes, as the case may be or to the respective holders thereof.

The expressions Class A Notes and Class Z Notes shall, in these Conditions, unless the context otherwise requires, include any Further Notes (as defined below) issued pursuant to **Condition 16.1 (Further Notes)** and forming a single series with the Class A Notes or the Class Z Notes, as the case may be, and the expression Notes shall be construed accordingly and the expression Notes shall, unless the context otherwise requires, include any New Notes issued pursuant to **Condition 16.2 (New Notes)**.

The security for the Notes is created pursuant to, and on the terms set out in the issuer deed of charge (the **Original Issuer Deed of Charge**) dated the Closing Date made between, amongst others, the Issuer and the Issuer Security Trustee as supplemented on 23 December 2011 by the First Supplemental Issuer Deed of Charge made between, amongst others, the Issuer and the Issuer Security Trustee and as will be further supplemented on 18 June 2012 (the **Amendment Date**) by the Second Supplemental Issuer Deed of Charge dated 8 June 2012 made between, amongst others, the Issuer and the Issuer Security Trustee. References in these Conditions to the **Issuer Deed of Charge** are to the Original Issuer Deed of Charge, as modified and supplemented by the First Supplemental Issuer Deed of Charge and (from the Amendment Date) the Second Supplemental Issuer Deed of Charge (and as further supplemented, modified, amended, restated, novated or replaced from time to time).

By the Paying Agent and Agent Bank Agreement, the Issuer Deed of Charge and the Issuer Cash Management Agreement, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

References herein to the **Notes** shall, unless the context otherwise requires, be references to all the Notes issued by the Issuer and constituted by the Note Trust Deed or a supplemental deed to the Note Trust Deed and shall mean:

- (a) in relation to any Notes of a Class represented by a Global Note, units of the Minimum Denomination in each case of such Class of Notes;
- (b) any Global Note; and
- (c) any Definitive Note.

In addition to the Note Trust Deed and the Issuer Deed of Charge, the Notes are the subject of the Paying Agent and Agent Bank Agreement dated the Closing Date.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Issuer Deed of Charge and the Paying Agent and Agent Bank Agreement.

Copies of the Note Trust Deed, the Issuer Deed of Charge, the Paying Agent and Agent Bank Agreement and each of the other Transaction Documents are available for inspection during normal business hours at the registered office of the Note Trustee, being Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the registered office of the Issuer, being at 35 Great St. Helen's, London EC3A 6AP, United Kingdom and the specified office for the time being of the Principal Paying Agent, being at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and any Noteholder must produce evidence satisfactory to the Principal Paying Agent as to its holding of Notes and identity.

The Holders of any Class of Notes are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of, and definitions contained or incorporated in, the Note Trust Deed, the

Issuer Deed of Charge, the Paying Agent and Agent Bank Agreement and each of the other Transaction Documents.

A list of defined terms used in these Conditions appears in **Condition 19 (Definitions)**.

References herein to the Class A Noteholders and the Class Z Noteholders shall, in each case and unless specified otherwise, be references to the Holders of the Notes of all Classes thereof.

1. FORM, DENOMINATION, REGISTER, TITLE AND TRANSFERS

1.1 Form and Denomination

The Notes will be issued in sterling.

Each Global Note will be deposited with, and registered in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg. Each Global Note will be numbered serially with an identifying number which will be recorded on the relevant Global Note and in the Register.

Global Notes will be exchanged for Notes in definitive registered form (the **Definitive Notes**) only under certain limited circumstances as described in the relevant Global Note. If Global Notes are exchanged for Definitive Notes, such Definitive Notes will be serially numbered and issued in an aggregate principal amount equal to the Principal Amount Outstanding of the relevant Global Note and in registered form only.

The Notes (in either global or definitive form) will be issued in minimum denominations (the **Minimum Denominations**) of £100,000 and in integral multiples of £1,000 in excess thereof.

1.2 Register

The Registrar will maintain the Register in respect of the Notes in accordance with the provisions of the Paying Agent and Agent Bank 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). A Note will be issued to each Noteholder in respect of its registered holding. Each Note will be numbered serially with an identifying number which will be recorded in the Register.

1.3 Title

The Holder of each Note shall (to the fullest extent permitted by applicable law) be treated by the Issuer, the Note Trustee, the Issuer Security Trustee, the Agent Bank and any other Agents as the absolute owner of such Note for all purposes (including the making of any payments) regardless of any notice of ownership, theft or loss or any trust or other interest therein or of any writing thereon (other than the endorsed form of transfer).

1.4 Transfers

Title to the Notes shall pass by and upon registration in the Register. Subject as provided otherwise in this **Condition 1.4**, a Note may be transferred upon surrender of the relevant Note, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar, together with such evidence as the Registrar 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 a Note may only be transferred in the Minimum Denominations. Where not all the Notes represented by the surrendered

Note are the subject of the transfer, a new Note in respect of the balance of the Notes will be issued to the transferor.

Within five Business Days of such surrender of a Note, the Registrar will register the transfer in question and deliver a new Note of a like principal amount to the Notes transferred to each relevant Holder at its Specified Office or (at the request and risk of any such relevant Holder) by uninsured first class mail (and by airmail if the Holder is overseas) to the address specified for such purpose by such relevant Holder.

The transfer of a Note will be effected without charge by the Registrar, but subject to payment of (or the giving of such indemnity as the Registrar may require for) any tax or other governmental charges which may be imposed in relation to it.

Noteholders may not require transfers of the Notes to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Paying Agent and Agent Bank Agreement. The regulations may be changed by the Issuer with the prior written approval of the Note Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

2. STATUS, PRIORITY AND SECURITY

2.1 Status

The Notes are direct, secured and unconditional obligations of the Issuer.

Subject to the provisions of **Conditions 4** (Interest) and **5** (Redemption and Mandatory Transfer) and subject to the other payment conditions set out in the Transaction Documents:

- (a) the Class A Notes will rank *pari passu* without any preference or priority among themselves but in priority to the Class Z Notes; and
- (b) the Class Z Notes will rank *pari passu* without any preference or priority among themselves.

2.2 Conflict between the classes of Notes

The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Class A Noteholders and the Class Z Noteholders equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee under these Conditions or any of the Transaction Documents (except where expressly provided otherwise), but requiring the Note Trustee to have regard (except as expressly provided otherwise), for so long as there are any Class A Notes outstanding, only to the interests of the Class A Noteholders if, in the opinion of the Note Trustee, there is or may be a conflict between the interests of any Class of the Class A Noteholders and the interests of the Class Z Noteholders.

If, in relation to any matter, in the opinion of the Note Trustee, there is or may be a conflict between the interests of one Class of Class A Noteholders on the one hand and another Class of Class A Noteholders on the other, the Note Trustee shall not be obliged to take any action in relation to such matter, unless and until directed to do so by the Class A Noteholders (which, for these purposes, means each Class of the Class A Noteholders for the time being outstanding) subject to and in accordance with the other provisions of these Conditions and the Note Trust Deed.

The Note Trust Deed also contains provisions limiting the powers of the Class Z Noteholders, *inter alia*, to request or direct the Note Trustee to take certain action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders. Except in certain circumstances described in **Condition 11** (Meetings of Noteholders, Modifications and Waiver), the Note Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which will be binding on the Class Z Noteholders, irrespective of the effect thereof on their interests.

The Note Trustee and the Issuer Security Trustee shall be entitled to assume, without liability to any person, for the purpose of exercising any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, without further investigation or inquiry, that such exercise will not be materially prejudicial to the interests of the Noteholders, if (subject to **Condition 15** (Rating Agencies)) each of the Rating Agencies has confirmed in writing that the then current ratings of each Class of Rated Notes would not be reduced, withdrawn or qualified by such exercise.

2.3 Further Notes and New Notes

In the event of an issue of Further Notes (as defined in **Condition 16.1** (Further Notes)) or New Notes (as defined in **Condition 16.2** (New Notes)), the provisions of these Conditions, the Note Trust Deed, the Issuer Deed of Charge and the other Transaction Documents, including those concerning:

- (i) the basis on which the Note Trustee will be required to exercise or perform its rights, powers, trusts, authorities, duties and discretions (including in circumstances where, in the opinion of the Note Trustee, there is a conflict between the interests of any class of the Noteholders and the holders of such New Notes);
- (ii) the circumstances in which the Note Trustee will become bound to take action, as referred to in Condition 9 (Events of Default) and Condition 10 (Enforcement of Notes);
- (iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and
- (iv) the order of priority of payments (including the order which applies prior to the acceleration of the Notes (both prior to, and upon, enforcement of the security constituted by the Issuer Deed of Charge) and the order which applies upon acceleration of the Notes),

will be modified in such manner as the Note Trustee or, as the case may be, the Issuer Security Trustee considers necessary to reflect the issue of such Further Notes or, as the case may be, New Notes and any new Transaction Documents entered into in connection with such Further Notes or, as the case may be, New Notes and the ranking thereof and of the claims of any party to any of such new Transaction Documents in relation to each class of the Notes.

If any New Notes are issued, the Issuer will immediately advise the UK Listing Authority and the London Stock Exchange accordingly, procure the publication of a notice of the issue in accordance with **Condition 14** (Notice to Noteholders), file a new prospectus in respect of the issue of the New Notes with the UK Listing Authority and the London Stock Exchange and make such prospectus and any related agreements available in London at the specified office of the Principal Paying Agent.

2.4 Security

As security for, *inter alia*, the payment of all monies payable in respect of the Notes, the Issuer has entered into the Issuer Deed of Charge creating the Issuer Security in favour of the Issuer Security Trustee for itself and on trust for, *inter alios*, the Note Trustee and the Noteholders.

3. COVENANTS

Save with the prior written consent of the Note Trustee or unless provided in or contemplated under these Conditions or any of the Transaction Documents to which the Issuer is a party, the Issuer shall not, so long as any Note remains outstanding.

3.1 Negative Pledge

Create or permit to subsist any mortgage, standard security, pledge, lien, charge or other security interest whatsoever (unless arising by operation of law), upon the whole or any part of its assets (including any uncalled capital) or its undertakings, present or future except where the same is given in connection with the issue of any Notes or the Issuer Start-up Loan Agreement.

3.2 Disposal of Assets

Sell, assign, transfer, lend, lease or otherwise dispose of, or deal with, or grant any option or present or future right to acquire all or any of its properties, assets, or undertakings or any interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do any of the foregoing, except where the same is given in connection with the issue of any Notes or the Issuer Start-up Loan Agreement.

3.3 Equitable Interest

Permit any person other than itself and the Issuer Security Trustee (as to itself and on behalf of the Issuer Secured Creditors) to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein.

3.4 Bank Accounts

Have an interest in any bank account, other than the Issuer Bank Accounts, except in connection with the issue of any Notes where such bank account is immediately charged in favour of the Issuer Security Trustee pursuant to the Issuer Deed of Charge.

3.5 Restrictions on Activities

Carry on any business other than as described in the prospectus (as revised, supplemented and/or amended from time to time) relating to the issue of the Notes and the related activities described therein or as contemplated in the Transaction Documents relating to the issue of the Notes and the Issuer Start-up Loan Agreement.

3.6 Borrowings

Incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or obligation of any person, except where the same is incurred or given or the Issuer becomes so obligated in connection with the issue of any Notes.

3.7 Merger

Consolidate or merge with any other person or convey or transfer substantially all of its properties or assets to any other person.

3.8 Waiver or Consent

Permit the validity or effectiveness of any of the Note Trust Deed or the Issuer Deed of Charge or the priority of the security interests created thereby to be amended, terminated, postponed, waived or discharged, or permit any other person whose obligations form part of the Issuer Security to be released from such obligations.

3.9 Employees or premises

Have any employees or premises or subsidiaries.

3.10 Dividends and Distributions

Pay any dividend or make any other distribution to its shareholders (other than as provided in the Transaction Documents) or issue any further shares or alter any rights attaching to its shares as at the date of the Issuer Deed of Charge.

3.12 United States activities

Engage in any activities in the United States (directly or through agents), or derive any income from United States sources as determined under United States income tax principles, or hold any property if doing so would cause it to be engaged in a trade or business within the United States as determined under United States income tax principles.

4. INTEREST

4.1 Accrual of interest on Notes

(a) Interest Payment Dates

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date or the Second Issue Closing Date, as applicable, and such interest will be payable quarterly in arrear on the 18th day of March, June, September and December of each year (or, if such day is not a Business Day, the next succeeding Business Day (each such day, an **Interest Payment Date**)). Such interest will be payable in respect of each Interest Period (as defined below).

As used in these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or, as applicable, the Closing Date or the Second Issue Closing Date) to (but excluding) the next (or the first) Interest Payment Date.

(b) Rate of Interest

The rate of interest (the **Rate of Interest**) in respect of each Class of the Notes for each Interest Period will, subject as provided below, be determined on the relevant Interest Payment Date (the **Determination Date**) by either:

- (A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) on the Determination Date,

plus or minus the Margin (if any), all as determined by the Agent Bank. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Paying Agent and Agent Bank Agreement contains provisions for determining the Rate of Interest pursuant to this **Condition 4.1(b)** in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

(c) Determination of Rate of Interest and calculation of Interest Amounts

The Agent Bank will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent Bank will calculate the amount of interest payable on the Notes in respect of each Minimum Denomination or in respect of each Global Note (each an **Interest Amount**) for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of each Global Note, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest penny, half of a penny being rounded upwards or otherwise in accordance with applicable market convention and then apportioning the resulting total between the Noteholders in respect of such Global Note, *pari passu* without preference or priority amongst themselves.

(d) Notification of Rate of Interest and Interest Amounts

The Agent Bank will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Note Trustee, the Issuer Security Trustee, the Issuer Cash Manager, the Principal Paying Agent, the Registrar and to any stock exchange or other relevant competent authority or quotation system on which the relevant Notes are for the time being listed, quoted and/or traded or by which they have been admitted to listing and to be published in accordance with **Condition 14** (Notice to Noteholders) as soon as possible after their determination but in no event later than the fourth Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment or alternative arrangements will be promptly notified to the Note Trustee and each stock exchange or other relevant authority on which the relevant Notes are for the time being listed or by which they have been admitted to listing and to Noteholders in accordance with **Condition 14** (Notice to Noteholders).

(e) Determination or Calculation by Note Trustee

If for any reason at any relevant time, the Agent Bank defaults in its obligation to determine the Rate of Interest for a Note or the Agent Bank defaults in its obligation to calculate any Interest Amount for such Note in accordance with subparagraph (b) above and in accordance with paragraph (c) above, the Note Trustee (or an agent on its behalf) shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this **Condition 4**), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Note Trustee (or an agent on its behalf) shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent Bank.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this **Condition 4**, whether by the Agent Bank or the Note Trustee (or an agent on its behalf) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Issuer Cash Manager, the Principal Paying Agent, the Note Trustee and all Noteholders and (in the absence of wilful default or bad faith) no liability to the Issuer or the Noteholders shall attach to the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.2 Accrual of interest

Interest (if any) will cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused in which event, interest will continue to accrue until the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof that such payment will be made, provided that subsequently, payment is in fact made.

4.3 Deferred Interest

To the extent that, subject to and in accordance with the Issuer Priority of Payments, the funds available to the Issuer to pay interest on any Class of Notes (other than the most senior Class of Notes) on an Interest Payment Date (after discharging the Issuer's liabilities of a higher priority) are insufficient to pay the full amount of such interest, payment of the shortfall attributable to such Class of Notes (**Deferred Interest**) will not then fall due but will instead be deferred until the first Interest Payment Date for such Notes thereafter on which sufficient funds are available (after allowing for the Issuer's liabilities of a higher priority and subject to and in accordance with the relevant Issuer Priority of Payments) to fund the payment of such Deferred Interest to the extent of such available funds.

Such Deferred Interest will accrue interest (**Additional Interest**) at the rate of interest applicable from time to time to the applicable Class of Notes and payment of any Additional Interest will also be deferred until the first Interest Payment Date for such Notes thereafter on which funds are available (after allowing for the Issuer's liabilities of a higher priority subject to and in accordance with the relevant Issuer Priority of Payments) to the Issuer to pay such Additional Interest to the extent of such available funds.

Amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date of the applicable Class of Notes, when such amounts will become due and payable.

Payments of interest due on an Interest Payment Date in respect of the most senior Class of Notes then outstanding will not be deferred. In the event of the delivery of a Note Acceleration Notice (as described in **Condition 9** (Events of Default)), the amount of interest in respect of such Notes that was due but not paid on such Interest Payment Date will itself bear interest at the applicable rate until both the unpaid interest and the interest on that interest are paid as provided in the Note Trust Deed.

5. REDEMPTION AND MANDATORY TRANSFER

5.1 Final Redemption

Unless previously redeemed in full as provided in this **Condition 5**, the Issuer shall redeem each Class of Notes at their Principal Amount Outstanding together with all accrued interest on their Final Maturity Date.

The Issuer may not redeem such Notes in whole or in part prior to their Final Maturity Date except as provided in **Conditions 5.2** (Mandatory Redemption), **5.4** (Optional Redemption in Full) or **5.5** (Optional Redemption for Tax and other Reasons) below, but without prejudice to **Condition 9** (Events of Default).

5.2 Mandatory Redemption

- (a) Subject to paragraph (b) below, prior to the service of a Note Acceleration Notice on the Issuer and unless the Class A Notes and the Class Z Notes have previously been redeemed in full or purchased and cancelled as provided for in this Condition 5, the Issuer will redeem:
 - (i) the Class A1 Notes on each Interest Payment Date from and including the scheduled redemption date in December 2011 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A1) Loan Tranche;
 - (ii) the Class A2 Notes on each Interest Payment Date from and including the scheduled redemption date in March 2013 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A2) Loan Tranche;
 - (iii) the Class A3 Notes on each Interest Payment Date from and including the scheduled redemption date in March 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A3) Loan Tranche;
 - (iv) the Class A4 Notes on each Interest Payment Date from and including the scheduled redemption date in December 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A4) Loan Tranche;
 - (v) the Class A5 Notes on each Interest Payment Date from and including the Interest Payment Date falling in December 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A5) Loan Tranche;
 - (vi) the Class A6 Notes on each Interest Payment Date from and including the scheduled redemption date in September 2011 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A6) Loan Tranche;
 - (vii) the Class A7 Notes on each Interest Payment Date from and including the scheduled redemption date in December 2012 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A7) Loan Tranche;

- (viii) the Class A8 Notes on each Interest Payment Date from and including the scheduled redemption date in June 2014 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A8) Loan Tranche;
 - (ix) the Class A9 Notes on each Interest Payment Date from and including the scheduled redemption date in December 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A9) Loan Tranche;
 - (x) the Class A10 Notes on each Interest Payment Date from and including the Interest Payment Date falling in December 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the AAA (Class A10) Loan Tranche;
 - (xi) the Class Z1 Notes on each Interest Payment Date from and including the Interest Payment Date falling in December 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the NR (Class Z1) Loan Tranche; and
 - (xii) the Class Z2 Notes on each Interest Payment Date from and including the Interest Payment Date falling in December 2015 or any earlier Interest Payment Date following a trigger event in an amount equal to the amount repaid by Funding 1 to the Issuer on such date in respect of the NR (Class Z2) Loan Tranche.
- (b) If, and to the extent that, the Issuer does not receive an amount applicable to the AAA (Class A1) Loan Tranche, the AAA (Class A2) Loan Tranche, the AAA (Class A3) Loan Tranche, the AAA (Class A4) Loan Tranche, the AAA (Class A5) Loan Tranche, the AAA (Class A6) Loan Tranche, the AAA (Class A7) Loan Tranche, the AAA (Class A8) Loan Tranche, the AAA (Class A9) Loan Tranche, the AAA (Class A10) Loan Tranche, the NR (Class Z1) Loan Tranche or the NR (Class Z2) Loan Tranche the Issuer is under no obligation to make a repayment of principal on the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the Class A6 Notes, the Class A7 Notes, the Class A8 Notes, the Class A9 Notes, the Class A10 Notes, the Class Z1 Notes or Class Z2 Notes, respectively, to the extent of the relevant shortfall on that Interest Payment Date. Any such shortfall will be payable on the next Interest Payment Date (to the extent that amounts are received to meet this shortfall but without prejudice to **Condition 5.1** (Final Redemptions)).

5.3 Note Principal Payments and Principal Amount Outstanding

The principal amount redeemable (the **Note Principal Payment**) in respect of each Note of a particular Class on any Interest Payment Date under **Condition 5.2** (Mandatory Redemption) above shall be a proportion of the amount required as at that Interest Payment Date to be applied in redemption of such Class of Notes on such date equal to the proportion that the Principal Amount Outstanding of the relevant Note bears to the aggregate Principal Amount Outstanding of such Class of Notes rounded down to the nearest penny, provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

On each Determination Date the Issuer shall determine (or cause the Agent Bank to determine) (a) the amount of any Note Principal Payment payable in respect of each Note of the relevant Class on the immediately following Interest Payment Date and (b) the Principal Amount Outstanding of each such Note which shall be the Minimum Denomination less the aggregate amount of all Note Principal Payments in respect of such Note that has been paid since the relevant Closing Date and on or prior to that Determination Date (the **Principal Amount Outstanding**) and (c) the fraction expressed as a

decimal to the fifth decimal point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of that Note (as referred to in (b) above) and the denominator is the Minimum Denomination. Each determination by or on behalf of the Issuer of any Note Principal Payment of a Note, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will cause each determination of the Note Principal Payment and the Principal Amount Outstanding and the Pool Factor in respect of a Class of Notes to be notified forthwith, and in any event not later than 1.00 p.m. (London time) on the Business Day immediately succeeding the Determination Date, to the Note Trustee, the Issuer Security Trustee, the Principal Paying Agent, the Registrar, the Agent Bank and (for so long as such Notes are listed on one or more stock exchanges) the relevant stock exchanges, and will cause notice of each determination of the Note Principal Payment and the Principal Amount Outstanding to be given to Noteholders in accordance with **Condition 14** (Notice to Noteholders) by no later than the Business Day after the relevant Interest Payment Date.

If the Issuer does not at any time for any reason determine (or cause the Agent Bank to determine) or if the Agent Bank does not at any time for any reason determine a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this **Condition 5.3**, such Note Principal Payment and/or Principal Amount Outstanding and/or Pool Factor may be determined by the Note Trustee (or an agent on its behalf) in accordance with this **Condition 5.3** in the manner the Note Trustee in its discretion considers fair and reasonable in the circumstances, having regard to this **Condition 5.3**, and each such determination or calculation shall be deemed to have been made by the Issuer. Any such determination shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent Bank and the Noteholders.

5.4 Optional Redemption in Full

Provided a Note Acceleration Notice has not been served and subject to the provisos below, upon giving not more than 60 nor less than 30 days' prior notice (or, in the case of (a) and (b) below, not more than 30 days nor less than five days' prior notice) to the Note Trustee, Principal Paying Agent and the Noteholders in accordance with **Condition 14** (Notice to Noteholders), the Issuer may redeem all but not some only of any Class of Notes at the Principal Amount Outstanding of such Notes together with any accrued and unpaid interest in respect thereof:

- (a) on the Interest Payment Date falling in 18 March 2011 and on any Interest Payment Date thereafter provided that, in the case of redemption of the Class Z Notes, the Class A Notes have been redeemed in full; or
- (b) on such Interest Payment Date on which the aggregate Principal Amount Outstanding of such Notes and all other Classes of Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of such Notes as at the Closing Date or the Second Issue Closing Date (as applicable),

provided that (in either of the cases above), on or prior to giving any such notice the Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem such Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such Notes outstanding in accordance with the terms and conditions of the Issuer Deed of Charge and the Issuer Cash Management Agreement.

5.5 Optional Redemption for Tax and other Reasons

Provided a Note Acceleration Notice has not been served, if the Issuer at any time satisfies the Note Trustee immediately prior to the giving of the notice referred to below that on the next Interest Payment Date either:

- (a) the Issuer would by virtue of a change in the law or regulations of the United Kingdom or any other jurisdiction (or the application or interpretation thereof) be required to deduct or withhold from any payment of principal or interest or any other amount under a Class of Notes any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature (other than where the relevant Holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of the Notes); or
- (b) Funding 1 would by virtue of a change in the law or regulations of the United Kingdom or any other jurisdiction (or the application or interpretation thereof) be required to deduct or withhold from amounts due under the Intercompany Loan Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature; and
- (c) in relation to either the events described in (a) and (b) above, such obligation of the Issuer or Funding 1 (as the case may be) cannot be avoided by the Issuer or Funding 1 (as the case may be) taking reasonable measures available to the Issuer or Funding 1 (as the case may be),

then the Issuer shall use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved by the Note Trustee as principal debtor under such Notes and/or as lender under the Intercompany Loan Agreement upon the Note Trustee (1) being satisfied that such substitution will not be materially prejudicial to the interests of Noteholders, (2) receiving written confirmation from the Rating Agencies that the then current ratings of the Rated Notes will not be downgraded, withdrawn or qualified and any other confirmation which it considers, in its absolute discretion, is necessary and/or appropriate (subject to **Condition 15** (Rating Agencies)), and (3) receiving a certificate signed by two directors of the Issuer or Funding 1, as the case may be, certifying that such substitution would enable the Issuer or Funding 1, as the case may be, to make payments of principal and interest under the relevant Class of Notes or under the Intercompany Loan, as the case may be, without such deduction or withholding, and upon the Issuer Security Trustee being satisfied that the position of the Issuer Secured Creditors (other than the Noteholders) will not thereby be adversely affected as confirmed in writing by such Issuer Secured Creditors to the Issuer Security Trustee. Only if the Issuer is unable to arrange a substitution will the Issuer be entitled to redeem the Notes as described in this **Condition 5.5**. The Note Trustee may: (i) have regard to the written confirmations referred to in (2) above; and (ii) rely on the certificate referred to in (3) above which shall be binding on the Note Trustee and the Noteholders, without having to call for any further evidence and without liability to any Noteholder for so doing.

Subject to the proviso below, if the Issuer is unable to arrange a substitution as described above and, as a result, one or more of the events described in (a) or (b) above (as the case may be) and (c) is continuing, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Note Trustee and the Noteholders in accordance with **Condition 14** (Notice to Noteholders), redeem all (but not some only) of such Notes on the immediately succeeding Interest Payment Date for such Notes at their aggregate Principal Amount Outstanding together with any accrued and unpaid interest in respect thereof provided that (in either case), prior to giving any such notice, the Issuer shall have provided to the Note Trustee:

- (i) a certificate signed by two directors of the Issuer stating the circumstances referred to in (a) or (b) and (c) above prevail and setting out details of such circumstances; and

- (ii) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to deduct or withhold such amounts as a result of such change or amendment.

The Note Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstance set out in (a) or (b) and (c) above, in which event they shall be conclusive and binding on the Noteholders. The Issuer may only redeem such Notes as aforesaid, if on or prior to giving such notice, the Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem such Notes as aforesaid and any amounts required to be paid in priority to or *pari passu* with such Notes outstanding in accordance with the terms and conditions of the Issuer Deed of Charge and the Issuer Cash Management Agreement.

In addition to the foregoing, if at any time the Issuer delivers a certificate to Funding 1, the Note Trustee and the Issuer Security Trustee to the effect that it would be unlawful for the Issuer to make, fund or allow to remain outstanding a Loan Tranche under the Intercompany Loan Agreement, then the Issuer may require Funding 1 to prepay the relevant Loan Tranche on a Funding 1 Interest Payment Date subject to and in accordance with the provisions of the Intercompany Loan Agreement to the extent necessary to cure such illegality and the Issuer may redeem all (but not some only) of the relevant Notes at their Principal Amount Outstanding together with any accrued interest upon giving not more than 60 nor less than 30 days' (or such shorter period as may be required under any relevant law) prior written notice to the Issuer Security Trustee, the Funding 1 Security Trustee, the Note Trustee and the Noteholders in accordance with **Condition 14** (Notice to Noteholders), provided that, prior to giving any notice, the Issuer shall have provided to the Note Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to the interest of any other person, required to redeem the relevant Notes as provided above and any amount to be paid in priority to or *pari passu* with the relevant Notes. Such monies received by the Issuer shall be used to redeem the relevant Notes in full, together with any accrued and unpaid interest, on the equivalent Interest Payment Date.

5.6 Purchase and Cancellation

The Issuer may at any time purchase or otherwise acquire any Note or Notes, in whole or in part, at their Principal Amount Outstanding together with interest accrued but unpaid on such amount to the next Interest Payment Date. Such Notes must be surrendered by the Issuer to any Paying Agent and/or the Registrar for cancellation no later than (and including) the next Interest Payment Date.

6. PAYMENTS

6.1 Payment of Interest and Principal

Payments of principal shall be made by cheque in sterling drawn on a Designated Bank, or upon application by a Holder of the relevant Note to the Specified Office of the Principal Paying Agent not later than the fifth Business Day before the Record Date (as defined in **Condition 6.7** (Record Date)), by transfer to a Designated Account maintained by the payee with a Designated Bank and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note at the Specified Office of any Paying Agent.

Payments of interest shall be made by cheque in sterling drawn on a Designated Bank, or upon application by a Holder of the relevant Note to the Specified Office of the Principal Paying Agent not later than the fifth Business Day before the Record Date, by transfer to a Designated Account maintained by the payee with a Designated Bank and (in the case of interest payable on final

redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note at the Specified Office of any Paying Agent.

6.2 Laws and Regulations

Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto. Noteholders will not be charged commissions or expenses on payments.

6.3 Payment of Interest following a failure to pay Principal

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with **Condition 4** (Interest) will be paid in accordance with this **Condition 6**.

6.4 Change of Agents

The initial Principal Paying Agent and the Registrar are listed in these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and the Registrar and to appoint an additional or other paying agents. The Issuer will at all times maintain the Principal Paying Agent with a Specified Office in London and a Registrar. Except where otherwise provided in the Note Trust Deed, the Issuer will cause at least 30 days' notice of any change in or addition to the Principal Paying Agent or the Registrar or their Specified Offices to be given in accordance with **Condition 14** (Notice to Noteholders) and will notify the Rating Agencies of such change or addition. For as long as any Note is outstanding, the Issuer will endeavour to maintain the Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

6.5 No payment on non-Business Day

Where payment is to be made by transfer to a Designated Account, payment instructions (for value the due date or, if the due date is not a Business Day, for value the next succeeding Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (a) (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 Note is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of the Paying Agent and (b) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (i) the due date for a payment not being a Business Day or (ii) a cheque mailed in accordance with this **Condition 6.5** arriving after the due date for payment or being lost in the mail.

6.6 Partial Payment

If the Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure and the Registrar will ensure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Note, that a statement indicating the amount and date of such payment is endorsed on the relevant Note.

6.7 Record Date

Each payment in respect of a Note will be made to the persons shown as the Holder in the Register in the place of the Registrar's Specified Office (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date for such payment, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date for such payment (the **Record Date**). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

6.8 Payment of Interest

Subject as provided otherwise in these Conditions, if interest is not paid in respect of a Note of any Class on the date when due and payable (other than because the due date is not a Business Day) or by reason of non-compliance with **Condition 6.1** (Payment of Interest and Principal), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with **Condition 14** (Notice to Noteholders).

7. PRESCRIPTION

Claims against the Issuer for payment of interest and principal on redemption shall be prescribed and become void if the relevant Notes are not surrendered for payment within a period of ten years from the relevant date in respect thereof. After the date on which a payment under a Note becomes void in its entirety, no claim may be made in respect thereof. In this **Condition 7**, the **relevant date**, in respect of a payment under a Note, is the date on which the payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of those payments under all the Notes due on or before that date has not been duly received by the Principal Paying Agent or the Note Trustee (as the case may be) on or prior to such date) the date on which the full amount of such monies having been so received or notice to that effect is duly given to Noteholders in accordance with **Condition 14** (Notice to Noteholders).

8. TAXATION

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

9. EVENTS OF DEFAULT

9.1 Class A Noteholders

The Note Trustee in its absolute discretion may and (if so requested in writing by the holders of not less than 25 per cent in aggregate Principal Amount Outstanding of the Class A Notes for the time being outstanding (as defined in the Note Trust Deed (which for this purpose means directions from the requisite percentage of holders of each Class of the Class A Notes for the time being outstanding) or (if so directed by or pursuant to an Extraordinary Resolution passed at a meeting or meetings of the

Class A Noteholders for the time being outstanding (as defined in the Trust Deed) (which for this purpose means an Extraordinary Resolution of the holders of each Class of the Class A Notes for the time being outstanding)) shall, subject in each case to being indemnified and/or secured to its satisfaction, give notice (a **Class A Note Acceleration Notice**) to the Issuer, the Issuer Security Trustee and the Funding 1 Security Trustee of a Note Event of Default (as defined below) declaring (in writing) the Class A Notes and all other Notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class A Notes when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class A Notes when and as the same ought to be paid in accordance with these Conditions; or
- (b) the Issuer failing duly to perform or observe any other obligation binding upon it under the Class A Notes, the Note Trust Deed, the Issuer Deed of Charge or any other Transaction Document and, in any such case (except where the Note Trustee certifies that, in its opinion, such failure is incapable of remedy, in which case no notice will be required), such failure is continuing unremedied for a period of 20 days following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied and the Note Trustee has certified that the failure to perform or observe is materially prejudicial to the interests of the Class A Noteholders; or
- (c) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in subparagraph (d) below, ceases or threatens to cease to carry on its business or a substantial part of its business or the Issuer is deemed unable to pay its debts within the meaning of Section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent; or
- (d) an order being made or an effective resolution being passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation, restructuring or merger the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the Class A Noteholders; or
- (e) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for an administration or the service of a notice of intention to appoint an administrator) and (except in the case of presentation of a petition for an administration order) such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order being granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to the foregoing proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally or a composition or similar arrangement with the creditors or takes steps with a view to

obtaining a moratorium in respect of its indebtedness, including without limitation, the filing of documents with the court; or

- (f) if an intercompany Loan Acceleration Notice is served under the Intercompany Loan Agreement while any Class A Notes are outstanding.

9.2 Class Z Noteholders

This **Condition 9.2** shall have no effect if, and for as long as, any Class A Notes are outstanding. Subject thereto, for so long as any Class Z Notes are outstanding, the Note Trustee in its absolute discretion may and (if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Class Z Notes outstanding (as defined in the Note Trust Deed (which for this purpose and the purpose of any Extraordinary Resolution referred to in this **Condition 9.2** means the Class Z Notes constituted by the Note Trust Deed)) or (if so directed by or pursuant to an Extraordinary Resolution passed at a meeting of the Class Z Noteholders of the Class Z Notes) shall, subject in each case to it being indemnified and/or secured to its satisfaction, give notice (a **Class Z Note Acceleration Notice**) to the Issuer, the Issuer Security Trustee and the Funding 1 Security Trustee of a Note Event of Default (as defined below) and declaring (in writing) the Class Z Notes and all other Notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events:

- (a) default being made for a period of three Business Days in the payment of any amount of principal of the Class Z Notes when and as the same ought to be paid in accordance with these Conditions or default being made for a period of three Business Days in the payment of any amount of interest on the Class Z Notes when and as the same ought to be paid in accordance with these Conditions; or
- (b) the occurrence of any of the events in Condition 9.1(b), (c), (d), (e) or (f) above provided that the references in Condition 9.1(b), Condition 9.1(d) and Condition 9.1(f) to Class A Notes shall be read as references to Class Z Notes.

9.3 Following Service of a Note Acceleration Notice

In these Conditions, a **Note Acceleration Notice** means any of the Class A Note Acceleration Notice and the Class Z Note Acceleration Notice. For the avoidance of doubt, upon any Note Acceleration Notice being given by the Note Trustee in accordance with **Condition 9.1** (Class A Noteholders) or **9.2** (Class Z Noteholders) all Notes shall immediately become due, without further action, notice or formality at their Principal Amount Outstanding together with accrued interest.

10. ENFORCEMENT OF NOTES

10.1 Enforcement

The Note Trustee may, at its discretion and without notice at any time and from time to time, take such steps and institute such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Note Trust Deed (including these Conditions) or any of the other Transaction Documents to which it is a party and the Note Trustee may, at its discretion at any time after the Issuer Security has become enforceable (including after the service of a Note Acceleration Notice in accordance with **Condition 9** (Events of Default)), instruct the Issuer Security Trustee to take such steps as it may think fit to enforce the Issuer Security. The Note Trustee shall not be bound to take such steps or institute such proceedings or give such instructions unless:

- (a) (subject in all cases to restrictions contained in the Note Trust Deed to protect the interests of any higher ranking Class of Noteholders and paragraphs (b) (i) and (ii) below) it shall have been so directed by an Extraordinary Resolution of the Class A Noteholders or the Class Z Noteholders for the time being outstanding (as defined in the Trust Deed) (which for this purpose means an Extraordinary Resolution of the holders of each Class of the Class A Notes or an Extraordinary Resolution of the holders of the Class Z Notes for the time being outstanding (as applicable)) or so requested in writing by the holders of at least one quarter in aggregate Principal Amount Outstanding of the Class A Notes or Class Z Notes for the time being outstanding (as defined in the Note Trust Deed) (which, for this purpose, means directions from the requisite percentage of the holders of each Class of the Class A Notes or the holders of the Class Z Notes for the time being outstanding as applicable); and
- (b) it shall have been indemnified and/or secured to its satisfaction:
 - (i) provided that the Note Trustee shall not be obliged to act at the direction or request of the Class Z Noteholders as aforesaid unless none of the Class A Notes are outstanding, or, in all other circumstances, either the Note Trustee is of the opinion that to do so would not be materially prejudicial to the interests of the Class A Noteholders or such action is sanctioned by an Extraordinary Resolution of the Class A Noteholders (which, for this purpose, means an Extraordinary Resolution of the holders of each Class of the Class A Notes); and
 - (ii) the Note Trustee shall only be obliged to give a Note Acceleration Notice at the direction or request of the most senior Class of Noteholders as aforesaid.

The Issuer Security Trustee shall not be bound to and shall not take such steps or take any such other action unless it is so directed by the Note Trustee and indemnified and/or secured to its satisfaction.

Amounts available for distribution after enforcement of the Issuer Security shall be distributed in accordance with the terms of the Issuer Deed of Charge.

No Noteholder may institute any proceedings against the Issuer to enforce its rights under or in respect of the Notes, the Note Trust Deed or the Issuer Deed of Charge unless (i) the Note Trustee or the Issuer Security Trustee, as applicable, has become bound to institute proceedings and has failed to do so within 30 days of becoming so bound and (ii) such failure is continuing; provided that, no Noteholder will be entitled to commence proceedings for the winding-up or administration of the Issuer.

Notwithstanding any other Condition or any provision of any Transaction Document, all obligations of the Issuer to the Noteholders are limited in recourse to the property, assets and undertakings of the Issuer the subject of any security created by the Issuer Deed of Charge (the **Issuer Charged Assets**). If:

- (a) there are no Issuer Charged Assets remaining which are capable of being realised or otherwise converted into cash;
- (b) all amounts available from the Issuer Charged Assets have been applied to meet or provide for the relevant obligations specified in, and in accordance with, the provisions of the Issuer Deed of Charge; and
- (c) there are insufficient amounts available from the Issuer Charged Assets to pay in full, in accordance with the provisions of the Issuer Deed of Charge, amounts outstanding under the Notes (including payments of principal, premium (if any) and interest),

then the Noteholders shall have no further claim against the Issuer in respect of any amounts owing to them which remain unpaid (including, for the avoidance of doubt, payments of principal, premium (if any) and/or interest in respect of the Notes) and such unpaid amounts shall be deemed to be discharged in full and any relevant payment rights shall be deemed to cease.

11. MEETINGS OF NOTEHOLDERS, MODIFICATIONS AND WAIVERS

11.1 Meetings of Noteholders

The Note Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any provision of these Conditions or the provisions of any of the Transaction Documents.

(a) Class A Notes

In respect of the Class A Notes, the Note Trust Deed provides that, subject to **Condition 11.2** (Limitations on Noteholders):

- (i) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the Holders of the Class A Notes of one Class only shall be deemed to have been duly passed if passed at a meeting of the Holders of the Class A Notes of that Class for the time being outstanding;
- (ii) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the Holders of the Class A Notes of any two or more Classes but does not give rise to a conflict of interest between the Holders of any such two or more Classes of Class A Notes, shall be deemed to have been duly passed if passed at a single meeting of the Holders of such two or more Classes of Class A Notes for the time being outstanding; and
- (iii) a resolution which, in the sole opinion of the Note Trustee, affects the interests of the Holders of the Class A Notes of any two or more Classes and gives or may give rise to a conflict of interest between the Holders of any such Classes of Class A Notes, shall be deemed to have been duly passed only if, in lieu of being passed at a single meeting of the Holders of such two or more Classes of Class A Notes, it shall be passed at separate meetings of the Holders of each such Class of Class A Notes for the time being outstanding.

The Note Trust Deed contains similar provisions in relation to requests in writing or directions from Holders of a specified percentage of the Principal Amount Outstanding of each Class of Class A Notes for the time being outstanding.

(b) Class Z Notes

In respect of the Class Z Notes, the Note Trust Deed provides that, subject to **Condition 11.2** (Limitation on Noteholders), a resolution which, in the opinion of the Note Trustee, affects the interests of the Class Z Noteholders only shall be deemed to have been duly passed if passed at a meeting of the Class Z Noteholders.

The quorum for any meeting of the Holders of any Class or Classes of Notes convened to consider a resolution (except for the purpose of passing an Extraordinary Resolution) will be one or more persons holding or representing not less than one-twentieth of the aggregate Principal Amount Outstanding of such Class or Classes of Notes outstanding (as defined in the Note Trust Deed) or, at any adjourned meeting, one or more persons being or representing Noteholders of such Class or Classes of Notes, whatever the aggregate Principal Amount Outstanding of the relevant Notes for the

time being outstanding so held or represented. A **resolution** means a resolution (excluding an Extraordinary Resolution) passed at a meeting of Noteholders duly convened and held in accordance with the provisions of the Note Trust Deed by a simple majority of the persons voting thereat upon a show of hands or if a poll is duly demanded by a simple majority of the votes cast on such poll.

Subject as provided in the following paragraph, the quorum at any meeting of the Holders of any Class or Classes of Notes convened to consider an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such Class or Classes of Notes outstanding (as defined in the Note Trust Deed) or, at any adjourned meeting, one or more persons being or representing Noteholders of such Class or Classes of Notes, whatever the aggregate Principal Amount Outstanding of the relevant Notes outstanding (as defined in the Note Trust Deed) so held or represented.

The quorum at any meeting of the Noteholders for passing an Extraordinary Resolution which includes the sanctioning of a modification which would have the effect of altering the amount or timing of payments of principal on the Notes of such Class or of such Classes or the rate, the day or the timing of payments of interest thereon or of the currency of payment of the Notes of such Class or of such Classes or altering the priority of payments or altering the quorum or majority required in relation to any resolution (each a **Basic Terms Modification**, as more fully defined in the Note Trust Deed) shall be one or more persons holding or representing not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class or of the Classes of Notes outstanding (as defined in the Note Trust Deed) or, at any adjourned and reconvened meeting, not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes of the relevant Class or of the Classes of Notes outstanding (as defined in the Note Trust Deed).

An Extraordinary Resolution passed at any meeting of Noteholders shall be binding on all of the Noteholders of the relevant Class or of the Classes of Notes whether or not they are present or represented at the meeting.

A resolution signed by or on behalf of all the Noteholders of the relevant Class or of the relevant Classes of Notes who for the time being are entitled to receive notice of a meeting under the Note Trust Deed shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders of the relevant Class or of the relevant Classes of Notes.

11.2 Limitations on Noteholders

Subject as provided in **Condition 11.3** (Approval of Modifications and Waivers by Noteholders):

- (a) an Extraordinary Resolution of the Class A Noteholders shall be binding on all Class Z Noteholders; and
- (b) no Extraordinary Resolution of the Class Z Noteholders shall take effect for any purpose while any Class A Notes remain outstanding unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders.

11.3 Approval of Modifications and Waivers by Noteholders

No Extraordinary Resolution of the Noteholders of the Class A Notes to sanction a modification of, or any waiver or authorisation of any breach or proposed breach of, any of the provisions of the Transaction Documents or these Conditions shall take effect unless it has been sanctioned by an Extraordinary Resolution of the Class Z Noteholders, or the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class Z Noteholders.

11.4 Modifications and Determinations by Note Trustee

The Note Trustee, may, without the consent of the Noteholders:

- (a) agree to any modification (other than a Basic Terms Modification) of, or to the waiver or authorisation of any breach or proposed breach of, the Conditions of any Class of Notes or any of the Transaction Documents which is not in the opinion of the Note Trustee, materially prejudicial to the interests of the Noteholders of any Class of Notes; or
- (b) determine that any Note Event of Default shall not be treated as such provided that it is not in the opinion of the Note Trustee materially prejudicial to the interests of the Holders of the most senior Class of Notes then outstanding; or
- (c) agree to any modification (including a Basic Terms Modification) of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee, is of a formal, minor or technical nature or is to correct a manifest error established as such to the satisfaction of the Note Trustee or is to comply with the mandatory provisions of law; or
- (d) agree to any modification of any of these Conditions or any Transaction Documents as expressly provided for in the Transaction Documents.

In addition, as further provided for in the Note Trust Deed the Note Trustee shall give its consent to any modifications to any Transaction Document or direct the Issuer Security Trustee to give its consent to such modifications or to direct the Funding 1 Security Trustee to give its consent to such modifications that are requested by Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf), provided that Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) certifies to the Note Trustee or the Issuer Security Trustee (as applicable) in writing that such modifications are required in order to accommodate (among other things):

- (i) New Intercompany Loan Agreements to be advanced to Funding 1 or any Further Funding Companies or the amendment of any existing Issuer Intercompany Loan and/or the issue of New Issuer Notes or Further Securities by New Issuers or the Issuer;
- (ii) New Funding 1 Start-Up Loan Agreements and/or new start-up loan agreement of any Further Funding Company or any New Issuer (as the case may be) or the amendment or increase in size of any existing Funding 1 Start-Up Loan Agreement or the Issuer Start-Up Loan Agreement or such new start-up loan agreement (as the case may be);
- (iii) the addition of New Issuer Secured Creditors, New Funding 1 Secured Creditors or secured creditors of any New Issuer or any Further Funding Company;
- (iv) the accession of New Beneficiaries to the Mortgages Trust Deed;
- (v) the issue (directly or indirectly) of debt by Funding 1 and/or any Further Funding Company (other than as referred to in paragraphs (i) and (ii) above);
- (vi) the sale of New Loan Types or their Related Security to the Mortgages Trustee;
- (vii) the creation and issue of Further Notes carrying the same terms and conditions in all respects (or in all respects except for the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, any class of the existing Notes, subject to the conditions set out in Condition 16.1;

- (viii) the creation and issue of New Notes which may rank pari passu with the Class A Notes or the Class Z Notes or after the Class A Notes but ahead of the Class Z Notes or after the Class Z Notes and which may have terms and conditions which differ from the Notes and which do not form a single series with the Class A Notes or the Class Z Notes provided that the conditions set out in Condition 16.1(a), (c), (d) and (e) are satisfied;
- (ix) changes to the Funding 1 Reserve Required Amount, the Issuer Reserve Fund Required Amount or the Issuer Liquidity Reserve Fund Required Amount (or equivalent amounts in respect of any Further Funding Company and/or New Issuer) or to the manner in which each of such amounts are funded;
- (x) changes to the Asset Trigger Events and Non-Asset Trigger Events; and/or
- (xi) the novation of any Issuer Swap Agreement to a replacement Issuer Swap Provider (provided that all conditions to the novation which are set out in the relevant Issuer Swap Agreement have been or will be satisfied upon that novation) or the novation of any Funding 1 Swap to a replacement Funding 1 Swap Provider (provided that all conditions to the novation which are set out in the Funding 1 Swap Agreement have been or will be satisfied upon that novation).

and provided further that:

- (A) in respect of the matters listed in paragraphs (i) (iv),(vi) and (xi) (above), Funding 1, the Cash Manager, the Issuer and/or the Issuer Cash Manager certify to the Note Trustee, the Issuer Security Trustee and/or the Funding 1 Security Trustee (as applicable) in writing that the relevant conditions precedent have been satisfied as further described in the Note Trust Deed; and
- (B) in respect of the matters listed in paragraphs (i) to (x) above, the Note Trustee or the Issuer Security Trustee (as applicable) has received written confirmation from the Rating Agencies that as a result of the relevant modifications the then current Ratings of the Rated Notes will not be downgraded, withdrawn or qualified (it being acknowledged that none of the Rating Agencies has any obligation to provide such confirmation at any time and that, pursuant to Condition 15 (**Rating Agencies**), the confirmation of one of the Rating Agencies may be sufficient for such purpose).

The Note Trustee shall give its consent to any modifications to any Transaction Document or direct the Issuer Security Trustee to give its consent to such modifications or to direct the Funding 1 Security Trustee to give its consent to such modifications, that are requested by Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) provided that Funding 1 (or the Cash Manager on its behalf) or the Issuer (or the Issuer Cash Manager on its behalf) (i) certifies to the Note Trustee, the Issuer Security Trustee and/or the Funding 1 Security Trustee (as applicable) in writing that such modifications are required in order to accommodate changes to the Funding 1 Interest Payment Date from the 18th day of March, June, September and December in each calendar year (or, if such day is not a Business Day, the next succeeding Business Day) to the 18th day of each month in each year or any other day in each month of each year specified in such certificate (or, if such day is not a Business Day, the next succeeding Business Day) in respect of any Loan Tranche and; (ii) specifies the effective date for such modification in such certificate, including without limitation:

- (a) to the definitions of Funding 1 Interest Payment Date and Funding 1 Interest Period;
- (b) any amounts payable on any Funding 1 Interest Payment Date or to be reserved for any amount payable on any future Funding 1 Interest Payment Date in accordance with the Funding 1 Priority of Payments;

- (c) in respect of the reference rate for the calculation of interest due on any Intercompany Loan and/or its method of calculation or the instalments of principal payable under any Intercompany Loan Agreement;
- (d) in respect of the rates for calculating the amounts payable under and the periods for payment and the dates for payment under the Funding 1 Swap Agreement;
- (e) any amounts payable on any Interest Payment Date (other than in relation to the Notes without the prior consent or sanction of the relevant Noteholders) or to be reserved for any amount payable on any future Interest Payment Date in accordance with the Issuer Priority of Payments; and
- (d) in respect of the rates for calculating the amounts payable under and the periods for payment under and the dates for payment under the Issuer Swap Agreements.

For the avoidance of doubt, the Note Trustee and/or the Issuer Security Trustee shall be entitled to assume, without further investigation or inquiry, that such modification, waiver, determination or authorisation will not be materially prejudicial to the interests of the Noteholders or any Class thereof if each of the Rating Agencies has confirmed that the then current ratings of each Class of Rated Notes would not be reduced, withdrawn or qualified by such modification, waiver, determination or authorisation, subject to **Condition 15** (Rating Agencies).

The Note Trustee and/or the Issuer Security Trustee and/or the Funding 1 Security Trustee, as applicable, shall be entitled to treat as conclusive a certificate by any director, officer or employee of the Issuer, Funding 1, the Seller, any independent investment bank or financial adviser acting in relation to the Notes as to any matter referred to above and, in the absence of manifest error, shall not be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused as a result.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders and the Rating Agencies in accordance with **Condition 14** (Notice to Noteholders) as soon as practicable thereafter.

11.5 Redenomination

The Note Trustee may agree, without the consent of the Holders of the Notes on or after the Specified Date (as defined below), to such modifications to the Notes and the Note Trust Deed in respect of redenomination of such Notes in euro and associated reconventioning, renominatisation and related matters in respect of the Notes as may be proposed by the Issuer (and confirmed by an independent financial institution approved by the Note Trustee to be in conformity with then applicable market conventions) and to provide for redemption at the euro equivalent of the Sterling principal amount of the Notes. For these purposes, **Specified Date** means the date on which the United Kingdom participates in the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, or otherwise participates in European economic and monetary union in a manner with an effect similar to such third stage.

Any such modification shall be binding on the Holders of the Notes and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with **Condition 14** (Notice to Noteholders) as soon as practicable thereafter.

11.6 Exercise of Note Trustee's Functions

Where the Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions under these Conditions or any Transaction Document, to have regard to the interests of the Noteholders of any Class, it shall have regard to the interests of such Noteholders as a class and, in particular but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, the Note Trustee shall not be entitled to require, and no Noteholder shall be entitled to claim, from the Issuer or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12. INDEMNIFICATION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE AND THE FUNDING 1 SECURITY TRUSTEE

The Note Trust Deed, the Issuer Deed of Charge and the Funding 1 Deed of Charge set out certain provisions for the benefit of the Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee. The following is a summary of such provisions and is subject to the more detailed provisions of the Note Trust Deed, the Issuer Deed of Charge and the Funding 1 Deed of Charge.

The Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee and providing for their indemnification in certain circumstances, including, among others, provisions relieving the Issuer Security Trustee, the Note Trustee and the Funding 1 Security Trustee from taking enforcement proceedings or enforcing the Issuer Security and/or the Funding 1 Security, as the case may be, unless indemnified and/or secured to its satisfaction.

The Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee and their related companies are entitled to enter into business transactions with the Issuer, any member of Santander UK's group of companies, the Issuer Cash Manager and/or the related companies of any of them and to act as note trustee or security trustee for the holders of any New Notes and/or any other person who is a party to any Transaction Document or whose obligations are comprised in the Issuer Security or the Funding 1 Security and/or any of its subsidiary or associated companies without accounting for any profit resulting therefrom.

Neither the Note Trustee, the Issuer Security Trustee nor the Funding 1 Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security or the Funding 1 Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Note Trustee or the Issuer Security Trustee or the Funding 1 Security Trustee, as applicable.

Furthermore, the Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee will be relieved of liability for making searches or other inquiries in relation to the assets comprising the Issuer Security and Funding 1 Security. The Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee do not have any responsibility in relation to the legality and the enforceability of the trust arrangements and the related Issuer Security and Funding 1 Security. Neither the Note Trustee, the Issuer Security Trustee nor the Funding 1 Security Trustee will be obliged to take any action that might result in its incurring personal liabilities. Neither the Note Trustee, the Issuer Security Trustee nor the Funding 1 Security Trustee is obliged to monitor or investigate the performance of any other person under the Transaction Documents and is entitled to assume, until it

has actual knowledge to the contrary, that all such persons are properly performing their duties, unless it receives express notice to the contrary.

Neither the Note Trustee, the Issuer Security Trustee nor the Funding 1 Security Trustee will be responsible for any deficiency that may arise because it is liable to tax in respect of the proceeds of any Issuer Security or any Funding 1 Security.

Each of the Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee may refrain from taking any action or exercising any right, power, authority or discretion vested in it relating to the transactions contemplated in the Transaction Documents until it has been indemnified and/or secured to its satisfaction against any and all actions, charges, claims, costs, damages, demands, expenses, liabilities, losses and proceedings which might be sustained by it as a result and none of them will be required to do anything which may cause it to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions if it has reasonable grounds for believing that repayment of such funds or adequate indemnity or security against such risk or liability is not assured to it.

Citicorp Trustee Company Limited (the **Initial Trustee**) is acting as Note Trustee under the Note Trust Deed and as Issuer Security Trustee under the Issuer Deed of Charge and as Funding 1 Security Trustee under the Funding 1 Deed of Charge (and while doing so the Initial Trustee and any successor which acts in all such capacities are referred to in this Condition as the **Trustee**). No entity may act as a trustee in any such capacity unless it is also the Trustee or unless the Trustee agrees otherwise or unless the Trustee resigns its office as trustee in one or more of such capacities. In its capacity as Trustee, the Trustee will not be liable to any Noteholder for any loss which he may suffer by reason of any conflict which may arise between the interests of the Noteholders and any other person to whom the Trustee owes duties as a result of the Trustee acting in all such capacities.

Neither the Initial Trustee nor any of its successors has any responsibility to the Noteholders, the Issuer Secured Creditors or the Funding 1 Secured Creditors for the validity, sufficiency or enforceability of the Issuer Security and the Funding 1 Security (which the Initial Trustee has not investigated) and shall accept such title and interest as any chargor or mortgagor has without responsibility for investing the same or any defect there may be therein. Neither the Initial Trustee nor any of its successors are responsible for monitoring the performance by any person of its obligations to the Issuer, Funding 1, any New Issuer, any Further Funding Companies or any obligor and each may assume until it has actual knowledge to the contrary that such obligations are being duly performed.

13. REPLACEMENT OF NOTES

If Definitive Notes are lost, stolen, mutilated, defaced or destroyed, the Noteholder can replace them at the Specified Office of any Paying Agent subject to all applicable laws and stock exchange requirements. The Noteholder will be required both to pay the expenses of producing a replacement and to comply with the Issuer's, the Registrar's and the Paying Agent's reasonable requests for evidence and indemnity.

If a Global Note is lost, stolen, mutilated, defaced or destroyed, the Issuer will deliver a replacement Global Note to the registered holder upon receipt of satisfactory evidence and surrender of any defaced or mutilated Global Note. A replacement will only be made upon payment of the expenses for a replacement and compliance with the Issuer's, Registrar's and Paying Agent's reasonable requests as to evidence and indemnity.

Defaced or mutilated Notes must be surrendered before replacements will be issued.

14. NOTICE TO NOTEHOLDERS

14.1 Publication of Notice

Any notice to the Noteholders shall be validly given if such notice is:

- (a) sent to them by first class mail (or its equivalent) or (if posted to a non-UK address) by airmail at the respective addresses on the Register; and
- (b) published in *The Financial Times* or, if such newspaper shall cease to be published or timely publication therein shall not be practicable, in a leading English language daily newspaper having general circulation in the United Kingdom provided that if, at any time, the Issuer procures that the information concerned in such notice shall be published on the Relevant Screen, publication in the newspaper set out above or such other newspaper or newspapers shall not be required with respect to such information.

14.2 Date of Publication

Any notices so published shall be deemed to have been given on the fourth day after the date of posting, or as the case may be, on the date of such publication or, if published more than once on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which (or on the Relevant Screen on which) publication is required.

14.3 Global Notes

While the Notes are represented by Global Notes, any notice to the Noteholders will be validly given if such notice is provided in accordance with **Condition 14.1** (Publication of Notice) or (at the option of the Issuer) if delivered to Euroclear and/or Clearstream, Luxembourg. Any notice delivered to Euroclear and/or Clearstream, Luxembourg will be deemed to be given on the day of such delivery.

14.4 Note Trustee's Discretion to Select Alternative Method

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or any Class or Classes thereof if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges on which the Notes are then admitted for trading and provided that notice of such other method is given to Noteholders in such manner as the Note Trustee shall require.

15. RATING AGENCIES

If:

- (a) a confirmation of rating or other response by a Rating Agency is a condition to any action or step under any Transaction Document; and
- (b) a written request for such confirmation or response is delivered to each Rating Agency by the Issuer (copied to the Note Trustee and/or the Issuer Security Trustee and/or the Funding 1 Security Trustee, as applicable) and a Rating Agency (a **Non-Responsive Rating Agency**) indicates that it does not consider such confirmation or response necessary in the circumstances or within 30 days of delivery of such request elicits no confirmation or response and/or such request elicits no statement by such Rating Agency that such confirmation or response could not be given; and

(c) at least one Rating Agency gives such a confirmation or response based on the same facts,

then such condition shall be deemed to be modified with respect to the facts set out in the request referred to in (b) so that there shall be no requirement for the confirmation or response from any Non-Responsive Rating Agency.

The Note Trustee and/or the Issuer Security Trustee and/or the Funding 1 Security Trustee, as applicable, shall be entitled to treat as conclusive a certificate by any director, officer or employee of the Issuer, Funding 1, the Seller, any independent investment bank or financial adviser acting in relation to the Notes as to any matter referred to in (b) and (c) in the absence of manifest error or the Note Trustee and/or the Issuer Security Trustee and/or the Funding 1 Security Trustee, as applicable, having facts contradicting such certificates specifically drawn to his attention and the Note Trustee and/or the Issuer Security Trustee and/or the Funding 1 Security Trustee, as applicable, shall not be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be caused as a result.

Each of the Issuer, the Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee shall agree and acknowledge that, notwithstanding the foregoing, a credit rating is an assessment of credit and does not address other matters that may be of relevant to the Noteholders. Further, that their reliance on a confirmation provided by any of the Rating Agencies does not impose or extend any actual or contingent liability for the Rating Agencies to any of them or any other person, or create any legal relations between the Rating Agencies and any of them or any other person (whether by way of contract or otherwise).

16. FURTHER NOTES AND NEW NOTES

16.1 Further Notes

The Issuer may, without the consent of the Noteholders, raise further funds, from time to time, on any date by the creation and issue of further notes (**Further Notes**) carrying the same terms and conditions in all respects (or in all respects except for the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with the relevant class of the Notes provided that:

- (a) the aggregate principal amount of all Further Notes to be issued on such date is not less than £5,000,000;
- (b) any Further Notes which are Rated Notes are assigned the same ratings as are then applicable to the class of Rated Notes with which they are to be consolidated and form a single series;
- (c) the ratings of each class of Rated Notes at that time outstanding are not downgraded, withdrawn or qualified as a result of such issue of Further Notes and none of such ratings is lower than it was upon the date of issue of any of the Rated Notes;
- (d) an amount equal to the aggregate principal amount of such Further Notes will be on-lent by the Issuer to Funding 1 and/or a Further Funding Company; and
- (e) application will be made, in respect of the Further Notes, for such notes to be admitted to trading on the London Stock Exchange's regulated market and listed on the official list of the UK Listing Authority or, if the Notes then issued are no longer admitted to trading on that exchange, such exchange, if any, on which the Notes then issued are then admitted to trading.

16.2 New Notes

The Issuer may, without the consent of the Noteholders, raise further funds, from time to time and on any date, by the creation and issue of new notes (**New Notes**) which may rank *pari passu* with the Class A Notes or Class Z Notes or after the Class A Notes but ahead of the Class Z Notes or after the Class Z Notes and which may have terms and conditions which differ from the Notes and which do not form a single series with the Class A Notes or the Class Z Notes provided that the conditions to the issue of Further Notes as set out in **Condition 16.1(a), (c), (d) and (e)** are satisfied, *mutatis mutandis*, in respect of such issue of New Notes.

16.3 Supplemental trust deeds and security

Any such Further Notes or New Notes will be constituted by a further deed or deeds supplemental to the Note Trust Deed and have the benefit of the security constituted by the Issuer Deed of Charge. Any of the Transaction Documents may be amended as provided in **Condition 2.3 (Further Notes and New Notes)** or otherwise, and further Transaction Documents may be entered into, in connection with the issue of such Further Notes or New Notes and the claims of any of the parties to any amended Transaction Document or any further Transaction Document may rank ahead of, *pari passu* with, or behind, any class or classes of the Notes, provided, in each case, that the condition set out in **Condition 16.1(c)** is satisfied, *mutatis mutandis*.

17. GOVERNING LAW AND JURISDICTION

The Transaction Documents and the Notes (and any non-contractual obligations arising out of or in connection with them) are governed by English law unless specifically stated to the contrary. Certain provisions in the Transaction Documents relating to property situated in Scotland (and any non-contractual obligations arising out of or in connection with them) are governed by Scots law. Certain provisions in the Transaction Documents relating to property situated in Northern Ireland (and any non-contractual obligations arising out of or in connection with them) are governed by Northern Irish law. Unless specifically stated to the contrary:

- (a) the courts of England are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes and the Transaction Documents; and
- (b) the Issuer and the other parties to the Transaction Documents irrevocably submit to the non-exclusive jurisdiction of the courts of England.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

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

19. DEFINITIONS

Unless otherwise defined in these Conditions or unless the context otherwise requires, in these Conditions the following words shall have the following meanings and any other capitalised terms used in these Conditions shall have the meanings ascribed to them or incorporated in the Note Trust Deed or the Issuer Master Definitions and Construction Schedule. The provisions of **Clause 3** (Interpretation and Construction) of the Issuer Master Definitions and Construction Schedule are incorporated into and shall apply to these Conditions.

AAA Loan Tranche means any Loan Tranche made by the Issuer to Funding 1 under the Intercompany Loan Agreement from the proceeds of issue of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class A4 Notes, the Class A5 Notes, the Class A6 Notes, the Class A7 Notes, the Class A8 Notes, the Class A9 Notes or the Class A10 Notes;

Additional Interest has the meaning set out in **Condition 4.3** (Deferred Interest);

Agents means the Principal Paying Agent, the Registrar and the Agent Bank;

Agent Bank means Citibank, N.A., in its capacity as agent bank at its Specified Office or such other person for the time being acting as agent bank under the Paying Agent and Agent Bank Agreement;

Alliance & Leicester means Alliance & Leicester plc (registered number 03263713), a public limited company incorporated under the laws of England and Wales, whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL;

Basic Terms Modification has the meaning as set out in **Condition 11.1** (Meetings of Noteholders);

Beneficiaries means the Funding Companies and the Seller, as beneficiaries of the Mortgages Trust;

Borrower means, in relation to a Loan, the individual or individuals specified as such in the relevant Mortgage Terms together with the individual or individuals (if any) from time to time assuming an obligation to repay such Loan or any part of it;

Business Day means a day that is a London Business Day, a New York Business Day and a TARGET2 Business Day;

Cash Management Agreement means the cash management agreement entered into on the Initial Closing Date between the Alliance & Leicester (and to which Santander UK acceded as Cash Manager on the Part VII Effective Date), the Mortgages Trustee, Funding 1 and the Funding 1 Security Trustee (as the same may be amended, restated, novated and/or supplemented from time to time);

Cash Manager means Santander UK acting, pursuant to the Cash Management Agreement, as agent for the Mortgages Trustee, Funding 1 and the Funding 1 Security Trustee (amongst others) to, *inter alia*, manage all cash transactions and maintain certain ledgers on behalf of the Mortgages Trustee, Funding 1 and the Funding 1 Security Trustee (which expression shall include such other person as may be appointed from time to time as Cash Manager pursuant to the Cash Management Agreement);

Class A Note Acceleration Notice has the meaning as set out in **Condition 9.1** (Class A Noteholders);

Class Z Note Acceleration Notice has the meaning as set out in **Condition 9.2** (Class Z Noteholders);

Clearstream, Luxembourg means Clearstream Banking, société anonyme;

Closing Date means 1 October 2010 and, where applicable, the Second Issue Closing Date;

Controlling Beneficiary Deed means the controlling beneficiary deed entered into on the Initial Closing Date between the Mortgages Trustee, Funding 1, the Funding 1 Security Trustee and Alliance & Leicester (and to which Santander UK acceded as Seller on the Part VII Effective Date) to which any Further Funding Company and any Further Funding Security Trustee will accede at the time that

such Further Funding Company becomes a Beneficiary of the Mortgages Trust (as the same may be amended, restated, novated and/or supplemented from time to time);

Customer Files means the file or files relating to each Loan containing, *inter alia*:

- (a) all material correspondence relating to that Loan; and
- (b) the completed mortgage documentation applicable to the Loan,

whether original documentation, electronic form or otherwise or information provided by such documentation stored on an electronic database;

Day Count Fraction means, in respect of the calculation of an amount of interest for a Note in accordance with **Condition 4.1(c)** (Determination of Rate of Interest and calculation of Interest Amounts) for any Interest Period, the actual number of days in the Interest Period divided by 365;

Deferred Interest has the meaning set out in **Condition 4.3** (Deferred Interest);

Definitive Notes has the meaning set out in **Condition 1.1** (Form and Denomination);

Designated Account means the account maintained by a Holder with a Designated Bank and identified as such in the Register;

Designated Bank means a bank in London;

Determination Date has the meaning, set out in **Condition 4.1(b)** (Rate of Interest);

Euroclear means Euroclear Bank S.A./N.V.;

Extraordinary Resolution means a resolution passed at a meeting of the Noteholders of a particular Class or Classes duly convened and held in accordance with the provisions of the Note Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three-fourths of the votes cast on such poll;

Final Maturity Date means:

- (a) in relation to the Class A1 Notes, the Interest Payment Date falling in December 2054;
- (b) in relation to the Class A2 Notes, the Interest Payment Date falling in December 2054;
- (c) in relation to the Class A3 Notes, the Interest Payment Date falling in December 2054;
- (d) in relation to the Class A4 Notes, the Interest Payment Date falling in December 2054;
- (e) in relation to the Class A5 Notes, the Interest Payment Date falling in December 2054;
- (f) in relation to the Class A6 Notes, the Interest Payment Date falling in December 2054;
- (g) in relation to the Class A7 Notes, the Interest Payment Date falling in December 2054;
- (h) in relation to the Class A8 Notes, the Interest Payment Date falling in December 2054;
- (i) in relation to the Class A9 Notes, the Interest Payment Date falling in December 2054;

- (j) in relation to the Class A10 Notes, the Interest Payment Date falling in December 2054;
- (k) in relation to the Class Z1 Notes, the Interest Payment Date falling in December 2054; and
- (l) in relation to the Class Z2 Notes, the Interest Payment Date falling in December 2054.

First Supplemental Issuer Deed of Charge means the supplemental deed to the Original Issuer Deed of Charge entered into on 23 December 2011;

First Supplemental Note Trust Deed means the supplemental deed to the Original Note Trust Deed entered into on 23 December 2011;

FSA means the Financial Services Authority;

Funding 1 means Langton Funding (No. 1) Limited;

Funding 1 Account Bank means the bank at which the Funding 1 Bank Accounts are maintained from time to time (being, as at the Closing Date, Santander UK acting through its offices at 2 Triton Square, Regents Place, London NW1 3AN and, thereafter, such other replacement account banks as Funding 1 may choose with the prior written approval of the Funding 1 Security Trustee in accordance with the Funding 1 Bank Account Agreement);

Funding 1 Bank Account Agreement means the agreement entered into on the Initial Closing Date between (amongst others) Alliance & Leicester (and to which Santander UK acceded as the Funding 1 Account Bank on the Part VII Effective Date) and Funding 1, which governs the operation of the Funding 1 Bank Accounts (as the same may be amended, restated, novated and/or supplemented from time to time);

Funding 1 Bank Accounts means the Funding 1 GIC Account and the Funding 1 Transaction Account and such other bank account(s) held in the name of Funding 1 with the approval of the Funding 1 Security Trustee from time to time;

Funding 1 Corporate Services Agreement means the agreement entered into on the Initial Closing Date and made between (amongst others) the Funding 1 Corporate Services Provider, the Issuer and Holdings for the provision by the Funding 1 Corporate Services Provider of certain corporate services and personnel to Funding 1 and Holdings (as the same may be amended, restated, novated and/or supplemented from time to time);

Funding 1 Corporate Services Provider means Structured Finance Management Limited or such other person or persons for the time being acting as corporate services provider to Funding 1 and Holdings under the Funding 1 Corporate Services Agreement;

Funding 1 Deed of Charge means the deed of charge entered into on the Initial Closing Date (as amended and restated from time to time, including on the Second Closing Date the Third Closing Date and the Closing Date) between, amongst others, Funding 1, the Funding 1 Security Trustee, the Mortgages Trustee, Alliance & Leicester (and to which Santander UK acceded as the Funding 1 Account Bank and the Seller on the Part VII Effective Date), the Issuer and the Issuer Security Trustee (as the same may be amended, restated, novated and/or supplemented from time to time) and each deed of accession or supplement entered into in connection therewith;

Funding 1 GIC Account means the account in the name of Funding 1 held at the Funding 1 Account Bank and maintained subject to the terms of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge or such additional or replacement account as may for the time being be in place;

Funding 1 Interest Payment Date means (i) the 18th day of March, June, September and December in each calendar year (or, if such day is not a Business Day, the next succeeding Business Day) or (ii) (following certification by Funding 1 or the Cash Manager, as the case may be, to the Funding 1 Security Trustee in accordance with Clause 12.1(d) of the Funding Deed of Charge from the date specified by Funding 1 or the Cash Manager, as the case may be, to the Funding 1 Security Trustee in such certificate as the effective date for the modification of the definition of Funding 1 Interest Payment Date pursuant thereto) the 18th day of each month in each year or any other day in each month of each calendar year specified in such certificate (or, if such day is not a Business Day, the next succeeding Business Day);

Funding 1 Secured Creditors means the Funding 1 Security Trustee, the Funding 1 Swap Provider, the Cash Manager, the Funding 1 Account Bank, the Seller, the Corporate Services Provider, the Secretarial Service Provider, the Issuer, the Funding 1 Start-Up Loan Provider, the Previous Issuers, the Previous Funding 1 Start-Up Loan Provider and any other entity that accedes to the terms of the Funding 1 Deed of Charge from time to time;

Funding 1 Security means the security created under the Funding 1 Deed of Charge;

Funding 1 Security Trustee means Citicorp Trustee Company Limited and its successors or any other security trustee under the Funding 1 Deed of Charge;

Funding 1 Start-Up Loan Agreement means the start-up loan agreement entered into on or about the Closing Date between the Issuer (in its capacity as the Funding 1 Start-Up Loan Provider), Funding 1 and the Funding 1 Security Trustee (as the same may be amended, restated, novated and/or supplemented from time to time);

Funding 1 Start-Up Loan Provider means the Issuer;

Funding 1 Swap Agreement means the ISDA master agreement including the schedule and credit support annex thereto entered into on the Initial Closing Date between Funding 1 and Alliance & Leicester (and to which Santander UK acceded as the Funding 1 Swap Provider on the Part VII Effective Date) and any confirmations thereunder from time to time between Funding 1 and the Funding 1 Swap Provider (as each of the same may be amended, restated, novated and/or supplemented from time to time, including on the Second Closing Date, the Third Closing Date and the Closing Date);

Funding 1 Swap Provider means Santander UK acting in its capacity as the Funding 1 Swap Provider pursuant to the Funding 1 Swap Agreement and/or any replacement Funding 1 Swap Provider appointed in accordance with the Funding 1 Swap Agreement;

Funding 1 Transaction Account means the account in the name of Funding 1 held with the Funding 1 Account Bank and maintained subject to the terms of the Funding 1 Bank Account Agreement and the Funding 1 Deed of Charge or such additional or replacement account as may for the time being be in place;

Funding Companies means Funding 1 and each Further Funding Company (if any);

Further Advance means an advance made following a request from an existing Borrower for a further amount to be lent to him or her under his or her Mortgage, where Santander UK has a discretion as to whether to accept that request;

Further Funding Company means any funding entity (other than Funding 1) established in the future by Holdings that accedes to the Mortgages Trust Deed as a beneficiary;

Further Funding Company Deed of Charge means any deed of charge (other than the Funding 1 Deed of Charge) entered into after the Initial Closing Date between, *inter alios*, the Issuer, a Further Funding Company and a Further Funding Security Trustee pursuant to which such Further Funding Company creates security over all of its assets in favour of such Further Funding Security Trustee;

Further Funding Security Trustees means any security trustee (other than the Funding 1 Security Trustee) appointed under any Further Funding Company Deed of Charge;

Further Notes means notes (other than Notes) issued by the Issuer and carrying the same terms and conditions in all respects (or in all respects except for the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, any Class of Notes;

Further Securities means all Further Notes and New Notes and includes the Global Notes issued in respect thereof and any replacements for such Global Notes issued pursuant to the Conditions;

Global Notes means any Notes in global form;

Holder has the meaning set out in **Condition 1.2** (Register);

Holdings means Langton Securities Holdings Limited (registered number 6432540), a limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St. Helen's, London EC3A 6AP;

Initial Closing Date means 25 January 2008;

Initial Issuer means Langton Securities (2008-1) plc;

Initial Trustee has the meaning as set out in **Condition 12** (Indemnification of the Note Trustee and the Issuer Security Trustee);

Intercompany Loan means at any time, the aggregate of all Loan Tranches advanced under the Intercompany Loan Agreement;

Intercompany Loan Agreement means the Intercompany Loan Terms and Conditions and the Intercompany Loan Confirmation;

Intercompany Loan Confirmation means the agreement entered into on the Closing Date between, amongst others, Funding 1, the Issuer, the Funding 1 Security Trustee and the Issuer Security Trustee;

Intercompany Loan Terms and Conditions means the terms and conditions signed for identification on the Initial Closing Date by Funding 1, the Funding 1 Security Trustee and the Agent Bank;

Interest Amount has the meaning as set out in **Condition 4.1(c)** (Determination of Rate of Interest and calculation of Interest Amounts);

Interest Payment Date has the meaning as set out in **Condition 4.1(a)** (Interest Payment Dates);

Interest Period has the meaning as set out in **Condition 4.1(a)** (Interest Payment Dates);

Issuer means Langton Securities (2010-1) plc (registered number 7381471), a public limited company incorporated under the laws of England and Wales, whose registered office is at 35 Great St. Helen's London EC3A 6AP;

Issuer AAA (Class A1) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A1 Notes;

Issuer AAA (Class A2) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A2 Notes;

Issuer AAA (Class A3) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A3 Notes;

Issuer AAA (Class A4) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A4 Notes;

Issuer AAA (Class A5) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A5 Notes;

Issuer AAA (Class A6) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A6 Notes;

Issuer AAA (Class A7) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A7 Notes;

Issuer AAA (Class A8) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A8 Notes;

Issuer AAA (Class A9) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A9 Notes;

Issuer AAA (Class A10) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Issuer Intercompany Loan Agreement from the proceeds of issue of the Class A10 Notes;

Issuer Account Bank means Santander UK or such other person for the time being acting as account bank to the Issuer under the Issuer Bank Account Agreement;

Issuer Bank Accounts means the Issuer Transaction Account (being the Issuer Sterling Account), the Issuer GIC Account, the Issuer Share Capital Account (each as defined in the Issuer Master Definitions and Construction Schedule) and any other account opened and maintained by the Issuer with the Issuer Account Bank pursuant to the Transaction Documents;

Issuer Bank Account Agreement means the bank account agreement entered into on the Closing Date between the Issuer, the Issuer Cash Manager, the Issuer Account Bank and the Issuer Security Trustee (as the same may be amended, restated, novated and/or supplemented from time to time);

Issuer Cash Management Agreement means the cash management agreement dated the Closing Date between, amongst others, the Issuer Cash Manager, the Issuer and the Issuer Security Trustee (as the same may be amended, restated, novated and/or supplemented from time to time);

Issuer Cash Manager means Santander UK or such other person or persons for the time being acting, under the Issuer Cash Management Agreement, as agent, *inter alia*, for the Issuer;

Issuer Corporate Services Agreement means the agreement entered into on or about the Closing Date and made between (amongst others) the Issuer Corporate Services Provider, the Issuer and Holdings for the provision by the Issuer Corporate Services Provider of certain corporate services and personnel to the Issuer and Holdings (as the same may be amended, restated, novated and/or supplemented from time to time);

Issuer Corporate Services Provider means Structured Finance Management Limited or such other person or persons for the time being acting as corporate services provider to the Issuer;

Issuer Deed of Charge means the deed of charge entered into on the Closing Date, between, among others, the Issuer and the Issuer Security Trustee (as the same may be amended, restated, novated and/or supplemented from time to time including as supplemented and amended by the First Supplemental Issuer Deed of Charge and (from the Amendment Date) the Second Supplemental Issuer Deed of Charge) and each deed of accession or supplement entered into in connection therewith;

Issuer GIC Account means the bank account in the name of the Issuer and maintained subject to the terms of the Issuer Bank Account Agreement held at the Issuer Account Bank;

Issuer Master Definitions and Construction Schedule means, in relation to the Issuer, the issuer master definitions and construction schedule signed on or about the Closing Date, as the same may be amended, restated, novated and/or supplemented from time to time;

Issuer Notes means the Class A Notes and Class Z Notes.

Issuer NR (Class Z1) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Intercompany Loan Agreement from the proceeds of issue of the Class Z1 Notes;

Issuer NR (Class Z2) Loan Tranche means the loan tranche made by the Issuer to Funding 1 under the Intercompany Loan Agreement from the proceeds of issue of the Class Z2 Notes;

Issuer Post-Enforcement Priority of Payments Following an Intercompany Loan Acceleration means the post-enforcement priority of payments following the service of an Intercompany Loan Acceleration Notice as set out in Clause 7.3 of the Issuer Deed of Charge;

Issuer Post-Acceleration Principal Priority of Payments means the post-acceleration principal priority of payments as set out in Clause 7.2 of the Issuer Deed of Charge;

Issuer Pre-Acceleration Principal Priority of Payments means the pre-acceleration principal priority of payments as set out in paragraph 4 of Schedule 2 to the Issuer Cash Management Agreement;

Issuer Pre-Acceleration Revenue Priority of Payments means the pre-acceleration revenue priority of payments as set out in paragraph 3 of Schedule 2 to the Issuer Cash Management Agreement;

Issuer Priority of Payments means the Issuer Pre-Acceleration Revenue Priority of Payments, the Issuer Pre-Acceleration Principal Priority of Payments, the Issuer Post-Acceleration Principal Priority of Payments or the Issuer Post-Enforcement Priority of Payments, as the case may be, each as set out in the Issuer Cash Management Agreement or the Issuer Deed of Charge (as the case may be);

Issuer Secured Creditors means the Issuer Security Trustee, the Note Trustee, the Issuer, the Noteholders, the Issuer Corporate Services Provider, the Secretarial Services Provider, the Issuer Account Bank, the Issuer Cash Manager, the Paying Agent, the Agent Bank, the Registrar, the Issuer Start-up Loan Provider and any new Issuer Secured Creditor who accedes to the Issuer Deed of Charge from time to time under a deed of accession or a supplemental deed;

Issuer Security means the security created by the Issuer pursuant to the Issuer Deed of Charge;

Issuer Security Trustee means Citicorp Trustee Company Limited and its successors or any other security trustee under the Issuer Deed of Charge;

Issuer Share Capital Account means the account of the Issuer held with the Issuer Account Bank, maintained subject to the terms of the Issuer Bank Account Agreement and the Issuer Deed of Charge, or any additional or replacement account as may for the time being be in place with the prior consent of the Issuer Security Trustee;

Issuer Start-Up Loan Agreement means the start-up loan agreement entered into on or about the Closing Date between the Issuer, the Issuer Start-Up Loan Provider and the Issuer Security Trustee (as the same may be amended and/or supplemented from time to time) in connection with the issuance of the Notes;

Issuer Start-Up Loan Provider means Santander UK;

LIBOR means the London inter-bank offered rate;

Loan means each loan referenced by its loan identifier number and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances) due or owing with respect to that loan under the relevant Mortgage Conditions by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same;

Loan Acceleration Notice means a notice served by the Funding 1 Security Trustee on Funding 1 following the occurrence of an Intercompany Loan Event of Default, pursuant to the Intercompany Loan Agreement;

Loan Tranches means the AAA Loan Tranches and the NR Loan Tranche, being the advances made by the Issuer to Funding 1 pursuant to the Intercompany Loan Agreement, each being funded from proceeds received by the Issuer from the issue of Notes;

London Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business in London;

London Stock Exchange means the London Stock Exchange plc;

Margin means:

- (a) in respect of the Class A1 Notes, 1.25 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (b) in respect of the Class A2 Notes, 1.25 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (c) in respect of the Class A3 Notes, 1.25 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (d) in respect of the Class A4 Notes, 1.25 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (e) in respect of the Class A5 Notes, 1.25 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;

- (f) in respect of the Class A6 Notes, 1.25 per cent. per annum for the period from (and including) the Second Issue Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (g) in respect of the Class A7 Notes, 1.25 per cent. per annum for the period from (and including) the Second Issue Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (h) in respect of the Class A8 Notes, 1.25 per cent. per annum for the period from (and including) the Second Issue Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (i) in respect of the Class A9 Notes, 1.25 per cent. per annum for the period from (and including) the Second Issue Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (j) in respect of the Class A10 Notes, 1.25 per cent. per annum for the period from (and including) the Second Issue Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 2.50 per cent. per annum;
- (k) in respect of the Class Z1 Notes, 0.90 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 1.80 per cent. per annum; and
- (l) in respect of the Class Z2 Notes, 0.90 per cent. per annum for the period from (and including) the Closing Date up to (but excluding) the Interest Payment Date falling in December 2015 and thereafter 1.80 per cent. per annum;

Minimum Denominations has the meaning given to it in **Condition 1.1** (Form and Denomination);

Mortgage means a first fixed charge by way of legal mortgage (in relation to English Loans and Northern Irish Loans) or a first ranking standard security (in relation to Scottish Loans) sold by the Seller to the Mortgages Trustee pursuant to the Mortgage Sale Agreement, which secures the repayment of the relevant Loan or Loans;

Mortgage Conditions means the terms and conditions applicable to a Loan as contained in the Standard Documentation provided to Borrowers from time to time;

Mortgage Sale Agreement means the mortgage sale agreement entered into on the Initial Closing Date and made between Alliance & Leicester (and to which Santander UK acceded as Seller on the Part VII Effective Date), Funding 1, the Mortgages Trustee and the Funding 1 Security Trustee in relation to the sale of Loans to the Mortgages Trustee from time to time (as the same may be amended, restated, novated and/or supplemented from time to time);

Mortgage Terms means all the terms and conditions applicable to a Loan, including, without limitation, the applicable Mortgage Conditions and Offer Conditions;

Mortgages Trust means the bare trust of the trust property as to both capital and income held by the Mortgages Trustee on trust absolutely for Funding 1, for each Further Funding Company and the Seller pursuant to the terms of the Mortgages Trust Deed as may be amended, restated, novated and/or supplemented from time to time;

Mortgages Trust Deed means the mortgages trust deed entered into between (amongst others) the Mortgages Trustee, Funding 1 and Alliance & Leicester (and to which Santander UK acceded as

Seller on the Part VII Effective Date) on or about the Initial Closing Date, as amended, restated, novated and/or supplemented from time to time;

Mortgages Trustee means Langton Mortgages Trustee Limited (registered number 99388), a private company with limited liability incorporated in Jersey, Channel Islands, whose registered office is at 22 Grenville Street, St. Helier, Jersey JE4 8PX, Channel Islands;

Mortgages Trustee Account Bank means the bank at which the Mortgages Trustee GIC Account is maintained from time to time (being, as at the Closing Date, Santander UK acting through its offices at 2 Triton Square, Regent's Place, London NW1 3AN and, thereafter, such other replacement account bank as the Mortgages Trustee may appoint in accordance with the Transaction Documents);

Mortgages Trustee Bank Account Agreement means the agreement entered into on or about the Initial Closing Date between (amongst others) Alliance & Leicester (and to which Santander UK acceded as Mortgages Trustee Account Bank on the Part VII Effective Date) and the Mortgages Trustee which governs the operation of the Mortgages Trustee GIC Account (as the same may be amended, restated, novated and/or supplemented from time to time);

Mortgages Trustee Corporate Services Agreement means the agreement entered into on or about the Initial Closing Date between the Mortgages Trustee Corporate Services Provider, Alliance & Leicester (and to which Santander UK acceded on the Part VII Effective Date) and the Mortgages Trustee for the provision by the Mortgages Trustee Corporate Services Provider of certain corporate services to the Mortgages Trustee;

Mortgages Trustee Corporate Services Provider means State Street (Jersey) Limited or such other person or persons for the time being acting as corporate services provider to the Mortgages Trustee under the Mortgages Trustee Corporate Services Agreement;

Mortgages Trustee GIC Account means the account in the name of the Mortgages Trustee maintained with the Mortgages Trustee Account Bank pursuant to the Mortgages Trustee Bank Account Agreement or such additional or replacement bank account of the Mortgages Trustee as may for the time being be in place;

New Intercompany Loan means an intercompany loan entered into between the any New Issuer and Funding 1;

New Issuer means any company other than the Issuer, which is established after the Closing Date to make a New Intercompany Loan to issue New Notes where all or part of the proceeds of the issue of New Notes will be on-lent to Funding 1 and/or a Further Funding Company;

New Issuer Notes means notes issued by a New Issuer;

New Notes means any notes (other than Notes) issued by the Issuer and any notes of any New Issuer (as applicable);

New York Business Day means a day (other than a Saturday or Sunday) on which banks are open for general business (including dealings in foreign currency) in the city of New York;

Note Acceleration Notice has the meaning set out in **Condition 9.3** (Following Service of a Note Acceleration Notice);

Note Event of Default means the occurrence of an event of default by the Issuer as specified in **Condition 9** (Events of Default);

Note Principal Payment has the meaning set out in **Condition 5.3** (Note Principal Payments and Principal Amount Owing);

Note Purchase Agreements means:

- (i) a purchase agreement in relation to the Class A1 Notes, Class A2 Notes, Class A3 Notes, Class A4 Notes, Class A5 Notes and Class Z1 Notes dated the Closing Date between Santander UK, Barclays Bank plc, Funding 1 and the Mortgages Trustee and the Issuer; and
- (ii) a purchase agreement in relation to the Class A6 Notes, Class A7 Notes, Class A8 Notes, Class A9 Notes, Class A10 Notes and Class Z2 Notes dated the Second Issue Closing Date between Santander UK, Barclays Bank plc, Funding 1 and the Mortgages Trustee and the Issuer;

Note Purchaser means Santander UK;

NR Loan Tranche means the Issuer NR (Class Z1) Loan Tranche and the Issuer NR (Class Z2) Loan Tranche;

Note Trustee means Citicorp Trustee Company Limited and its successors or any further or other note trustee under the Note Trust Deed, as trustee for the Noteholders;

Offer Conditions means the terms and conditions applicable to a specific Loan as set out in the relevant offer of advance to the Borrower;

Part VII Effective Date means 28 May 2010;

Paying Agent means any new or additional paying agent appointed by the Issuer from time to time;

Paying Agent and Agent Bank Agreement means the agreement entered into on the Closing Date between the Issuer, the Note Trustee and the Security Trustee;

Pool Factor has the meaning set out in **Condition 5.3** (Note Principal Payments and Principal Amount Owing);

Portfolio means at any time the Loans and their Related Security sold to or held on trust for the Mortgages Trustee on trust for the Beneficiaries;

Previous Funding 1 Start-Up Loan Providers means the Previous Issuers;

Previous Issuers means Langton Securities (2008-1) plc, Langton Securities (2008-2) plc and Langton Securities (2008-3) plc;

Previous Seller means Alliance & Leicester;

Principal Amount Outstanding has the meaning set out in **Condition 5.3** (Note Principal Payments and Principal Amount Owing);

Principal Paying Agent means Citibank N.A. in its capacity as principal paying agent under the Paying Agent and Agent Bank Agreement;

Property means a freehold, heritable, leasehold or commonhold property (or in Scotland a property held under a long lease) which is subject to a Mortgage;

Rated Notes means the Class A Notes;

Rate of Interest has the meaning as set out in **Condition 4.1(b)** (Rate of Interest);

Rating Agencies means Moody's Investors Service Limited and Fitch Ratings Ltd.;

Reasonably, Prudent Mortgage Lender means a reasonably prudent prime residential mortgage lender lending to borrowers in England, Wales, Scotland and Northern Ireland who generally satisfy the lending criteria of traditional sources of residential mortgage capital;

Record Date has the meaning set out in **Condition 6.7** (Record Date);

Reference Banks means the principal London office of each of four major banks engaged in the London interbank market selected by the Agent Bank with the approval of the Issuer, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such;

Reference Rate means the rate for three month deposits in sterling which appears on the Reuters screen LIBOR01 (or such other page as may replace that page on that service) or, in the case of the first Interest Period, a linear interpolation of the rates for five and six month deposits in sterling which appear as aforesaid;

Register means the register of Noteholders kept by the Registrar and which records the identity of each Noteholder and the number of Notes that each Noteholder owns;

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to or held on trust for the Mortgages Trustee, including (without limitation):

- (a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements from occupiers and other persons having an interest in or rights in connection with the relevant Property;
- (b) each right of action of the Seller against any person (including, without limitation, any valuer, licensed or qualified conveyancer, solicitor and any registrar or registry) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of the relevant Loan; and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, returns of premium and proceeds of claims under) insurance policies (including the buildings policies) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and Customer Files;

Relevant Date has the meaning set out in **Condition 7** (Prescription);

Relevant Screen means a page of the Reuters service or Bloomberg service, or any other medium for electronic display of data as may be previously approved in writing by the Note Trustee and has been notified to Noteholders in the manner set out in **Condition 14** (Notice to Noteholders);

Relevant Screen Page means the Reuters screen LIBOR01 (or such other page as may replace that page on that service);

Resolution has the meaning as set out in **Condition 11.1** (Meetings of Noteholders);

Scottish Declaration of Trust means each declaration of trust granted or to be granted by the Previous Seller or the Seller (as applicable) in favour of the Mortgages Trustee pursuant to the Mortgage Sale Agreement transferring the beneficial interest in Scottish Loans and their Related Security to the Mortgages Trustee;

Scottish Loan means a Loan secured by a standard security over a Property located in Scotland;

Second Closing Date means 5 March 2008;

Second Issue Closing Date means 12 October 2010;

Secretarial Services Agreement means the agreement entered into on or about the Initial Closing Date and made between (amongst others) Alliance & Leicester (and to which Santander UK acceded as Secretarial Services Provider on the Part VII Effective Date), Funding 1, the Initial Issuer and Holdings (and acceded to on the Closing Date by the Issuer) for the provision by the Secretarial Services Provider of certain corporate services and personnel to the Issuer, the Previous Issuers, Funding 1 and Holdings (as the same may be amended, restated, novated and/or supplemented from time to time, including on the Second Closing Date, the Third Closing Date and the Closing Date);

Secretarial Services Provider means Santander UK or such other person or persons for the time being acting as secretarial services provider to the Issuer, Funding 1 and/or Holdings under the Secretarial Services Agreement;

Second Supplemental Issuer Deed of Charge means the supplemental deed entered into on 8 June 2012 that supplements with effect as of 18 June 2012 the Original Issuer Deed of Charge, as supplemented by the First Supplemental Issuer Deed of Charge;

Second Supplemental Note Trust Deed means the supplemental deed to the Original Note Trust Deed, as supplemented by the First Supplemental Note Trust Deed and entered into on 8 June 2012;

Seller means Santander UK;

Servicer means Santander UK, or such other person as may from time to time be appointed as servicer of the Portfolio pursuant to the Servicing Agreement;

Servicing Agreement means the agreement entered into on the Initial Closing Date between Alliance & Leicester (and to which Santander UK acceded as Servicer and Seller on the Part VII Effective Date), the Mortgages Trustee, the Funding 1 Security Trustee and Funding 1 pursuant to which the Servicer agrees to administer the Loans and their Related Security comprised in the Portfolio (as the same may be amended, restated, novated and/or supplemented from time to time);

Specified Date has the meaning as set out in **Condition 11.5** (Redenomination);

Specified Office means, as the context may require, in relation to any of the Agents, the office specified against the name of such Agent in the Paying Agent and Agent Bank Agreement or such other specified office as may be notified to the Issuer and the Note Trustee pursuant to the Paying Agent and Agent Bank Agreement;

Standard Documentation means the standard documentation or any update or replacement thereof as the Seller may from time to time introduce acting in accordance with the standards of a Reasonably, Prudent Mortgage Lender;

Sterling, Pounds Sterling or **£** means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland;

TARGET2 Business Day means a day on which the Trans European Automated Real-time Gross settlement Express (TARGET2) system is open;

Third Closing Date means 17 June 2008;

Transaction Documents means the Cash Management Agreement, the Funding 1 Bank Account Agreement, the Funding 1 Corporate Services Agreement, the Controlling Beneficiary Deed, the Funding 1 Deed of Charge, each Funding 1 Deed of Charge Deed of Accession, the Funding 1 Swap Agreement, the Funding 1 Start-Up Loan Agreements, the Intercompany Loan Agreements, the Issuer Deed of Charge, each Issuer Deed of Charge Deed of Accession, the Master Definitions and Construction Schedule, the Issuer Bank Account Agreement, the Issuer Cash Management Agreement, the Issuer Corporate Services Agreement, the Secretarial Services Agreement, the Issuer Start-Up Loan Agreement, the Issuer Master Definitions and Construction Schedule, the Mortgage Sale Agreement, the Mortgages Trust Deed, the Mortgages Trustee Bank Account Agreement, the Mortgages Trustee Corporate Services Agreement, the Paying Agent and Agent Bank Agreement, each Scottish Declaration of Trust, the Servicing Agreement, the Note Purchase Agreements, the Note Trust Deed, any other deeds of accession or supplemental deeds (including deeds of amendment and/or restatement) relating to any such documents and any other agreement or document from time to time designated as such by the Issuer and the Issuer Security Trustee and/or Funding 1 and the Funding 1 Security Trustee;

Trustee has the meaning as set out in **Condition 12** (Indemnification of the Note Trustee, the Issuer Security Trustee and the Funding 1 Security Trustee); and

UK Listing Authority means the FSA in its capacity as competent authority under Part VI of the FSMA.