

TRUST DEED

FIRST FLEXIBLE (NO. 7) PLC

as the Issuer

and

CITICORP TRUSTEE COMPANY LIMITED

as the Trustee

relating to

the issue of

GBP 260,500,000 Class A Mortgage Backed Notes due 2033

GBP 4,050,000 Class B Mortgage Backed Notes due 2033

GBP 4,050,000 Class C Mortgage Backed Notes due 2033

by the Issuer

25 January 2007

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THIS TRUST DEED is dated 25 January 2007

BETWEEN:

- (1) **FIRST FLEXIBLE (NO. 7) PLC**, (the "**Issuer**"), a company incorporated with limited liability in England and Wales with registered number 04579544 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE; and
- (2) **CITICORP TRUSTEE COMPANY LIMITED**, (the "**Trustee**", which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) whose principal London office is at Citigroup Centre, 14th Floor, Canada Square, Canary Wharf, London E14 5LB.

Background:

- (A) By resolutions of the Board of Directors of the Issuer passed on 4 January 2007 the Issuer has resolved to issue the Notes, all of such Notes to be constituted and secured in the manner appearing hereinafter and in the Deed of Charge.
- (B) The Trustee has agreed to act as trustee for the Noteholders of these presents (including the security constituted in or pursuant to the Deed of Charge) upon and subject to the terms and conditions of these presents.

THE PARTIES AGREE as follows:

1. **DEFINITIONS AND INTERPRETATION**

- 1.1 In these presents, including the recitals hereto, unless there is anything in the subject or context inconsistent therewith the expressions defined in the Relevant Documents and Conditions (each as defined below) shall, unless otherwise defined in this Clause 1.1, or in the recitals above, have the same meanings in this Agreement except so far as the context otherwise requires:

"**Additional Interest**" in relation to the Class B Notes and the Class C Notes has the meaning ascribed thereto in Condition 4;

"**Administration Agreement**" means the administration agreement dated on or about the date of this Trust Deed between each Administrator, PML, MTS (in its capacity as Seller), MTL, the Issuer and the Trustee and any other agreement for the time being in force to which the Trustee is a party appointing other Administrators, all as from time to time supplemented or modified in accordance with the provisions contained in these presents and in the Administration Agreement;

"**Administrator**" has the meaning ascribed thereto in the Administration Agreement;

"**Affiliate**" means any corporation, other than the Issuer, which in relation to the person concerned is a holding company or a subsidiary of, or a subsidiary of any holding company of, a corporation (or a subsidiary of a corporation), at least one-third

of the issued equity share capital of which is beneficially owned by, the person concerned or an Affiliate thereof under the preceding part of this definition;

"Agency Agreement" means the agency agreement dated on or about the date of this Trust Deed appointing the Principal Paying Agent and Reference Agent in respect of the Notes, and any other agreement for the time being in force appointing further or other Paying Agents or another Reference Agent in respect of the Notes, or in connection with their duties, the terms of which in each case have been previously approved in writing by the Trustee, together with any agreement for the time being in force amending or modifying with the prior written approval of the Trustee any of the aforesaid agreements;

"Agents" means the Principal Paying Agent and the Reference Agent;

"Auditors" means the auditors for the time being of the Issuer, or in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of these presents, such other firm of accountants as may be nominated or approved by the Trustee after consultation with the Issuer;

"Authorised Investments" has the meaning ascribed thereto in the Administration Agreement;

"Authorised Signatory" means, in relation to the Issuer, any person who is duly authorised and in respect of whom a certificate has been provided signed by a director or another duly authorised person of the Issuer setting out the name and signature of such person and confirming such person's authority to act;

"Basis Hedge Agreement" means each interest rate exchange agreement entered into by the Issuer and the Basis Hedge Provider dated on or about the date of this Trust Deed and any confirmations entered into pursuant thereto;

"Basis Hedge Provider" means JPMorgan Chase Bank, National Association and/or any other bank or financial institution acting as the Basis Hedge Provider under a Basis Hedge Agreement which, if not a party to the Deed of Charge, undertakes in a manner and form reasonably satisfactory to the Trustee to be bound by the Deed of Charge as if it were a party thereto in the capacity of a Secured Party;

"Borrower" has the meaning ascribed thereto in the Administration Agreement;

"Business Day" has the meaning ascribed thereto in Condition 4;

"Class A Global Notes" means the Class A Temporary Global Note and the Class A Permanent Global Note;

"Class A Noteholders" means the persons who are for the time being the holders of any Class A Notes;

"Class A Notes" means the £260,500,000 Class A mortgage backed floating rate notes due 2033, hereby constituted or the amount thereof from time to time outstanding or,

as the context may require, a specific number thereof and includes the Class A Global Notes and the Definitive Class A Notes;

"**Class A Permanent Global Note**" means any permanent global note representing any Class A Notes in, or substantially in, the form set out in Schedule 2 (*Form of Permanent Global Note*);

"**Class A Temporary Global Note**" means any temporary global note representing any Class A Notes in, or substantially in, the form set out in Schedule 1 (*Form of Temporary Global Note*);

"**Class B Global Notes**" means the Class B Temporary Global Note and the Class B Permanent Global Note;

"**Class B Noteholders**" means the persons who are for the time being the holders of any Class B Notes;

"**Class B Notes**" means the £4,050,000 Class B mortgage backed floating rate notes due 2033, hereby constituted or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class B Global Notes and the Definitive Class B Notes;

"**Class B Permanent Global Note**" means any permanent global note representing any Class B Notes in, or substantially in, the form set out in Schedule 2 (*Form of Permanent Global Note*);

"**Class B Temporary Global Note**" means any temporary global note representing any Class B Notes in, or substantially in, the form set out in Schedule 1 (*Form of Temporary Global Note*);

"**Class C Global Notes**" means the Class C Temporary Global Note and the Class C Permanent Global Note;

"**Class C Noteholders**" means the persons who are for the time being the holders of any Class C Notes;

"**Class C Notes**" means the £4,050,000 Class C mortgage backed floating rate notes due 2033, hereby constituted or the amount thereof from time to time outstanding or, as the context may require, a specific number thereof and includes the Class C Global Notes and the Definitive Class C Notes;

"**Class C Permanent Global Note**" means any permanent global note representing any Class C Notes in, or substantially in, the form set out in Schedule 2 (*Form of Permanent Global Note*);

"**Class C Temporary Global Note**" means any temporary global note representing any Class C Notes in, or substantially in, the form set out in Schedule 1 (*Form of Temporary Global Note*);

"**Clearstream, Luxembourg**" means Clearstream Banking, *société anonyme*, or any successor in business thereto;

"**Collection Accounts**" has the meaning ascribed thereto in the Administration Agreement;

"**Collection Account Declarations of Trust**" has the meaning ascribed thereto in the Administration Agreement;

"**Common Depository**" means Citibank N.A., London Branch as common depository for Euroclear and Clearstream, Luxembourg;

"**Conditions**" means, the Conditions applicable to each class of the Notes in the form set out in Schedule 4 (but, so long as the Notes of a particular class are represented by the Global Notes of that class, with the modifications thereto specified in the relevant Temporary Global Note or Permanent Global Note (as the case may be)), as the same may from time to time be modified in accordance with these presents and any reference in these presents to a particular numbered Condition shall be construed accordingly;

"**Couponholders**" means the persons who for the time being are holders of the Coupons;

"**Current Balance**" means, in respect of a Mortgage, the outstanding balance thereof including arrears of interest and all other sums which have fallen due for payment but remain unpaid under such Mortgage;

"**Deed of Charge**" means the Deed of Sub-Charge and Assignment dated on or about the date of this Trust Deed made between the Issuer, the Trustee, PFPLC (in its capacity as Subordinated Lender, as Issue Services Provider and as Administrator), MTS (in its capacity as Seller, Title Holder, Administrator and Subordinated Lender), MTL, PML (in its capacity as Seller and Title Holder), the Basis Hedge Provider, the Flexible Drawing Facility Provider, the Agents and the Substitute Administrator as from time to time modified in accordance with the provisions contained in these presents;

"**Deferred Interest**" in relation to the Class B Notes and the Class C Notes has the meaning ascribed thereto in Condition 4;

"**Definitive Class A Notes**" means any Class A Notes issued in definitive bearer form;

"**Definitive Class B Notes**" means any Class B Notes issued in definitive bearer form;

"**Definitive Class C Notes**" means any Class C Notes issued in definitive bearer form;

"**Definitive Notes**" means the Definitive Class A Notes, the Definitive Class B Notes and the Definitive Class C Notes or any of them (if any);

"**Enforcement Notice**" has the meaning ascribed thereto in Condition 9;

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System or any successor in business thereto;

"**Event of Default**" means any of the events described in Condition 9;

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended;

"**Extraordinary Resolution**" has the meaning set out in paragraph 20 of Schedule 5;

"**First Loss Fund**" has the meaning ascribed thereto in the Administration Agreement;

"**Global Notes**" means the Temporary Global Notes and the Permanent Global Notes;

"**Initial Principal Amount**" means the initial face principal amount of that Note upon issue of the relevant Temporary Global Note relating to that Note;

"**Insurance Contracts**" has the meaning ascribed thereto in the Deed of Charge;

"**Interest Period**" has the meaning ascribed thereto in Condition 4;

"**Lending Guidelines**" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"**Monthly Payment**" has the meaning ascribed thereto in the Administration Agreement;

"**Mortgage Sale Agreement**" means the agreement dated on or about the date of this Trust Deed between PML, MTS (in its capacity as Seller and Administrator), MTL, PFPLC, the Warehouse, the Issuer and the Trustee, whereby the Issuer acquired or is to acquire the Mortgages, as from time to time supplemented or modified;

"**Mortgages**" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"**MTL**" means Mortgage Trust Limited, a company incorporated in England and Wales with registered number 2048895, whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"**MTS**" means Mortgage Trust Services plc, a company incorporated in England and Wales with registered number 3940202, whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"**Noteholders**" means the Class A Noteholders and/or the Class B Noteholders and/or the Class C Noteholders or any of them, as the case may be;

"**Notes**" means the Class A Notes, the Class B Notes and the Class C Notes or any of them, as the case may be;

"**offshore transaction**" has the meaning ascribed to such term in Regulation S;

"**outstanding**" means all the Notes issued other than:

- (a) those Notes which have been redeemed in full and cancelled pursuant to Condition 5 or otherwise pursuant to these presents;
- (b) those Notes in respect of which the date for redemption in full in accordance with the Conditions has occurred and the redemption moneys for which (including all interest payable thereon) have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with Condition 12) and remain available for payment;
- (c) those Notes which have been cancelled in accordance with Condition 5;
- (d) those Definitive Notes, Coupons and Receipts which have become void under Condition 8;
- (e) those mutilated or defaced Definitive Notes, Coupons and Receipts which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 11;
- (f) (for the purpose only of ascertaining the amount of Definitive Notes, Coupons and Receipts outstanding and without prejudice to the status for any other purpose of the relevant Definitive Notes, Coupons and Receipts) those Definitive Notes, Coupons and Receipts which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 11;
- (g) the Global Notes to the extent that they shall have been exchanged for the Definitive Notes, pursuant to the provisions contained therein and in these presents;

provided that for each of the following purposes, namely:

- (a) the right to attend and vote at any meeting of the Noteholders;
- (b) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 11.1 and Clause 21, Conditions 9, 10 and 13 and paragraphs 2, 5, 6 and 9 of Schedule 3;
- (c) any discretion, power or authority contained in these presents which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Noteholders; and
- (d) the determination by the Trustee whether any of the events specified in Condition 9 is materially prejudicial to the interests of the Noteholders,

those Notes, Coupons or Receipts (if any) which are for the time being held beneficially by or for the account of the Issuer, PFPLC, PML, MTS, MTL, the Administrators or any of their respective subsidiaries or holding companies or other

subsidiaries of such holding companies shall (unless and until ceasing to be so held or, in the case of the Issuer, cancelled) be deemed not to remain outstanding;

"Paragon VAT Group" has the meaning ascribed thereto in the Administration Agreement;

"Paying Agents" means the persons (including where the context permits the Principal Paying Agent) initially appointed as Paying Agent by the Issuer pursuant to the Agency Agreement and/or such other or further paying agents in respect of the Notes as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed by the Issuer pursuant to the Agency Agreement and/or such other or further Specified Offices, (in the former case being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer pursuant to the Agency Agreement and (except in the case of the initial Paying Agents) notice of whose appointment or of which nomination has been given to the Noteholders pursuant to Clause 15(M) in accordance with Condition 12;

"Permanent Global Notes" means the Class A Permanent Global Notes, the Class B Permanent Global Notes and the Class C Permanent Global Notes;

"PFPLC" means Paragon Finance PLC, a company incorporated in England and Wales with registered number 1917566 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"PML" means Paragon Mortgages Limited, a company incorporated in England and Wales with registered number 2337854 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE;

"Principal Amount Outstanding" has the meaning ascribed thereto in Condition 5(b)(i);

"Principal Liability Outstanding" has the meaning ascribed thereto in Condition 5(b)(i);

"Principal Paying Agent" means Citibank, N.A., London branch at its office at Citigroup Centre, 21st Floor, Canada Square, Canary Wharf, London E14 5LB, or such other Principal Paying Agent in respect of the Notes for the time being as may have been appointed as such by the Issuer with the prior written approval of, and on terms previously approved in writing by, the Trustee and (except in the case of the initial Principal Paying Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 15(M) in accordance with Condition 12;

"Priority of Payments" means, as applicable, the Revenue Priority of Payments, the Principal Priority of Payments and the Enforcement Priority of Payments (each as defined in Condition 2);

"Property" has the meaning ascribed thereto in the Mortgage Sale Agreement;

"**Rating Agencies**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. ("**Standard and Poor's**"), of 20 Canada Square, Canary Wharf, London E14 5LH, and Fitch Ratings Limited ("**Fitch**"), of Eldon House, 2 Eldon Street, London EC2M 7UA;

"**Receiptholders**" means the persons who for the time being are holders of the Receipts;

"**Reference Agent**" means Citibank, N.A., London branch at its office at Citigroup Centre, 21st Floor, Canada Square, Canary Wharf, London E14 5LB, or such other Reference Agent in respect of the Notes as may (with the prior approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer and (except in the case of the initial Reference Agent) notice of whose appointment has been given to the Noteholders pursuant to Clause 15(M) in accordance with Condition 12;

"**Reference Banks**" means the several banks named as such in Condition 4 or such other reference banks as may (with the prior written approval of, and on terms previously approved in writing by, the Trustee) from time to time be appointed as such by the Issuer in accordance with Condition 4 and (except in the case of the initial Reference Banks) notice of whose appointment has been given to the Noteholders pursuant to Clause 15(M) in accordance with Condition 12;

"**Regulation S**" means Regulation S under the Securities Act;

"**Relevant Documents**" has the meaning ascribed thereto in Condition 3;

"**repay**", "**redeem**" and "**pay**" shall each include both the others and "**repaid**", "**repayable**" and "**repayment**", "**redeemed**", "**redeemable**" and "**redemption**" and "**paid**", "**payable**" and "**payment**" shall be construed accordingly;

"**Secured Amounts**" has the meaning ascribed thereto in the Deed of Charge;

"**Secured Parties**" has the meaning ascribed thereto in the Deed of Charge;

"**Securities Act**" means the United States Securities Act of 1933, as amended;

"**Security**" means the Charged Property as that term is defined in the Deed of Charge;

"**Subordinated Lender**" has the meaning ascribed thereto in the Deed of Charge and "**Subordinated Lenders**" shall be construed accordingly;

"**Subordinated Loan Agreement**" means the Subordinated Loan Agreement dated on or about the date of this Trust Deed between the Subordinated Lenders, the Issuer and the Trustee, as from time to time varied, supplemented or modified in accordance with its terms and these presents;

"Substitute Administrator" means Homeloan Management Limited, a company incorporated under the laws of England and Wales (registered number 2214839) whose registered office is at 1 Providence Place, Skipton, North Yorkshire, BD23 2HL;

"Substitute Administrator Agreement" means the Substitute Administrator Agreement dated on or about the date of this Trust Deed between, among others, the Administrators, the Issuer, the Trustee and the Substitute Administrator, as from time to time varied, supplemented or modified in accordance with its terms and these presents;

"Supplemental Deed of Declarations of Trust" has the meaning given to it in the Deed of Charge;

"Temporary Global Notes" means the Class A Temporary Global Notes, the Class B Temporary Global Notes and the Class C Temporary Global Notes;

"these presents" means this Trust Deed and the Schedules and any Trust Deed supplemental hereto and the Schedules (if any) thereto and the Deed of Charge, all as from time to time supplemented or modified in accordance with the provisions contained in these presents and where applicable, therein;

"Stock Exchange" means the London Stock Exchange plc;

"Transaction Account" has the meaning ascribed thereto in the Administration Agreement;

"Trust Corporation" means a corporation entitled by rules made under the Public Trustee Act 1906 to act as a custodian trustee or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee and shall be deemed to include Citicorp Trustee Company Limited;

"Trustee Acts" means both the Trustee Act 1925 and the Trustee Act 2000 of England and Wales;

"U.S. person" has the meaning ascribed to such term in Regulation S;

"VAT Declaration of Trust" means the Declaration of Trust dated 19 March 1993 executed by PFPLC, under its then name "The National Home Loans Corporation plc" as amended and restated from time to time, and as the same may be further supplemented amended and restated from time to time (including by a Supplemental Deed of Declaration of Trust dated on or about the date of this Trust Deed), under which PFPLC has declared that the moneys standing to the credit of the VAT Account are to be held on trust for the benefit of the Issuer (*inter alios*) in the circumstances more particularly described therein;

"Warehouser" means Paragon Second Funding Limited a company incorporated in England and Wales with registered number 2637506 whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE, Arianty No.1 plc

a public company incorporated under the laws of England (registered number 3946857) and a wholly owned subsidiary of Arianty Holdings Limited, and Mortgage Funding Corporation plc a public company incorporated under the laws of England, registered number 01921487 and the majority of whose share capital is owned by The Law Debenture Trust Corporation plc;

- (A) words denoting the singular number only shall include the plural number also and *vice versa*;
- (B) words denoting one gender only shall include the other genders; and
- (C) words denoting persons only shall include firms and corporations and *vice versa*.
- (D) All references in these presents to "**pounds**", "**sterling**", "**pounds sterling**", "**GBP**" or the sign "£" shall be construed as references to the lawful currency for the time being of the United Kingdom.
- (E) All references in these presents to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such re-enactment.
- (F) Unless the context otherwise requires words or expressions contained in these presents shall bear the same meanings as in the Companies Act 1985.
- (G) Unless the context otherwise requires, in this Trust Deed references to Schedules, Clauses, sub-clauses, paragraphs and sub-paragraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, sub-clauses, paragraphs and sub-paragraphs of this Trust Deed respectively and, unless otherwise stated, references to sub-clauses are references to sub-clauses of the Clause in which the reference appears.
- (H) References in these presents to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England and Wales, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding described or referred to in these presents.
- (I) Any reference to and the definition of any document (including this Trust Deed) shall be deemed to be a reference to such document as from time to time amended, supplemented, modified or replaced (in whole or in part), but disregarding any amendment, supplement, variation or replacement taking place in breach of the terms of these presents.
- (J) Any reference in these presents to any party or person includes any person deriving title therefrom and any of their respective successors or assigns.
- (K) Terms not defined herein but defined in the Conditions shall, unless the context otherwise requires, bear the same meaning herein.

- (L) For the purposes of this Trust Deed and the Conditions, a Mortgage shall be "**more than three months in arrears**" at any time if at such time amounts totalling in aggregate more than three times the then current Monthly Payment due from the Borrower under such Mortgage have not been paid and/or have been capitalised (in each case otherwise than as a result of a Flexible Drawing Advance) within the twelve months immediately preceding such time.
- (M) For the purposes of this Trust Deed and the Conditions, a Mortgage shall be "**more than two months in arrears**" at any time if at such time amounts totalling in aggregate more than two times the then current Monthly Payment due from the Borrower under such Mortgage have not been paid and/or have been capitalised (in each case otherwise than as a result of a Flexible Drawing Advance) within the twelve months immediately preceding such time.

2. **AMOUNT OF THE NOTES AND COVENANT TO REPAY NOTES AND PAY INTEREST ON THE NOTES; TRUSTEE'S REQUIREMENTS FOLLOWING AN EVENT OF DEFAULT**

- 2.1 The aggregate principal amount of:
- (A) the Class A Notes is limited to £260,500,000;
 - (B) the Class B Notes is limited to £4,050,000; and
 - (C) the Class C Notes is limited to £4,050,000.
- 2.2 The Issuer hereby covenants with the Trustee that it will, in accordance with the terms of the Notes (including the Conditions) and these presents, on the due date for the final maturity thereof as specified in such Conditions, or on each such earlier date as the Notes, or any of them or any part thereof, may become repayable thereunder (whether in full or in part), pay or procure to be paid unconditionally to or to the order of the Trustee in pounds sterling in London, for immediate value the principal amount of such Notes (or, as the case may be, Receipts) repayable or in the case of a partial payment of such Notes (or, as the case may be, Receipts), the principal amount payable thereon, subject to and in accordance with the terms of such Notes (including the Conditions), on that date and shall, subject to the terms of such Notes (including the Conditions), in the meantime and until such payment as well after as before any judgment or other order of a court of competent jurisdiction pay or procure to be paid unconditionally to or to the order of the Trustee as aforesaid (a) interest on the Principal Amount Outstanding of the Notes then outstanding and any interest, Deferred Interest or Additional Interest at the respective rates calculated from time to time in accordance with and on the dates provided for in the Conditions and (b) principal payable at such times and in such amounts as may be determined in accordance with Condition 5, **provided that:**
- (A) every payment of principal or interest in respect of the Notes (including, for the avoidance of doubt any Deferred Interest and/or Additional Interest) to or to the account of the Principal Paying Agent in the manner provided in the

Agency Agreement shall operate in satisfaction *pro tanto* of the relative covenant in relation to such Notes by the Issuer in this Clause contained except to the extent that there is default in the subsequent payment thereof by the Principal Paying Agent to or to the order of the relevant Noteholder, Couponholder or Receiptholder (as the case may be) in accordance with the Conditions;

- (B) (in the case of Definitive Notes) in the case of any payment of principal made to the Trustee or the Principal Paying Agent after the due date or on or after accelerated maturity following an Event of Default, interest shall continue to accrue on such principal at the rate aforesaid up to and including the date (being not later than 30 days after the day on which the whole of such principal together with an amount equal to the interest which has accrued and is to accrue up to and including that date, has been received by the Trustee or the Principal Paying Agent) which the Trustee determines to be the date on and after which payment is to be made to the relevant Noteholders or Receiptholders (as the case may be) in respect thereof as stated in a notice given to the relevant Noteholders in accordance with Condition 12, provided that, payment is in fact made;
- (C) (in the case of Definitive Notes) in any case where payment of the whole or any part of the principal amount due in respect of any Note or Receipt (as the case may be) is improperly withheld or refused (other than in circumstances contemplated by Clause 2.2(B)) interest shall accrue on that principal amount or part thereof payment of which has been so withheld or refused at the rate aforesaid from the date of such withholding or refusal until the date on which notice is given in accordance with Condition 12 as the case may be that the full amount in GBP payable in respect of such Note or Receipt is available for payment provided that payment is in fact made;
- (D) (in the case of any of the Global Notes) in the case of any payment of principal made to the Trustee or the Principal Paying Agent after the due date or on or after accelerated maturity following an Event of Default or in any other case where payment of the whole or any part of the principal amount due in respect thereof is not made to or to the order of the relevant Noteholder in accordance with the provisions of the relevant Global Note on the due date therefor, interest shall continue to accrue on such principal amount at the rate aforesaid up to and including the date on which the whole of such principal amount, together with an amount equal to the interest which has accrued up to and including that date, has been paid to or to the order of the relevant Noteholder;
- (E) (in the case of any Definitive Notes) in any case where payment of the whole or any part of the amount of interest (including for the avoidance of doubt, Deferred Interest and/or Additional Interest and other interest on interest) due in respect of any Definitive Note or Coupon is improperly withheld or refused

(other than because the due day is not a Local Business Day as defined in Condition 6) interest shall accrue on that whole amount or part thereof, as the case may be, payment of which has been so withheld or refused at the rate aforesaid from the date of such withholding or refusal until the date on which notice is given in accordance with Condition 12 that the full amount (together with the sum accrued pursuant to this Clause 2.2(E)) in GBP payable in respect of such interest is available for payment provided that payment is in fact made; and

- (F) (in the case of any of the Global Notes) in the case of any payment made to the Trustee or the Principal Paying Agent in any other case where payment of the whole or any part of the amount of interest (including for the avoidance of doubt Deferred Interest and/or Additional Interest and other interest on interest) due in respect of the relevant Global Note is not made to or to the order of the relevant Noteholder in accordance with the provisions of the relevant Global Note and this Clause 2 on the due date therefor, interest shall accrue on that whole amount or part thereof, as the case may be, at the rate aforesaid up to and including the date on which the whole of such amount, together with an amount equal to the interest which has accrued pursuant to this Clause 2.2(F), has been paid to or to the order of the relevant Noteholder.

2.3 At any time after an Event of Default (or any condition, event or act which, with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default) in respect of the Notes shall have occurred or at any time after Definitive Notes have not been issued when so required in accordance with the provisions of these presents, the Trustee may:

- (A) by notice in writing to the Issuer, the Principal Paying Agent, the other Paying Agent(s) and the Reference Agent require the Principal Paying Agent, the other Paying Agent(s) and the Reference Agent pursuant to the Agency Agreement:
- (1) to act thereafter as Principal Paying Agent and Paying Agent(s) and Reference Agent respectively of the Trustee in relation to payments to be made by or on behalf of the Trustee under the provisions of these presents *mutatis mutandis* on the terms provided in the Agency Agreement (save that the Trustee's liability under any provisions thereof for the indemnification of the Paying Agents and the Reference Agent shall be limited to that amount for the time being held by the Trustee on the relative trusts of these presents which is available to be applied by the Trustee for such purpose) and thereafter to hold all Global Notes, Definitive Notes, Coupons, Receipts and Talons and all sums, documents and records held by them in respect of the Notes, Coupons, Receipts or Talons on behalf of the Trustee; or
 - (2) to deliver up all Global Notes, Definitive Notes, Coupons, Receipts and Talons and all sums, documents and records held by them in respect of

such Notes to the Trustee or as the Trustee shall direct in such notice provided that such notice shall be deemed not to apply to any documents or records which the relevant Paying Agent or Reference Agent is obliged not to release by any law or regulation; and

- (B) by notice in writing to the Issuer require it to make all subsequent payments in respect of the Notes to or to the order of the Trustee and not to the Principal Paying Agent and, with effect from the issue of any such notice to the Issuer and until such notice is withdrawn, proviso (A) to Clause 2.2 shall cease to have effect.

3. GLOBAL NOTES

Each Class of Notes will initially be represented by a Temporary Global Note without Coupons or Receipts, substantially in the form set out in Schedule 1 (*Form of Temporary Global Note*). On the Closing Date, the Issuer shall deposit the Temporary Global Notes with the Common Depositary on terms that the Common Depositary shall hold the same for the account of the subscribers of each Class of Notes (as notified to the Common Depositary by the Lead Manager) and the successors in title to such persons as appearing in the records of Clearstream, Luxembourg and Euroclear for the time being. Interests in each Temporary Global Note shall be exchangeable on the relevant Exchange Date, in accordance with its terms, for interests in the relative Permanent Global Note, substantially in the form set out in Schedule 2 (*Form of Permanent Global Note*). Each Permanent Global Note shall be exchangeable in accordance with the Conditions for the relative Definitive Notes.

4. DEFINITIVE NOTES

The Definitive Notes, the Coupons, Receipts and Talons will be security printed in accordance with applicable legal and Stock Exchange requirements in the respective forms, or substantially in the respective forms, set out in Schedule 3 (*Definitive Notes*). Each Definitive Note shall be issued in the minimum denominations of £50,000 and integral multiples of £1,000 thereafter, each in bearer form and serially numbered with Coupons for dates falling after the date of issue and Receipts and Talons attached and shall be endorsed with the relevant Conditions, provided always that, each Definitive Note shall have attached to it at the time of delivery only such Coupons, Receipts and Talons as will ensure that neither loss nor gain of principal and/or interest shall accrue to the holder thereof. Title to the Definitive Notes, Coupons, Receipts and Talons shall pass by delivery.

5. NOTIFICATION OF ISSUE OF DEFINITIVE NOTES

- 5.1 The Issuer shall notify the Trustee and, if applicable, the Paying Agents forthwith upon the occurrence of any of the Exchange Events referred to in any Permanent Global Note and shall, unless the Trustee agrees otherwise, promptly give notice in accordance with Condition 12 (*Notices*) of the occurrence of any such Exchange Event and of its obligations to issue Definitive Notes to the relevant Noteholders.

5.2 If an Exchange Event occurs (while any of the Notes are represented by a Permanent Global Note which is held by the Common Depository for Clearstream, Luxembourg or Euroclear), the Issuer shall, on the later of (a) the Exchange Date; and (b) thirty days after the occurrence of the Exchange Event, and, subject in each case to certification as to non-US beneficial ownership, issue the relevant Definitive Notes (serially numbered, together with Coupons, Receipts and Talons attached (if appropriate) and security printed in accordance with applicable legal and Stock Exchange requirements) in exchange for the whole outstanding interest in the Permanent Global Note of each Class on such date (subject to the Issuer's obligation to use its reasonable endeavours to mitigate the results of such events in accordance with the Conditions).

5.3 All Definitive Notes shall be held by the Principal Paying Agent and shall not be delivered to the relevant Noteholders until the same are requested to be so delivered. Upon exchange for Definitive Notes, the relevant Permanent Global Note shall be cancelled.

6. SIGNATURE

6.1 The Global Notes will each be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer and will be authenticated manually by or on behalf of the Principal Paying Agent. The Issuer may use the facsimile signature of a person who at the date of this Deed is an Authorised Signatory even if at the time of issue of any Global Note he no longer holds that office. Global Notes so executed and authenticated will be binding and valid obligations of the Issuer.

6.2 The Definitive Notes shall be signed manually or in facsimile by an Authorised Signatory of the Issuer on behalf of the Issuer. The Coupons, Receipts and Talons shall not be signed. The Issuer may use the facsimile signature of any person who at the date of printing of the Definitive Notes is an Authorised Signatory of the Issuer notwithstanding that at the time of issue of any of the Definitive Notes he may have ceased for any reason to be the holder of such office and the Definitive Notes so executed shall be binding and valid obligations of the Issuer. The Issuer shall procure that, prior to their issue, the Definitive Notes shall be authenticated manually by or on behalf of the Principal Paying Agent and none of the Definitive Notes or the related Coupons or Receipts or Talons shall be valid for any purpose unless and until the relevant Definitive Notes have been so authenticated. A Definitive Note so executed and authenticated shall be the binding and valid obligation of the Issuer.

7. FAILURE TO ISSUE NOTES IN DEFINITIVE FORM FOLLOWING IMPOSITION OF TAXATION

If, after the Exchange Date, the Issuer becomes obliged to issue Definitive Notes pursuant to the terms of the relevant Permanent Global Note by reason of the occurrence of the relevant event described in item (b) of the definition of Exchange Event, but fails to do so within thirty days of such event, then the Issuer shall indemnify the Trustee for and on behalf of the Noteholders against any loss or damage

incurred by any of them if the amount received by any of them is less than the amount that would have been received had the Definitive Notes been issued. If, and for so long as, the Issuer discharges its obligations under this indemnity, the breach by the Issuer of the provisions of the relevant Permanent Global Notes shall be deemed to be cured from the date of such breach.

8. COVENANT OF COMPLIANCE

The Issuer hereby covenants with the Trustee that it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it. The Conditions shall be binding on the Issuer, the Trustee and the Noteholders. The Trustee shall be entitled to enforce the obligations of the Issuer under the Notes and the Conditions as if the same were set out and contained in these presents which shall be read and construed as one document with the Notes. The provisions contained in Schedule 4 shall have effect in the same manner as if herein set forth.

9. CANCELLATION OF NOTES

9.1 The Issuer shall procure that all Notes that:

9.1.1 have been redeemed in full;

9.1.2 being mutilated or defaced, have been surrendered and replaced pursuant to Condition 11,

together in each case with all unmatured Coupons and Receipts and any unexchanged Talon attached thereto or delivered therewith) and all Coupons and Receipts paid in accordance with the Conditions or which, being mutilated, defaced, lost, stolen or destroyed, have been so surrendered and replaced pursuant to Condition 11 and all Talons which have been exchanged in accordance with the Conditions for further Coupons or Receipts, shall forthwith be cancelled by or on behalf of the Issuer and a certificate stating:

9.1.3 the aggregate principal amount of Global and Definitive Notes which have been redeemed and the aggregate amounts in respect of Coupons and Receipts which have been paid;

9.1.4 the serial numbers of such Definitive Notes;

9.1.5 the total numbers by maturity date of such Coupons, such Receipts and such Talons; and

9.1.6 the aggregate principal amounts of Notes and Receipts and the aggregate amounts in respect of Coupons which have been so surrendered and replaced and the serial numbers of such Definitive Notes and the total number by maturity date of such Coupons, such Receipts and such Talons,

shall be given to the Trustee by or on behalf of the Issuer as soon as possible and in any event within four months after the date of such redemption, payment, replacement

or exchange (as the case may be). The Trustee may accept such certificate as conclusive evidence of redemption, purchase or replacement *pro tanto* of the Global Notes or Definitive Notes or payment of principal and interest thereon, respectively, or such exchange and of cancellation of the relative Global Notes, Definitive Notes, Coupons, Receipts or Talons.

- 9.2 The Issuer shall procure that the Principal Paying Agent shall keep a full and complete record of all Global Notes, Definitive Notes, Coupons, Receipts and Talons and of their redemption by the Issuer, payment, replacement, exchange or cancellation (as the case may be) and of all replacement Definitive Notes, Coupons, Receipts and Talons issued in substitution for lost, stolen, mutilated, defaced or destroyed Definitive Notes, Coupons, Receipts and Talons and such records shall be made available to the Trustee at all reasonable times.

10. **ENFORCEMENT**

- 10.1 At any time after the Notes, or any of them, shall have become due and repayable in full in accordance with the Conditions and shall not have been repaid, but subject to the provisions of Clauses 10.4 and 11 and Conditions 9 and 10, the Trustee may at its discretion and without further notice take such steps and/or institute such proceedings as it may think fit against the Issuer and/or such steps as it may think fit to enforce the Security and to enforce repayment of the Notes together with accrued interest and any other moneys payable pursuant to these presents provided that the Trustee shall be bound by the terms of the Deed of Charge in determining the priority in which any moneys received by it shall be applied.

- 10.2 Should the Trustee take legal proceedings against the Issuer to enforce any of the provisions of the Notes, or any of them or these presents, proof therein that, as regards:

- 10.2.1 any Definitive Note or Receipt, the Issuer has made default in paying any principal or interest due in respect of such Note or Receipt;
- 10.2.2 any Coupon, the Issuer has made default in paying any interest due in respect of such Coupon; or
- 10.2.3 any Talon, the Issuer has made default in exchanging such Talon for further Coupons or Receipts or a further Talon (as the case may be),

shall (unless the contrary be proved) be sufficient evidence that the Issuer has made the like default as regards all other such Definitive Notes, Coupons, Receipts and Talons in respect of which the relevant obligation is then due.

- 10.3 The rates of interest payable in respect of each class of the Notes in the event of the Notes having become due and repayable in full and not having been repaid shall be calculated at three-monthly intervals commencing on the expiry of the Interest Period during which the Notes become so due and repayable *mutatis mutandis* in accordance

with the provisions of Condition 4 except that no notices need be given in respect thereof.

10.4

- (A) So long as any of the Class A Notes remains outstanding, if the Class A Notes have become due and payable pursuant to the Conditions otherwise than by reason of a default in payment of any amount due on the Class A Notes, the Trustee will not be entitled to dispose of the Security unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class A Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class A Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith.
- (B) Provided that all of the Class A Notes have been redeemed in full, so long as any of the Class B Notes remains outstanding, if the Class B Notes have become due and payable pursuant to the Conditions otherwise than by reason of a default in payment of any amount due on the Class B Notes, the Trustee will not be entitled to dispose of the Security unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class B Noteholders appertaining thereto and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class B Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith.
- (C) Provided that all of the Class A Notes and all of the Class B Notes have been redeemed in full, so long as any of the Class C Notes remains outstanding, if the Class C Notes have become due and payable pursuant to the Conditions otherwise than by reason of a default in payment of any amount due on the Class C Notes, the Trustee will not be entitled to dispose of the Security unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Class C Noteholders appertaining thereto and any other amounts payable by the Issuer ranking in priority thereto or *pari passu*

therewith or the Trustee is of the opinion, reached after considering at any time and from time to time the advice of a merchant bank or other financial adviser selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Class C Noteholders and any other amounts payable by the Issuer ranking in priority thereto or *pari passu* therewith.

- (D) The Trustee will not be liable for any decline in the value, nor any loss realised upon any sale or other dispositions made pursuant to the Deed of Charge, of any Security or any other property which is charged to the Trustee by any other person in respect of or relating to the obligations of the Issuer or any third party in respect of the Issuer or the Notes or relating in any way to the property contained in the Security or in respect of or connected with PFPLC or any company within the same group of companies as PFPLC. Without prejudice to the foregoing, and without limitation, the Trustee shall not be liable for any such decline or loss directly or indirectly arising from its acting, or failing to act, as a consequence of an opinion reached by it in good faith based on advice received by it in accordance with Clauses 10.4(A), (B) and (C) above.

11. PROCEEDINGS

- 11.1 The Trustee shall not be bound to take any such proceedings or steps as are mentioned in Clause 10.1 or any other proceedings pursuant to or in connection with these presents, the Notes or any of them, or to give any notice pursuant to Condition 9 unless respectively directed or requested to do so (i) by an Extraordinary Resolution of the Class A Noteholders or the Class B Noteholders or the Class C Noteholders, as appropriate, or (ii) in writing by the holders of at least one-quarter of the aggregate Initial Principal Amount of the Class A Notes outstanding, the Class B Notes outstanding or the Class C Notes outstanding, as appropriate (it being noted that at any meeting or resolution of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders outstanding, as the case may be, the same voting rights attach to the Class A Notes and the Class B Notes and the Class C Notes, as the case may be), and in such a case then only if it shall be indemnified to its satisfaction against all action, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing **provided that:**

- 11.1.1 so long as any of the Class A Notes remains outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Class B Noteholders or the Class C Noteholders as aforesaid unless (x) so to do would not in its opinion be materially prejudicial to the interests of the Class A Noteholders or (y) such action is sanctioned by an Extraordinary Resolution of the Class A Noteholders or (z) unless none of the Class A Notes remain outstanding; and

- 11.1.2 if no Class A Notes remain outstanding and so long as any of the Class B Notes remains outstanding, the Trustee shall not, and shall not be bound to, act at the request or direction of the Class C Noteholders as aforesaid unless (x) so to do would not in its opinion be materially prejudicial to the interests of the Class B Noteholders or (y) such action is sanctioned by an Extraordinary Resolution of the Class B Noteholders or (z) unless none of the Class B Notes remain outstanding.
- 11.2 Only the Trustee may enforce (i) the Security created in favour of the Trustee by, and contained in or granted pursuant to, the Deed of Charge or any other security or (ii) the provisions of these presents, the Notes (including the Conditions) and no Noteholder, Couponholder or Receiptholder and no Secured Party shall be entitled to enforce such security or to proceed directly against the Issuer to enforce the performance of any of the provisions of these presents or of the Notes (including the Conditions) unless the Trustee having become bound as aforesaid to take steps or proceedings fails to do so within a reasonable period and such failure shall be continuing, and then only if and to the extent that such holder or other person is able to do so under applicable law.
- 11.3 For the purpose of Conditions 5(c) and 5(d), the Trustee shall not be satisfied that the Issuer will be in a position to discharge the liabilities as therein referred to unless, *inter alia*, either (i) the Issuer will have available to it sufficient cash in the Transaction Account and/or in Authorised Investments which will mature on or before the relevant Interest Payment Date (as defined in the Conditions) after making any other payments or provisions having priority in order of application under the applicable provisions of the Deed of Charge or (ii) the Issuer has entered into a legally binding contract with an entity either whose long term unsecured and unguaranteed debt is rated AAA by Fitch and AAA by Standard and Poor's or whose short term unsecured and unguaranteed debt securities are rated at least F1 by Fitch (or, in the case of an amount equal to the First Loss Fund, F1+) and at least A-1 (or, in the case of an amount equal to the First Loss Fund, A-1+) by Standard and Poor's to provide sufficient cash on or before the relevant Interest Payment Date to enable the Issuer to discharge its liabilities as aforesaid.

12. NOTICE OF PAYMENT

The Trustee shall give notice to the relevant Noteholders in accordance with Condition 12 of the day fixed for any payment to them under clause 8.2 of the Deed of Charge. Such payment may be made in accordance with Condition 6 (in the case of Definitive Notes) or to the order of the Noteholder (in the case of the relevant Global Notes) and such payment so made or made by the Trustee to the Principal Paying Agent for such purposes shall be a good discharge to the Trustee.

13. INVESTMENT BY TRUSTEE

- 13.1 If the amount of the moneys at any time available for the payment of principal and interest in respect of the Class A Notes, the Class B Notes or the Class C Notes as the case may be, under clause 8.2 of the Deed of Charge shall be less than 10 per cent. of

the aggregate Principal Liability Outstanding of the Notes then outstanding, the Trustee may at its discretion invest such moneys in any Authorised Investments with power from time to time at its discretion to vary such investments and such investments with the resulting income therefrom may be accumulated until the accumulations together with any other funds for the time being under the control of the Trustee and available for such purpose shall amount to a sum being not less than 10 per cent. of the aggregate Principal Liability Outstanding of the Notes then outstanding and then such accumulations and funds shall be applied in the manner provided in clause 8.2 of the Deed of Charge.

- 13.2 Any moneys which under the trusts of these presents ought to or may be invested by the Trustee may be invested in the name or under the control of the Trustee in any Authorised Investments and the Trustee may at any time or times vary any such Authorised Investments into other Authorised Investments and shall not be responsible for any loss due to depreciation in value, or otherwise resulting from any such Authorised Investments.

14. **PARTIAL PAYMENTS**

In the case of Definitive Notes, Coupons and Talons, upon any payment under clause 8.2 of the Deed of Charge (other than payment in full against surrender of a Definitive Note, Coupon or Talon (as the case may be)), the Trustee shall cause the Principal Paying Agent to endorse the relevant Definitive Note, Coupon or Talon (as the case may be) accordingly.

15. **COVENANTS BY THE ISSUER**

So long as any of the Notes remains outstanding the Issuer shall:

- (A) at all times carry on and conduct its affairs in a proper and efficient manner;
- (B) give to the Trustee such information and evidence as it shall require and in such form as it shall require (including but without prejudice to the generality of the foregoing the procurement by the Issuer of all such certificates called for by the Trustee pursuant to Clause 17.1(C) and Clause 17.1(BB)) for the purpose of the discharge of the duties, trusts, powers, authorities and discretions vested in it under these presents, any other Relevant Document, or by operation of law;
- (C) cause to be prepared and certified by the Auditors in respect of each financial year, accounts in such form as will comply with the requirements for the time being of the Companies Act 1985, the Stock Exchange and the Administration Agreement;
- (D) at all times keep proper books of account and allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;

- (E) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer) four copies of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document issued or sent to its shareholders together with any of the foregoing, and every document issued or sent to holders of securities other than its shareholders (including the Noteholders) as soon as practicable after the issue or publication thereof;
- (F) annually, or if sooner, upon becoming aware thereof, give notice in writing to the Trustee of the occurrence of any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default;
- (G) give to the Trustee (a) within seven days after demand by the Trustee therefor and (b) (without the necessity for any such demand) promptly after the publication of its audited accounts in respect of each financial period commencing with the financial period ending on 30 September 2006 and in any event not later than 180 days after the end of each such financial period a certificate of the Issuer signed by two Directors of the Issuer to the effect that as at a date not more than seven days before delivering such certificate (the "**relevant date**") there did not exist and had not existed since the relevant date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default (or if such exists or existed specifying the same) and that during the period from and including the relevant date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant date of such certificate the Issuer has complied with all its obligations contained in these presents and in each of the other Relevant Documents or (if such is not the case) specifying the respects in which it has not complied;
- (H) at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to these presents and each of the other Relevant Documents;
- (I) at all times maintain a Reference Agent, Reference Banks and Paying Agents in accordance with Conditions 4 and 6;
- (J) procure the Principal Paying Agent to notify the Trustee forthwith in the event that it does not, on or before the due date for any payment in respect of the Notes (or any of them), receive unconditionally pursuant to the Agency Agreement payment of the full amount in GBP of the moneys payable in accordance with the Conditions on such due date in respect of all such Notes;
- (K) in the event of the unconditional payment to the Principal Paying Agent of any sum due in respect of the Notes (or any of them) being made after the due date

for payment thereof forthwith give or procure to be given Notice to the Noteholders in accordance with Condition 12, that such payment has been made;

- (L) use reasonable endeavours to:
- (1) make or cause to be made an application to the Financial Services Authority, in its capacity as UK Listing Authority (the "**U.K. Listing Authority**") for the Notes to be admitted to the official list maintained by the U.K. Listing Authority (the "**Official List**") and an application to the regulated market of the Stock Exchange for the Notes to be admitted to trading on the Gilt Edged and Fixed Interest Market of the Stock Exchange; and
 - (2) maintain such admission of the Notes to the Official List and trading on the Gilt Edged and Fixed Interest Market of the Stock Exchange (including compliance with the continuing obligations applicable to the Issuer by virtue of the admission of the Notes thereto),

or, if it is unable to do so having used reasonable endeavours, use reasonable endeavours to obtain and maintain a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Trustee) decide and shall also use reasonable endeavours to procure that there will at all times be furnished to such other stock exchange or securities market such information as the relevant stock exchange or securities market may require to be furnished in accordance with its requirements and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets enter into a deed supplemental to this Trust Deed to effect such consequential amendments to these presents as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;

- (M) give notice to the Noteholders and to the Rating Agencies in accordance with Condition 12 of any appointment, resignation or removal of the Reference Agent or any Reference Bank or Paying Agent (other than the appointment of the initial Reference Agent, Reference Bank and Paying Agent) after having obtained the approval of the Trustee thereto or change of any Paying Agent's Specified Office and (except as provided by the Agency Agreement) at least 30 days prior to such event taking effect; provided that so long as any of the Notes remains outstanding, in the case of the termination of the appointment of the Reference Agent or the Principal Paying Agent, no such termination shall take effect until a new Reference Agent or Principal Paying Agent (in the City of London) has been appointed on terms approved by the Trustee;

- (N) obtain the prior written approval of the Trustee to, and promptly give to the Trustee, or ensure that the Trustee receives, four copies of the form of every notice given to the Noteholders in accordance with Condition 12;
- (O) comply with and perform all its obligations under the Agency Agreement and use its best endeavours to procure that the Reference Agent and the Paying Agents comply with and perform all their respective obligations thereunder and not make any amendment or modification thereto without the prior written approval of the Trustee;
- (P) in order to enable the Trustee to ascertain the number of Notes for the time being outstanding for any of the purposes referred to in the proviso to the definition of "outstanding" contained in Clause 1, deliver to the Trustee forthwith upon being so requested in writing by the Trustee a certificate in writing signed by two Directors of the Issuer setting out separately in relation to the Notes (and distinguishing between the Principal Amount Outstanding of each class of the Class A Notes, the Class B Notes and the Class C Notes) which are at the date of such certificate beneficially held by or for PFPLC, PML, MTS (in its capacity as Seller), MTL or each Administrator or any of their respective subsidiaries or holding companies or other subsidiaries of such holding companies to the best of the Issuer's knowledge;
- (Q) at all times comply with and perform all its obligations under these presents and under the Relevant Documents and use its best endeavours to procure that the other parties thereto, other than the Trustee, comply with and perform all their respective obligations thereunder and not make any amendment or modification thereto or agree to waive or authorise any breach thereof without the prior written approval of the Trustee and the Rating Agencies;
- (R) not at any time approve or agree or consent to any act or thing whatsoever under these presents without the prior written approval of the Trustee and do, or refrain from doing, any act or thing in relation thereto as the Trustee may require;
- (S) at all times comply with any direction given by the Trustee in relation to the Security;
- (T) promptly give notice to the Noteholders in accordance with Condition 12 of the exercise by the Trustee of its rights under clause 5.5.1 of the Administration Agreement;
- (U) procure that there will at all times be an administrator of the Mortgages in accordance with the Administration Agreement or Substitute Administrator Agreement;
- (V) not, without the prior written consent of the Trustee and the Rating Agencies, cancel the undrawn part of the facilities made available to the Issuer in whole or in part pursuant to the Subordinated Loan Agreement;

- (W) at the same time as giving notice to the Class A Noteholders of the aggregate Principal Payment in respect of Class A Notes to be redeemed pursuant to Condition 5(a) and to the Class B Noteholders and the Class C Noteholders of the Principal Amount Outstanding pursuant to Condition 5(b)(ii), give notice to the Class B Noteholders and the Class C Noteholders of the amount standing to the debit of the Principal Deficiency Ledger as at the relevant Principal Determination Date (as defined in the Administration Agreement);
- (X) not enter into any hedging arrangements pursuant to the Basis Hedge Agreement or enter into any Cap (as defined in the Administration Agreement) if to do so would adversely affect any of the then current ratings of the Notes;
- (Y) upon conversion of any Mortgage which is not a Fixed Rate Mortgage (as defined in the Administration Agreement) into a Fixed Rate Mortgage or Capped Rate Mortgage, or in relation to any Fixed Rate Mortgage acquired by the Issuer (as defined in the Administration Agreement), at any time enter into hedging arrangements if not to do so would adversely affect any of the then current ratings of the Notes;
- (Z) not enter into any Cap on terms which would oblige the Issuer to make any payment to the Cap Provider (as defined in the Administration Agreement) except for any initial payment to purchase such Cap made subject to, and in accordance with, the terms of the Deed of Charge;
- (AA) ensure that at all times the Mortgages each have a final maturity date of not later than 30 September 2031; and
- (BB) ensure that it is at all times solely resident in the United Kingdom for United Kingdom tax purposes and has no branch, business establishment or other fixed establishment outside the United Kingdom.

16. **REMUNERATION OF TRUSTEE**

- 16.1 The Issuer shall pay to the Trustee remuneration for its services as trustee as from the date of this Trust Deed, such remuneration to be at such annual rate as may from time to time be agreed between the Issuer and the Trustee. Such remuneration shall be payable on the Interest Payment Date in June 2007 and thereafter annually in arrear in each year. Such remuneration shall accrue from day to day and be payable up to (and including) the date when, the Notes having become due for redemption in full, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or the Trustee provided that payment of the moneys due in respect of any of the Global Notes or, as the case may be, any Definitive Note is improperly withheld or refused, remuneration will commence again to accrue. The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under these presents (against presentation of a valid tax invoice).

- 16.2 In the event of the Trustee giving a notice under Condition 9 or considering it expedient or necessary or being requested by the Issuer to undertake duties which the Trustee and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them.
- 16.3 In any event of the Trustee and the Issuer failing to agree:
- (A) (in the case to which Clause 16.1 applies) upon the amount of such remuneration; or
- (B) (in a case to which Clause 16.2 applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,
- such matters shall be determined by a merchant bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of the Law Society of England and Wales (the expense involved in such nomination and the fees of such merchant bank being payable by the Issuer) and the determination of any such merchant bank shall be final and binding upon the Trustee and the Issuer.
- 16.4 The Issuer shall also reimburse, pay or discharge all costs, charges, liabilities and expenses covenanted to be reimbursed, paid or discharged by the Issuer in clause 12 of the Deed of Charge and any stamp, issue, registration, documentary and other similar taxes or duties paid by the Trustee in connection with any legal proceedings brought or contemplated by the Trustee for enforcing the security created in favour of the Trustee by, and contained in or granted pursuant to, the Deed of Charge or against the Issuer or any other person for enforcing any obligation under these presents, or the Notes.
- 16.5 Without prejudice to the right of indemnity by law given to trustees, the Issuer hereby covenants to indemnify and keep indemnified the Trustee and every attorney, receiver, manager, agent, delegate or other person appointed by it under these presents from and against all liabilities, losses, damages, costs, expenses, actions, proceedings, claims and demands (other than tax suffered by such person on their net income profits or gains) incurred by or made against it or him in the execution or purported execution of the trusts of these presents or of their powers or in respect of any matter or thing done or omitted in any way relating to these presents.
- 16.6 All sums payable by the Issuer under Clauses 16.4 and 16.5 shall be payable by the Issuer on demand and carry interest at the rate of 1 per cent. per annum above the base rate from time to time of Barclays Bank PLC from the date of the same being demanded. Any amounts payable pursuant to Clauses 16.1 and 16.2 shall carry interest at the aforesaid rate from the due date thereof to the date of actual payment.
- 16.7 Unless otherwise specifically stated in any discharge relating to these presents the provisions of this Clause shall continue in full force and effect notwithstanding such discharge.

16.8 The Trustee's fees will be paid in accordance with clauses 6 and 8 of the Deed of Charge.

17. **TERMS OF APPOINTMENT**

17.1 By way of supplement to the Trustee Acts it is expressly declared as follows:

- (A) The Trustee may in relation to these presents act on the advice or opinion of or a certificate or any information obtained from any lawyer, valuer, accountant, banker, broker, credit-rating agency, lead manager or other expert whether obtained by the Issuer, the Trustee, the Administrator or otherwise and shall not be responsible for any loss occasioned by so acting.
- (B) Any such advice, opinion or information may be sent or obtained by letter, telex, telegram, electronic mail, facsimile transmission or cable and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter, telex, telegram, electronic mail, facsimile transmission or cable although the same shall contain some error or shall not be authentic.
- (C) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by two Directors of the Issuer and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss that may be occasioned by the Trustee acting on such certificate.
- (D) The Trustee shall be at liberty to hold or to place these presents and any other documents relating to these presents in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute or, in the case of the mortgage deeds, charges, insurance policies and other matters referred to in the Administration Agreement (including in clause 17 thereof), with the Administrator or otherwise as permitted by such agreement and the Trustee shall not be responsible for or required to insure against any loss incurred in connection with any such deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (E) The Trustee shall not be responsible for the application of the proceeds of the issue of any of the Notes by the Issuer or any moneys borrowed by the Issuer under the Subordinated Loan Agreement or the exchange of any Temporary Global Note for any Permanent Global Note or any Permanent Global Note for Definitive Notes or any Talon for further Coupons or Receipts (as the case may be) or the delivery of any Global Note, Definitive Note, Coupon, Receipt or Talon to the persons entitled to them, as the case may be.
- (F) The Trustee shall not be bound to give notice to any person of the execution of these presents or any of the Relevant Documents or any transaction

contemplated hereby or thereby or to take any steps to ascertain whether any Event of Default (or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute an Event of Default) has happened and, until it shall have actual knowledge or express notice to the contrary, the Trustee shall be entitled to assume that no Event of Default or such condition, event or act has happened and that the Issuer and each other party to any Relevant Document is observing and performing all the obligations on its part contained in the Notes and under these presents or, as the case may be, the Deed of Charge and/or any Relevant Document to which it is a party.

- (G) Save as expressly otherwise provided in these presents or the Relevant Documents, the Trustee shall have absolute and uncontrolled discretion as to the exercise of the discretions vested in the Trustee by these presents and the Relevant Documents (the exercise of which as between the Trustee and the Noteholders, Couponholders, Receiptholders and other Secured Parties shall be conclusive and binding on the Noteholders, Couponholders, Receiptholders and other Secured Parties) but whenever the Trustee is under the provisions of these presents or the Relevant Documents bound to act at the request or direction of the Noteholders, Couponholders or Receiptholders, or any of them, or any other Secured Party, the Trustee shall nevertheless not be so bound unless first indemnified to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing.
- (H) The Trustee shall not be liable for acting upon any resolution purporting to have been passed at any meeting of the Class A Noteholders, the Class B Noteholders and/or the Class C Noteholders in respect whereof minutes have been made and signed even though subsequent to its acting it may be found that there was some defect in the constitution of the meeting or the passing of the resolution or that for any reason the resolution was not valid or binding upon the Class A Noteholders, the Class B Noteholders or the Class C Noteholders.
- (I) The Trustee shall not be liable to the Issuer or any Noteholder, Couponholder or Receiptholder by reason of having accepted as valid or not having rejected any Global Note, Definitive Note, Coupon or Receipt as such and subsequently found to be forged or not authentic and the Trustee may call for and shall be at liberty to accept and place full reliance on the facts stated in a certificate or other document purporting to be signed on behalf of Clearstream, Luxembourg or Euroclear or any other relevant clearing system or any common depositary for them or such person as the Trustee considers appropriate in relation to any matter as sufficient evidence thereof and the Trustee shall not be liable to the Issuer or any Noteholder, Couponholder or Receiptholder by reason only of such acceptance or reliance and

notwithstanding that such certificate or other document is subsequently found to be forged or not authentic. Any such certificate or document may comprise any form of statement or print out of electronic records provided by the relevant clearing system or person (including Clearstream Luxembourg's Cedcom system or Euroclear's EUCLID system) in accordance with its usual procedures.

- (J) Any consent or approval given by the Trustee for the purpose of these presents, the Conditions and any Relevant Document may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary contained in these presents, any Relevant Document or the Conditions may be given retrospectively.
- (K) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder, Couponholder or Receiptholder or any Secured Party any confidential financial, price sensitive or other information made available to the Trustee by the Issuer or any other person in connection with the trusts of these presents and no Noteholder, Couponholder or Receiptholder or any Secured Party shall be entitled to take any action to obtain from the Trustee any such information.
- (L) Where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the Issuer as relevant and any rate, method and date so agreed shall be binding on the Issuer, the Noteholders, Couponholders and Receiptholders and the Secured Parties.
- (M) The Trustee may certify whether or not any of the events set out in paragraphs (ii) to (v) of Condition 9 or any breach under clause 19.1.2 of the Administration Agreement is in its opinion materially prejudicial to the interests of the relevant Noteholders, Couponholders or Receiptholders (as the case may be) and may certify, in relation to the event set out in paragraph (i) of Condition 9 in relation to any payment of interest on the Notes that the Issuer had, on the due date for payment of the amount of interest in question, sufficient cash to pay, in accordance with the provisions of the Deed of Charge, such interest (after payment of all sums which are permitted under the Deed of Charge to be paid in priority thereto or *pari passu* therewith) and any such certificate shall be conclusive and binding upon the Issuer, the Noteholders, the Couponholders and the Secured Parties. The Trustee shall have no liability to the Issuer, any Noteholder, Couponholder or the Secured Parties or any other person in relation to any such certificate or in relation to any delay or omission in providing such certificate. In giving any certificate relating to paragraph (i) of Condition 9, the Trustee may rely on any

determination made by any independent accountants of recognised standing in England and Wales and any such determination shall be conclusive and binding on the Issuer and the holders of the Notes.

- (N) The Trustee shall not be bound to take any steps to ascertain whether any event, condition or act, the happening of which would cause a right or remedy to become exercisable by the Trustee under these presents or by the Issuer under any of the Relevant Documents has happened or to monitor or supervise the observance and performance by the Issuer or any of the other parties thereto of their respective obligations thereunder and, until it shall have actual knowledge or express notice to the contrary the Trustee shall be entitled to assume that no such event, condition or act has happened and that the Issuer and each of the other parties thereto are observing and performing all their respective obligations thereunder.
- (O) The Trustee shall not be responsible for recitals, statements, warranties or representations of any party contained in any Relevant Document or in any Mortgage or other document entered into in connection therewith and shall assume the accuracy and correctness thereof or for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or any security thereby constituted and the Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Security or any part thereof or as any other person may have to any other security charged from time to time to the Trustee and shall not be bound to investigate or make any enquiry in the title of the Issuer to the Security or any part thereof or the title of any other person to any other security charged from time to time to the Trustee whether or not any default or failure is or was known to the Trustee or might be, or might have been, discovered upon examination inquiry or investigation and whether or not capable of remedy. Notwithstanding the generality of the foregoing each Noteholder, Couponholder and Receiptholder and each Secured Party shall be solely responsible for making its own independent appraisal of and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and the Trustee shall not at any time have any responsibility for the same and each Noteholder, Couponholder and Receiptholder and each Secured Party shall not rely on the Trustee in respect thereof.
- (P) The Trustee shall not be liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Security or any other security or failure to call for delivery of documents of title to the Security or any other security or to require any further assurances in relation to any property or assets comprised in the Security or any other security.

- (Q) The Trustee shall not be obliged (whether or not directed to do so by the Noteholders) to perfect legal title to any Mortgage in its name if, in its opinion, such perfection would or might result in the Trustee becoming liable to or incurring any obligation to any Borrower under a Mortgage and, in its opinion, there is or would be insufficient cash to discharge, in accordance with the provisions of the Deed of Charge, such liability or obligations as and when they arise. Notwithstanding the generality of the foregoing, the Trustee shall have no responsibility or liability for the payment of any fees for the registration of the Mortgages with the Land Registry in England and Wales or to the Land Registry of Northern Ireland or to the Registers of Scotland or for any legal, administrative or other fees, costs and expenses (including, but not limited to, any proper disbursements and any value added tax) relating thereto.
- (R) The Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by these presents, the Relevant Documents or the Notes (including the Conditions), except where expressly provided otherwise have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (and, in each case, the related Couponholders and Receiptholders) **provided that** where the Trustee is required by these presents, the Relevant Documents or the Notes (including the Conditions) to have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders (and, in each case, the related Couponholders and Receiptholders) and:
- (1) where, in the opinion of the Trustee, there is a conflict between the interests of the Class A Noteholders (and the related Couponholders and Receiptholders) and the interests of the Class B Noteholders and the interests of the Class C Noteholders (and, in both cases, the related Couponholders and Receiptholders), the Trustee shall, notwithstanding anything to the contrary contained in these presents, the Relevant Documents or the Notes (including the Conditions), have regard only to the interests of the Class A Noteholders (and the related Couponholders and Receiptholders); the Class B Noteholders and the Class C Noteholders (and, in both cases, the related Couponholders and Receiptholders) shall not have any claim against the Trustee for so doing; and
 - (2) where, in the opinion of the Trustee, there is a conflict between the interests of the Class B Noteholders (and the related Couponholders and Receiptholders) and the interests of the Class C Noteholders (and the related Couponholders and Receiptholders), the Trustee shall, notwithstanding anything to the contrary contained in these presents, the Relevant Documents or the Notes (including the Conditions), have regard only to the interests of the Class B Noteholders (and the related Couponholders and Receiptholders); the Class C Noteholders (and the

related Couponholders and Receiptholders) shall not have any claim against the Trustee for so doing; and

- (3) so long as any of the Notes are outstanding the Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by these presents, except where expressly provided otherwise, have no regard to the interests of any other Secured Parties and no Secured Parties shall have any claim against the Trustee for so doing.
- (S) Without prejudice to the provisions of the Administration Agreement, the Deed of Charge and any other Relevant Document the Trustee shall not be under any obligation to insure any of the Security (or any other security) or any deeds or documents of title or other evidence in respect thereof and shall not be responsible for any loss, expense or liability which may be suffered as a result of the lack of or inadequacy of any such insurance.
- (T) The Trustee shall not be responsible for any loss, expense or liability occasioned to the Security or any other security or in respect of all or any of the moneys which are subject to the Collection Account Declarations of Trust or the VAT Declaration of Trust however caused by any act or omission of the Issuer or each Administrator or PML or PFPLC or MTS (in its capacity as Seller) or MTL or any other person (including any bank, broker, depositary, warehouseman or other intermediary or any clearing system or the operator thereof) acting in accordance with or contrary to the terms of any of the Relevant Documents or otherwise, unless such loss is occasioned by the wilful neglect or misconduct or fraud of the Trustee.
- (U) The Trustee shall have no responsibility whatsoever to the Issuer or any Noteholder, Couponholder or Receiptholder or any Secured Party as regards any deficiency or additional payment, as the case may be, which might arise because the Trustee or the Issuer is subject to any tax in respect of the Security or any other security, or arising in respect of the Issuer being or becoming a member of the Paragon VAT Group, or any part thereof or any income therefrom or any proceeds thereof.
- (V) The Trustee shall not be liable for any error of judgment made in good faith by any officer or employee of the Trustee assigned by the Trustee to administer its corporate trust matters unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.
- (W) No provision of these presents shall require the Trustee to do anything which may be illegal or contrary to applicable law or regulation or 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 or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it and, without prejudice to the generality of the foregoing, nothing contained in these

presents shall impose any obligation on the Trustee to make any further advance to a Borrower or to borrow any moneys under the Subordinated Loan Agreement or to maintain, protect or preserve any moneys standing to the credit of the Transaction Account or which are subject to the Collection Account Declarations of Trust or the VAT Declaration of Trust.

- (X) The Trustee as between itself, the Noteholders, Couponholders and Receiptholders and other Secured Parties shall have full power to determine all questions and doubts arising in relation to any of the provisions of these presents, and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Trustee, shall be conclusive and shall bind the Issuer, the Noteholders, Couponholders and Receiptholders and other Secured Parties.
- (Y) The Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of these presents or contained in the Notes or any of the Relevant Documents is capable of remedy and, if the Trustee shall certify that any such default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer, the Noteholders, Couponholders and Receiptholders and other Secured Parties.
- (Z) Notwithstanding the generality of Clauses 17.1(N),(O) or (W) above, the Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any of the Relevant Documents or any of the Mortgages or other documents entered into in connection therewith or any of the Insurance Contracts or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decision of any court and (without prejudice to the generality of the foregoing) the Trustee shall not have any responsibility for or have any duty to make any investigation in respect of or in any way be liable whatsoever for:
- (1) the nature, status, creditworthiness or solvency of any Borrower or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to any Borrower;
 - (2) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Mortgage or other document entered into in connection therewith;
 - (3) the title, ownership, value, sufficiency or existence of any Property or any Insurance Contract;

- (4) the registration, filing, protection or perfection of any Mortgage or the priority of the security thereby created whether in respect of any initial advance or any subsequent advance or any other sums or liabilities;
- (5) the scope or accuracy of any representations, warranties or statements made by or on behalf of any Borrower in any application for any advance or the Insurance Contracts or in any Mortgage or in any document entered into in connection therewith;
- (6) the performance or observance by any Borrower or any other person of any provisions of any Mortgage or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing;
- (7) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with any Mortgage;
- (8) the title of the Issuer to any Mortgage;
- (9) the suitability, adequacy or sufficiency of any Lending Guidelines or compliance therewith or the legality or ability or enforceability thereof or the priority of the Security in relation thereto;
- (10) the compliance of the provisions and contents of and the manner and formalities applicable to the execution of the Mortgages and any documents connected therewith or the making of any advance intended to be secured thereby, with any applicable laws or regulations (including without prejudice to the generality of the foregoing, the Consumer Credit Act 1974);
- (11) the failure by PML, MTS (in its capacity as Seller), MTL or each Administrator or any other person or by the Issuer to obtain or comply with any licence, consent or other authority in connection with the origination, sale, purchase or administration of any of the Mortgages or the making of any advances in connection therewith or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to any of the Mortgages or other documents entered into in connection therewith;
- (12) the failure to call for delivery of documents of title to or require any transfers, legal mortgages, charges or other further assurances in

- relation to any of the assets the subject matter of any of the Relevant Documents or any other document;
- (13) any accounts, books, records or files maintained by each Administrator or PML or MTS (in its capacity as Seller) or MTL or any other person in respect of any of the Mortgages; or
- (14) any other matter or thing relating to or in any way connected with any Mortgage or any document entered into in connection therewith whether or not similar to the foregoing.
- (AA) The Trustee shall not be liable or responsible for any loss, cost, damages, expenses or inconvenience which may result from anything done or omitted to be done by it in accordance with the provisions of these presents, any Relevant Documents or any other document or as a consequence of or in connection with it being held or treated as, or being deemed to be, a creditor, for the purposes of the Consumer Credit Act 1974, in respect of any of the Mortgages.
- (BB) The Trustee shall be entitled to call for and to rely upon a certificate or any letter of confirmation or explanation reasonably believed by it to be genuine, of the Issuer, each Administrator, PFPLC, PML, MTL, MTS (in its capacity as Seller), the Reference Banks or any of them, the Reference Agent or any Paying Agent or the Rating Agencies or any other credit-rating agency in respect of every matter and circumstance for which a certificate is expressly provided for under these presents or in respect of the rating of the Notes or the Conditions and to call for and rely upon a certificate of each Administrator reasonably believed by it to be genuine as to any other fact or matter *prima facie* within the knowledge of each Administrator as sufficient evidence thereof and the Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss, liability, costs, damages, expenses or inconvenience that may be occasioned by its failing so to do.
- (CC) In connection with any proposed modification, waiver, authorisation or determination permitted by the terms of these presents, the Trustee shall not have regard to the consequences thereof for individual Noteholders, Couponholders or Receiptholders or any Secured Parties resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory.
- (DD) The Trustee shall have no responsibility for the maintenance of any rating of the Notes by the Rating Agencies or any other credit-rating agency or any other person.
- (EE) The Trustee shall have no liability whatsoever for any loss, cost, damage or expenses directly or indirectly suffered or incurred by the Issuer, any Noteholder, Couponholder or Receiptholder, any other Secured Parties or any

other person as a result of the delivery by the Trustee of a certificate, or the omission by it to deliver a certificate, to the Issuer as to material prejudice pursuant to Condition 9 on the basis of an opinion formed by it in good faith.

- (FF) The Trustee shall be under no obligation to monitor or supervise the functions of each Administrator from time to time under the terms of the Administration Agreement or any other person under any other Relevant Document, including but not limited to the Collection Account Declarations of Trust and the VAT Declaration of Trust and shall be entitled, in the absence of actual knowledge of a breach of duty or obligation, to assume that each Administrator is properly performing its obligations in accordance with the provisions of the Administration Agreement or that such other person is properly performing its obligations in accordance with each other Relevant Document, including but not limited to each Administrator.
- (GG) The Trustee acknowledges that each Administrator is responsible, pursuant to the Administration Agreement, for determining, in respect of the Class A Notes, the Class B Notes and the Class C Notes, the amount of (i) the Available Redemption Funds (as defined in the Conditions), (ii) the Principal Payment (as defined in the Conditions), the Principal Amount Outstanding, the Principal Liability Outstanding (as defined in the Conditions) and the Pool Factor (as defined in the Conditions) and (iii) the actual amount of interest on the Notes in relation to any Interest Payment Date and the Trustee shall have no responsibility to recalculate any such amounts notwithstanding a manifest error therein. However, if each Administrator does not at any time for any reason determine the amount of (i) the Available Redemption Funds (ii) the Principal Payment, the Principal Amount Outstanding, Principal Liability Outstanding and the Pool Factor and (iii) the actual amount of interest on the Class A Notes, the Class B Notes or the Class C Notes and the Trustee shall calculate the same, such amount shall be deemed to have been calculated by each Administrator pursuant to the Administration Agreement and the Trustee shall have no liability in respect thereof other than as a result of the negligence, bad faith or wilful default of the Trustee.
- (HH) The Trustee shall not be responsible to the Noteholders, Couponholders or Receiptholders or the Issuer for the performance or the failure to perform any action, the making or failure to make any determination or the exercise or failure to exercise any discretion in any capacity other than as Trustee for the Noteholders, Couponholders and Receiptholders pursuant to these presents and the Trustee shall not, in performing its obligations and exercising its rights and discretions pursuant to these presents, be required to take into account any other capacity in which it may act in connection with the issues of the Notes or otherwise, nor shall anything in these presents prevent the Trustee from acting in any such other capacity.

18. TRUSTEE'S LIABILITY FOR NEGLIGENCE

The duty of care that applies to a trustee under section 1 of the Trustee Act 2000 shall not apply to the Trustee. Subject thereto, if the Trustee fails to show the degree of care and diligence required of it as trustee having regard to the provisions hereof conferring on it powers, authorities and discretions nothing in this Trust Deed shall relieve or indemnify it against any liability which would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty.

19. DELEGATION BY TRUSTEE

The Trustee may whenever it thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) for any period (whether exceeding one year or not) or indefinitely all or any of the trusts, powers and authorities vested in the Trustee by these presents and such delegation may be made upon such terms and subject to such conditions including power to sub-delegate and subject to such regulations as the Trustee may in the interests of the Noteholders, Couponholders and Receiptholders think fit and provided that the Trustee shall have exercised reasonable care in the selection of such delegate the Trustee shall not be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time prior to any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer and to the Rating Agencies.

20. EMPLOYMENT OF AGENT BY TRUSTEE

20.1 The Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent, whether being a lawyer or other professional person, to transact or concur in transacting any business and to do or concur in doing all acts required to be done in connection with the trusts of these presents and provided that the Trustee shall have exercised reasonable care in the selection of such agent, the Trustee shall not in any way be responsible for any loss incurred by reason of any misconduct or default on the part of any such agent appointed by it under these presents.

20.2 Any trustee of these presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents.

21. TRUSTEE CONTRACTING WITH ISSUER

Neither the Trustee nor any director or officer of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way

precluded from entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer or any other party to any of the Relevant Documents or any person or body corporate associated with the Issuer including without prejudice to the generality of this provision any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities to or the purchase, placing or underwriting of or subscribing or procuring subscriptions for or otherwise acquiring holding or dealing with the Notes, Coupons or Receipts or any of them, or any other bonds, stocks, shares, debenture stock, debentures, notes or other securities of the Issuer or any other party to any of the Relevant Documents or any person or body corporate associated as aforesaid or from accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer or any other party to any of the Relevant Documents or any such person or body corporate so associated or any other office of profit under the Issuer or any other party to any of the Relevant Documents or any such person or body corporate so associated and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other benefit received thereby or in connection therewith.

22. WAIVER; AUTHORISATION; DETERMINATION; MODIFICATION

- 22.1 The Trustee may without prejudice to its rights in respect of any subsequent breach, condition, event or act from time to time and at any time but only if and in so far as in its opinion the interests of any of the Noteholders, Couponholders or Receiptholders shall not be materially prejudiced thereby waive or authorise on such terms and subject to such conditions as to it shall seem fit and proper any breach or proposed breach by the Issuer of any of the covenants or provisions contained in these presents or in the Notes (including the Conditions) or any other Relevant Document or determine that any condition, event or act which constitutes, or which with the giving of notice and/or the lapse of time and/or the issue of a certificate would constitute, but for such determination, an Event of Default shall not, or shall not subject to specified conditions, be treated as such for the purposes of these presents provided that the Trustee shall not exercise any powers conferred on it by this Clause in contravention of any express direction given by Extraordinary Resolution or by a request under Condition 9 (being, in the case of a direction or request of the Class B Noteholders or the Class C Noteholders, a request or direction which is binding on the Trustee in accordance with Clause 11.1) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Noteholders, Couponholders and Receiptholders and each Secured Party and if, but only if, the Trustee shall so require, shall be notified by the Issuer to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.
- 22.2 The Trustee may without the consent of the Noteholders at any time and from time to time concur with the Issuer in making any modification (i) to these presents or the Conditions (other than the proviso to paragraph 5 of Schedule 5 or any provision of

these presents or the Conditions referred to in that proviso and this Clause 22.2) or any other Relevant Document which in the opinion of the Trustee it may be proper to make provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the relevant Noteholders, Couponholders or Receiptholders or (ii) to these presents or the Conditions or any Relevant Documents if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding upon the Noteholders, Couponholders and Receiptholders and each Secured Party and, unless the Trustee agrees otherwise, shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter. In addition so long as the Notes are rated by the Rating Agencies, any such modification shall be notified in writing by the Trustee to the Rating Agencies as soon as reasonably practicable thereafter.

23. ENTITLEMENT TO TREAT HOLDER AS OWNER

23.1 The Issuer, the Trustee and any Paying Agent may deem and treat the holder of any Global Note, Definitive Note, Coupon, Receipt or Talon as the absolute owner thereof (whether or not such Global Note, Definitive Note, Coupon, Receipt or Talon shall be overdue and notwithstanding any notation of ownership or other writing on it or any notice of previous loss or theft of such Global Note, Definitive Note, Coupon, Receipt or Talon) for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, the Trustee and the Paying Agents shall not be affected by any notice to the contrary and shall make payments thereon or, in the case of Talons, exchanges thereof accordingly.

23.2 All payments or exchanges made to a holder of any Global Note, Definitive Note, Coupon, Receipt or Talon in accordance with Clause 23.1 shall be valid and, to the extent of the sums so paid or Coupons or Receipts so delivered, effective to satisfy and discharge the liability for the monies payable upon the Global Notes, Definitive Notes, Coupons and Receipts or the liability for delivering Coupons or Receipts in respect of the Talons.

23.3 Wherever the Trustee is required or entitled to exercise a power, trust, authority or discretion under these presents, the Trustee shall, notwithstanding that it may have express notice to the contrary, assume that the holder of each Definitive Note is the holder of all Coupons and Receipts and Talons relating to each Definitive Note of which he is the holder.

24. CURRENCY INDEMNITY

The Issuer shall indemnify the Trustee, the Noteholders, Couponholders or Receiptholders and keep them indemnified against:

(A) any loss or damage incurred by any of them arising from the non-payment by the Issuer of any amount due in a particular currency (the "**Required Currency**") to the Trustee or the relevant Noteholders, Couponholders or Receiptholders (as the case may be) under these presents or the relevant

Notes, Coupons or Receipts (as the case may be) by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof, which amount is expressed in a currency (the "Actual Currency") other than the Required Currency, and under which the Trustee and the Noteholders, Couponholders or Receiptholders (as the case may be) do not have an option to have such judgment or order expressed in the Required Currency, and those prevailing at the date of actual payment by the Issuer; and

- (B) any deficiency arising or resulting from any variation in rates of exchange between (i) the date (if any) as of which the Actual Currency equivalent of the amounts in the Required Currency due or contingently due under these presents (other than this Clause) or in respect of the relevant Notes is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation provided that in such bankruptcy, insolvency or liquidation claims are required to be made in a currency other than the Required Currency. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy or liquidation.

The above indemnities shall constitute obligations of the Issuer separate and independent from its obligations under the Notes and shall apply irrespective of any indulgence granted by the Trustee or the Noteholders, Couponholders or Receiptholders (as the case may be) from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer for a liquidated sum or sums in respect of amounts due under these presents (other than this Clause) or the Notes. Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Noteholders, Couponholders or Receiptholders (as the case may be) and no proof or evidence of any actual loss shall be required by the Issuer or its liquidator.

25. NEW TRUSTEE; SEPARATE AND CO-TRUSTEES

- 25.1 The power to appoint a new trustee of these presents shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution of the Class A Noteholders or, if none of the Class A Notes remains outstanding, the Class B Noteholders or, if none of the Class A Notes or the Class B Notes remains outstanding, the Class C Noteholders. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents provided that a Trust Corporation shall be included in such majority.

25.2 Notwithstanding the provisions of Clause 25.1, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer or the Noteholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee:

25.2.1 if the Trustee considers such appointment to be in the interests of the Noteholders;

25.2.2 for the purposes of conforming to any legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed; or

25.2.3 for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the Issuer.

The Issuer hereby irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable costs, charges and expenses properly incurred by it in performing its function as such separate trustee or co-trustee shall for the purposes of these presents be treated as costs, charges and expenses incurred by the Trustee.

25.3 Any appointment of a new trustee and/or any retirement or removal of an existing trustee of these presents shall as soon as practicable thereafter be notified by the Issuer to the Principal Paying Agent and the Noteholders and by the existing trustee to the Rating Agencies.

26. **TRUSTEE'S RETIREMENT AND REMOVAL**

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. The Class A Noteholders or, if none of the Class A Notes remain outstanding, the Class B Noteholders or, if none of the Class A Notes or the Class B Notes remain outstanding, the Class C Noteholders shall have the power exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being of these presents. The Issuer undertakes that in the event of the only trustee hereof which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution it will use its best endeavours to procure a new trustee of these presents being a Trust Corporation to be appointed as soon as reasonably practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed.

27. **TRUSTEE'S POWERS ADDITIONAL**

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as the holder of any Global Notes, Definitive Notes, Coupons, Receipts or Talons (as the case may be).

28. **NOTICES**

Any notice or demand to the Issuer or the Trustee required to be given, made or served for any purposes under the Notes, or any of them, or these presents shall be given, made or served by sending the same by prepaid post (first class if inland, airmail if overseas), telegram, cable, telex, email or facsimile transmission or by delivering it by hand as follows:

to the Issuer:

St. Catherine's Court
Herbert Road
Solihull
West Midlands B91 3QE

Attention: The Company Secretary
Email Address: Company_Secretary@Paragon-group.co.uk
Facsimile No. 0121 712 2072

to the Trustee:

Citigroup Centre, 14th Floor
Canada Square
Canary Wharf
London
E14 5LB

Attention: Agency & Trust
Facsimile No. 020 7500 5248

or to such other address, telex or facsimile number or marked for the attention of such other person or department as shall have been notified (in accordance with this Clause 28) to the other party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served three days in the case of inland post or seven days in the case of overseas post after despatch and any notice or demand sent by telegram, cable, telex, email or facsimile transmission as aforesaid shall be deemed to have been given, made or served 24 hours after the time of despatch provided that in the case of a notice or demand given by telegram, cable, telex or facsimile commission such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given, made or served by telegram, cable, telex or facsimile commission.

29. EXCLUSION OF THIRD PARTY RIGHTS

The parties to this Trust Deed do not intend that any term of this Trust Deed should be enforced, by virtue of the Contracts (Rights of Third Parties) Act 1999, by any person who is not a party to this Trust Deed.

30. GOVERNING LAW

These presents, the Notes are governed by, and shall be construed in accordance with, English law.

31. TRUSTEE ACTIVITIES IN THE UNITED STATES

The Trustee, acting solely in its capacity as trustee for the Noteholders, covenants that it will not engage in any activities in the United States (directly or through agents), will not derive any income from United States sources as determined under United States income tax principles, and will not hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States income tax principles.

32. TRUSTEE AS AUTHORISED PERSON

The Trustee represents and warrants that it is an authorised person under Section 19 of the Financial Services and Markets Act 2000 or does not need to be so in order to enforce its rights under the Relevant Documents.

33. NON-PETITION AND LIMITED RECOURSE

33.1 The Trustee agrees that notwithstanding any other provisions hereof, all payments to be made by the Issuer under this Agreement (for the avoidance of doubt other than in respect of the payment of interest and principal in respect of the Notes) will be payable only from, and to the extent of, the sums paid to, or net proceeds recovered by or on behalf of, the Issuer or the Trustee in respect of the Security less any amount which is required to be paid to any other person in priority to or in the same priority as the Trustee subject to and in accordance with the applicable Priority of Payments and there will be no other assets of the Issuer available for any further payments and following the realisation of the Security and the distribution of the proceeds thereof in accordance with the Deed of Charge the Trustee shall not be entitled to take any further steps against the Issuer to recover any sums due under this Agreement but still unpaid and all outstanding claims in respect of such sums due but still unpaid shall be extinguished. The Trustee looks solely to such sums and proceeds and the rights of the Issuer in respect of the Security (net as aforesaid) for payments to be made by the Issuer. The obligations of the Issuer to make such payments under this Agreement will be limited to such sums and the proceeds of realisation of the Security (net as aforesaid) and the parties to this Agreement will have no further recourse in respect thereof.

33.2 The Trustee hereby covenants and agrees with the Issuer that:

33.2.1 the Trustee may only enforce the security created in favour of the Trustee by the Deed of Charge in accordance with its provisions; and

33.2.2 save as provided in this Agreement or the Deed of Charge, it shall not take any steps for the purpose of recovering any sums due under this Agreement or enforcing any rights arising out of this Agreement or institute against the Issuer or join any other person in instituting against the Issuer any winding-up, administration, reorganisation, liquidation, bankruptcy, insolvency or other proceedings of the Issuer for so long as the Notes are outstanding and until two years and one day has elapsed after all Secured Amounts have been paid or discharged in full.

34. DELIVERY

This Agreement is delivered as a deed on the date written at the start of this Agreement.

IN WITNESS whereof this Trust Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written.

SCHEDULE 1
FORM OF TEMPORARY GLOBAL NOTE

ISIN: [•]

Common Code: [•]

This Note has not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), any state securities laws in the United States or the securities laws of any other jurisdiction and may not be reoffered, resold, pledged or otherwise transferred except as permitted by this legend. The holder hereof, by its acceptance of this Note, represents, acknowledges and agrees that it will not reoffer, resell, pledge or otherwise transfer this Note except in compliance with the Securities Act and other applicable laws and except to a person that is not a U.S. person (as defined in Regulation S under the Securities Act) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act (1) upon delivery of all certifications, opinions and other documents that the Issuer or the Trustee may require and (2) in accordance with any applicable securities law of any state of the United States and any other jurisdiction.

This Note is not transferable except in accordance with the restrictions described herein and in the Trust Deed. Any sale or transfer in violation of the foregoing will be of no force and effect, will be void ab initio, and will not operate to transfer any rights to the transferee, notwithstanding any instructions to the contrary to the Issuer, the Trustee or any intermediary. Each transferor of this Note agrees to provide notice of the transfer restrictions set forth herein and in the Trust Deed to the transferee.

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j)) AND 1287(a) OF THE INTERNAL REVENUE CODE.

FIRST FLEXIBLE (NO.7) PLC
(incorporated with limited liability in England and Wales
with registered number 4579544)

£[amount]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

TEMPORARY GLOBAL NOTE

1. INTRODUCTION

This Temporary Global Note is issued in respect of the above captioned Notes. The Notes are subject to, and have the benefit of, the Trust Deed and are the subject of the Agency Agreement and the other Relevant Documents.

2. INTERPRETATION

2.1 References to Conditions

Any reference herein to the "Conditions" is to the terms and conditions of the Notes set out in Schedule IV hereto and any reference to a numbered "Condition" is to the correspondingly numbered provision thereof.

2.2 Definitions

In this Temporary Global Note, unless otherwise defined herein or the context requires otherwise, words and expressions have the meanings and constructions ascribed to them in the Conditions and the Trust Deed.

3. PROMISE TO PAY

The Issuer, for value received, promises to pay to the bearer of this Temporary Global Note the Principal Amount Outstanding of:

**£[AMOUNT IN NUMBERS]
([AMOUNT IN WORDS] POUNDS STERLING)**

on the dates and in the amounts specified in the Conditions or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on the unpaid balance of such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions, provided that, such interest shall be payable only:

- 3.1 in the case of interest falling due before the Exchange Date (as defined below), to the extent that a certificate or certificates issued by Clearstream, Luxembourg and/or Euroclear dated not earlier than the date on which such interest falls due and in substantially the form set out in Schedule III hereto is or are delivered to the Specified Office of the Principal Paying Agent; or
- 3.2 in the case of interest falling due at any time, to the extent that the Issuer has failed to procure the exchange for a Permanent Global Note of that portion of this Temporary Global Note in respect of which such interest has accrued.

4. NEGOTIABILITY

This Temporary Global Note is negotiable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as appropriate and, accordingly, title to this Temporary Global Note shall pass by delivery.

5. EXCHANGE

5.1 Delivery of Permanent Global Note

On or after the day following the expiry of forty days after the date of issue of this Temporary Global Note (the "Exchange Date"), the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note in bearer form to the bearer of

this Temporary Global Note or (in the case of any subsequent exchange) an increase in the Principal Amount Outstanding of the Permanent Global Note in accordance with its terms against:

- 5.1.1 receipt of certification on non-U.S. beneficial ownership by the relevant Noteholders;
- 5.1.2 presentation and (in the case of final exchange) surrender of this Temporary Global Note at the Specified Office of the Principal Paying Agent; and
- 5.1.3 receipt by the Principal Paying Agent of a certificate or certificates issued by Clearstream, Luxembourg or Euroclear dated not earlier than the Exchange Date and in substantially the form set out in Schedule III hereto.

5.2 Principal Amount Outstanding

The Principal Amount Outstanding of the Permanent Global Note shall be equal to the aggregate of the Principal Amount Outstanding specified in the certificates issued by Clearstream, Luxembourg or Euroclear and received by the Principal Paying Agent, provided that, in no circumstances shall the Principal Amount Outstanding of the Permanent Global Note exceed the initial Principal Amount Outstanding of this Temporary Global Note.

6. WRITING DOWN

On each occasion on which:

- 6.1 the Permanent Global Note is delivered; or
- 6.2 the Principal Amount Outstanding thereof is increased in accordance with its terms in exchange for a further portion of this Temporary Global Note; or
- 6.3 Notes represented by this Temporary Global Note are to be cancelled in accordance with Condition 5 (*Redemption and Purchase*),

the Issuer shall procure that (a) the Principal Amount Outstanding of the Permanent Global Note or the Principal Amount Outstanding of such increase or the aggregate Principal Amount Outstanding of such Notes to be cancelled, as the case may be, and (b) the remaining Principal Amount Outstanding of this Temporary Global Note (which shall be the previous Principal Amount Outstanding hereof less the aggregate of the amounts referred to in (a)) are noted in Schedule I hereto, whereupon the Principal Amount Outstanding of this Temporary Global Note shall for all purposes be as most recently so noted.

7. PAYMENTS

All payments in respect of this Temporary Global Note shall be made against presentation and (on final maturity or any earlier redemption in full) surrender of this Temporary Global Note at the Specified Office of any Paying Agent and shall be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of

the Notes. On each occasion on which a payment of interest is made in respect of this Temporary Global Note, the Issuer shall procure that the same is noted in Schedule I hereto.

8. CONDITIONS APPLY

Until this Temporary Global Note has been exchanged as provided herein or cancelled in accordance with the Agency Agreement, the bearer of this Temporary Global Note shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if the bearer were the holder of Notes in definitive form in substantially the form set out in Part A of Schedule 3 (*Form of Definitive Note*) of these presents and the related Receipts and Coupons and Talons in minimum denomination of £50,000 (and in integral multiples of £1,000 thereafter) and in an aggregate Principal Amount Outstanding equal to the principal amount of this Temporary Global Note.

9. NOTICES

Notwithstanding Condition 11 (*Notices*), while all the Notes are represented by this Temporary Global Note (or by this Temporary Global Note and the Permanent Global Note) and this Temporary Global Note is (or this Temporary Global Note and the Permanent Global Note are) deposited with a common depository for Clearstream, Luxembourg or Euroclear, notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg or Euroclear and, in any such case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 11 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

10. AUTHENTICATION

This Temporary Global Note shall not be valid for any purpose until it has been authenticated for and on behalf of the Principal Paying Agent.

11. GOVERNING LAW

This Temporary Global Note, and all matters arising from or connected with it, is governed by, and shall be construed in accordance with, English law.

AS WITNESS the manual or facsimile signature of a duly authorised person on behalf of the Issuer.

FIRST FLEXIBLE (NO.7) PLC

By:
(duly authorised)

ISSUED on [•]

Trust Deed

AUTHENTICATED for and on behalf of

CITIBANK N.A., LONDON BRANCH

as Principal Paying Agent

without recourse, warranty or liability

By: [manual signature]
(duly authorised)

Schedule II
Form of Accountholder's Certification

FIRST FLEXIBLE (NO.7) PLC
*(incorporated with limited liability under
the laws of England and Wales)*

£[AMOUNT]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

This is to certify that as of the date hereof, and except as set forth below, the above-captioned Securities held by you for our account (a) are owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) are owned by United States person(s) that (i) are foreign branches of a United States financial institution (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution hereby agrees, on its own behalf or through its agent, that you may advise the issuer or the issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) are owned by United States or foreign financial institution(s) for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and in addition if the owner of the Securities is a United States or foreign financial institution described in clause (c) (whether or not also described in clauses (a) or (b)) this is to further certify that such financial institution has not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

If the Securities are of the category contemplated in Section 230.903(b)(3) of Regulation S under the Securities Act of 1933, as amended (the "**Act**"), then this is also to certify that, except as set forth below, the Securities are beneficially owned by (1) non-U.S. person(s) or (2) U.S. person(s) who purchased the Securities in transactions which did not require registration under the Act. As used in this paragraph the term "**U.S. person**" has the meaning given to it by Regulation S under the Act.

As used herein, "**United States**" means the United States of America (including the States and the District of Columbia); and its "**possessions**" include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands.

We undertake to advise you promptly by tested telex on or prior to the date on which you intend to submit your certification relating to the Securities held by you for our account in accordance with your operating procedures if any applicable statement herein is not correct on

Trust Deed

such date, and in the absence of any such notification it may be assumed that this certification applies as of such date.

This certification excepts and does not relate to £[amount] of such interest in the above Securities in respect of which we are not able to certify and as to which we understand exchange and delivery of definitive Securities (or, if relevant, exercise of any rights or collection of any interest) cannot be made until we do so certify.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: [•]

[name of account holder]
as, or as agent for,
the beneficial owner(s) of the Securities
to which this certificate relates.

By:
(*authorised signatory*)

Schedule III
Form of Clearstream, Luxembourg/Euroclear Certification

FIRST FLEXIBLE (NO.7) PLC
*(incorporated with limited liability under
the laws of England and Wales)*

£[AMOUNT]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

This is to certify that, based solely on certifications we have received in writing, by tested telex or by electronic transmission from member organisations appearing in our records as persons being entitled to a portion of the Principal Amount Outstanding set forth below (our "**Member Organisations**") substantially to the effect set forth in Schedule II of the Temporary Global Note issued in respect of the securities, as of the date hereof, £[amount] Principal Amount Outstanding of the above-captioned Securities (a) is owned by persons that are not citizens or residents of the United States, domestic partnerships, domestic corporations or any estate or trust the income of which is subject to United States Federal income taxation regardless of its source ("**United States persons**"), (b) is owned by United States persons that (i) are foreign branches of United States financial institutions (as defined in U.S. Treasury Regulations Section 1.165-12(c)(1)(iv)) ("**financial institutions**") purchasing for their own account or for resale, or (ii) acquired the Securities through foreign branches of United States financial institutions and who hold the Securities through such United States financial institutions on the date hereof (and in either case (i) or (ii), each such United States financial institution has agreed, on its own behalf or through its agent, that we may advise the Issuer or the Issuer's agent that it will comply with the requirements of Section 165(j)(3)(A), (B) or (C) of the Internal Revenue Code of 1986, as amended, and the regulations thereunder), or (c) is owned by United States or foreign financial institutions for purposes of resale during the restricted period (as defined in U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(D)(7)), and to the further effect that United States or foreign financial institutions described in clause (c) (whether or not also described in clauses (a) or (b)) have certified that they have not acquired the Securities for purposes of resale directly or indirectly to a United States person or to a person within the United States or its possessions.

If the Securities are of the category contemplated in Section 230.903(b)(3) of Regulation S under the Securities Act of 1933, as amended (the "Act"), then this is also to certify with respect to the Principal Amount Outstanding of Securities set forth above that, except as set forth below, we have received in writing, by tested telex or by electronic transmission, from our Member Organisations entitled to a portion of such Principal Amount Outstanding, certifications with respect to such portion substantially to the effect set forth in the Temporary Global Note issued in respect of the Securities.

We further certify (1) that we are not making available herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) any portion of the temporary global security excepted in such certifications and (2) that as of the date hereof we have not received any notification from any of our Member Organisations to the effect that the statements made

Trust Deed

by such Member Organisations with respect to any portion of the part submitted herewith for exchange (or, if relevant, exercise of any rights or collection of any interest) are no longer true and cannot be relied upon as of the date hereof.

We understand that this certification is required in connection with certain tax laws and, if applicable, certain securities laws of the United States. In connection therewith, if administrative or legal proceedings are commenced or threatened in connection with which this certification is or would be relevant, we irrevocably authorise you to produce this certification to any interested party in such proceedings.

Dated: [•]

CLEARSTREAM BANKING, SOCIÉTÉ ANONYME
as operator of the Clearstream System

or

EUROCLEAR BANK S.A./N.V.
as operator of the Euroclear System

By:
(authorised signatory)

Schedule IV
Terms and Conditions of the Notes
[in the form of Schedule 4 to the Trust Deed]

SCHEDULE 2
FORM OF PERMANENT GLOBAL NOTE

ISIN: [●]

Common Code: [●]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

FIRST FLEXIBLE (NO.7) PLC
*(incorporated with limited liability in England and Wales
with registered number 4579544)*

£[amount]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

PERMANENT GLOBAL NOTE

1. INTRODUCTION

This Permanent Global Note is issued in respect of the above captioned Notes. The Notes are subject to, and have the benefit of, the Note Trust Deed and are the subject of the Agency Agreement and the other Relevant Documents.

2. INTERPRETATION

2.1 References to Conditions

Any reference herein to the "**Conditions**" is to the terms and conditions of the Notes set out in Schedule II hereto and any reference to a numbered "**Condition**" is to the correspondingly numbered provision thereof.

2.2 Definitions

In this Permanent Global Note, unless otherwise defined herein or the context requires otherwise, words and expressions have the meanings and constructions ascribed to them in the Conditions and the Trust Deed.

3. PROMISE TO PAY

The Issuer, for value received, promises to pay to the bearer of this Permanent Global Note the Principal Amount Outstanding of:

£[AMOUNT IN NUMBERS]
([AMOUNT IN WORDS] POUNDS STERLING)

on the dates and in the amounts specified in the Conditions or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay

interest on the unpaid balance of such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

4. **NEGOTIABILITY**

This Permanent Global Note is negotiable and, accordingly, title to this Permanent Global Note shall pass by delivery.

5. **EXCHANGE**

This Permanent Global Note will be exchanged (after certification as to non-U.S. beneficial ownership), in whole but not in part only, for Definitive Notes if either of the following events (each, an "Exchange Event") occurs:

- 5.1 Clearstream, Luxembourg or Euroclear is closed for business for a continuous period of fourteen days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence; or
- 5.2 as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Note Payment Date be required to make any deduction or withholding for or on account of tax from any payment in respect of such Notes which would not be required were such Notes in definitive form.

6. **DELIVERY OF DEFINITIVE NOTES**

Whenever this Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery of such Definitive Notes in bearer form, duly authenticated and with Receipts, Coupons and Talons attached, in an aggregate Principal Amount Outstanding equal to the Principal Amount Outstanding of this Permanent Global Note to the bearer of this Permanent Global Note against the surrender of this Permanent Global Note at the Specified Office of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

7. **WRITING DOWN**

On each occasion on which:

- 7.1 a payment of principal is made in respect of this Permanent Global Note;
- 7.2 Definitive Notes are delivered; or
- 7.3 Notes represented by this Permanent Global Note are to be cancelled in accordance with Condition 5 (*Redemption and Purchase*),

the Issuer shall procure that (i) the amount of such payment and the aggregate Principal Amount Outstanding of such Notes and (ii) the remaining Principal Amount Outstanding of this Permanent Global Note (which shall be the previous Principal Amount Outstanding hereof less the aggregate of the amounts referred to in (i) above) are noted in Schedule I hereto, whereupon the Principal Amount Outstanding of this Permanent Global Note shall for all purposes be as most recently so noted.

8. **WRITING UP**

If this Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes, then, if at any time any further portion of such Temporary Global Note is exchanged for an interest in this Permanent Global Note, the Principal Amount Outstanding of this Permanent Global Note shall be increased by the amount of such further portion, and the Issuer shall procure that the Principal Amount Outstanding of this Permanent Global Note (which shall be the previous Principal Amount Outstanding hereof plus the amount of such further portion) is noted in Schedule I hereto, whereupon the Principal Amount Outstanding of this Permanent Global Note shall for all purposes be as most recently so noted.

9. **PAYMENTS**

All payments in respect of this Permanent Global Note shall be made against presentation and (on final maturity or any earlier redemption in full) surrender of this Permanent Global Note at the Specified Office of any Paying Agent and shall be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of interest is made in respect of this Permanent Global Note, the Issuer shall procure that the same is noted in Schedule I hereto.

10. **CONDITIONS APPLY**

Until this Permanent Global Note has been exchanged as provided herein or cancelled in accordance with the Agency Agreement, the bearer of this Permanent Global Note shall be subject to the Conditions and, subject as otherwise provided herein, shall be entitled to the same rights and benefits under the Conditions as if it were the holder of Definitive Notes and the related Receipts, Coupons and Talons in minimum denomination of £50,000 (and in integral multiples of £1,000 thereafter) and in an aggregate Principal Amount Outstanding equal to the Principal Amount Outstanding of this Permanent Global Note.

11. **NOTICES**

Notwithstanding Condition 11 (*Notices*), while all the Notes are represented by this Permanent Global Note (or by this Permanent Global Note and a Temporary Global Note) and this Permanent Global Note is (or this Permanent Global Note and a Temporary Global Note are) deposited with a common depository for Clearstream, Luxembourg or Euroclear, notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg or Euroclear and, in any such case, such

notices shall be deemed to have been given to the Noteholders in accordance with Condition 11 (*Notices*) on the date of delivery to Clearstream, Luxembourg or Euroclear.

12. **AUTHENTICATION**

This Permanent Global Note shall not be valid for any purpose until it has been authenticated for and on behalf of the Principal Paying Agent.

13. **GOVERNING LAW**

This Permanent Global Note, and all matters arising from or connected with it, are governed by, and shall be construed in accordance with, English law.

AS WITNESS the manual or facsimile signature of a duly authorised person on behalf of the Issuer.

FIRST FLEXIBLE (NO.7) PLC

By:
(*duly authorised*)

ISSUED on [•]

AUTHENTICATED for and on behalf of

CITIBANK N.A., LONDON BRANCH

as Principal Paying Agent

without recourse, warranty or liability

By: [manual signature]
(*duly authorised*)

Schedule II
Terms and Conditions of the Notes
[in the form of Schedule 4 to the Trust Deed]

SCHEDULE 3
DEFINITIVE NOTES

Part A
Form of Definitive Note

[On the face of the Note]

ISIN: [•]	Common Code: [•]
Denomination: £[•]	Serial Number: [•]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j)) AND 1287(a) OF THE INTERNAL REVENUE CODE.

THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED AS PART OF ITS INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS ("**DUTCH RESIDENTS**") OTHER THAN TO PROFESSIONAL MARKET PARTIES WITHIN THE MEANING OF THE EXEMPTION REGULATION PURSUANT TO THE DUTCH ACT ON THE SUPERVISION OF THE CREDIT SYSTEM 1992 ("**PMPs**").

EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED TO DUTCH RESIDENTS OTHER THAN TO A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.

FIRST FLEXIBLE (NO.7) PLC
(incorporated with limited liability in England and Wales
with registered number 4579544)

£[amount]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

This Note is one of a series of Notes (the "Notes") in the minimum denomination of £50,000 (and in integral multiples of £1,000 thereafter) and in the aggregate Principal Amount Outstanding of £[amount] issued by First Flexible (No.7) PLC (the "Issuer"). The Notes are subject to, and have the benefit of, a Trust Deed dated 25 January 2007 between the Issuer and Citicorp Trustee Company Limited as trustee for the holders of the Notes from time to time.

The Issuer, for value received, promises to pay to the bearer the principal sum of

**£[AMOUNT IN NUMBERS]
([AMOUNT IN WORDS] POUNDS STERLING)**

on the dates and in the amounts specified in the conditions endorsed on this Note (the "Conditions"), or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on the unpaid balance of such principal sum in arrear on the dates and at the rate specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

Interest is payable on the unpaid balance of the above principal sum in accordance with the Conditions.

This Note and the principal receipts and interest coupons and talons relating hereto shall not be valid for any purpose until this Note has been authenticated for and on behalf of the Principal Paying Agent.

AS WITNESS the facsimile signature of a duly authorised person on behalf of the Issuer.

FIRST FLEXIBLE (NO.7) PLC

By: [facsimile signature]
(duly authorised)

ISSUED on [•]

AUTHENTICATED for and on behalf of

CITIBANK N.A., LONDON BRANCH

as Principal Paying Agent

without recourse, warranty or liability

By: [manual signature]
(duly authorised)

Trust Deed

[On the reverse of the Note]

TERMS AND CONDITIONS

[in the form of Schedule 4 to the Trust Deed]

[At the foot of the Terms and Conditions]

PRINCIPAL PAYING AGENT

**Citibank N.A., London Branch
Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London E14 5LB**

Part B
Form of Interest Coupon

[On the face of the Coupon]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED AS PART OF ITS INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS ("**DUTCH RESIDENTS**") OTHER THAN TO PROFESSIONAL MARKET PARTIES WITHIN THE MEANING OF THE EXEMPTION REGULATION PURSUANT TO THE DUTCH ACT ON THE SUPERVISION OF THE CREDIT SYSTEM 1992 ("**PMPs**").

EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED TO DUTCH RESIDENTS OTHER THAN TO A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.

FIRST FLEXIBLE (NO.7) PLC

*(incorporated with limited liability in England and Wales
with registered number 4579544)*

£[amount]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

This Coupon relates to a Note in the minimum denomination of £50,000 (and in integral multiples of £1,000 thereafter).

Coupon for the amount of interest due on the Note Payment Date falling in [month and year].

Trust Deed

Such amount is payable, subject to the terms and conditions (the "**Conditions**") endorsed on the Note to which this Coupon relates (which are binding on the holder of this Coupon whether or not it is for the time being attached to such Note), against presentation and surrender of this Coupon at the specified office for the time being of any of the agents shown on the reverse of this Coupon (or any successor or additional agents appointed from time to time in accordance with the Conditions).

The Note to which this Coupon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of this Coupon. In such event, this Coupon shall become void and no payment will be made in respect hereof.

[On the reverse of the Coupon]

PRINCIPAL PAYING AGENT

**Citibank N.A., London Branch
Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London E14 5LB**

Part C
Form of Principal Receipt

[On the face of the Receipt]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j)) AND 1287(a) OF THE INTERNAL REVENUE CODE.

THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED AS PART OF ITS INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS ("**DUTCH RESIDENTS**") OTHER THAN TO PROFESSIONAL MARKET PARTIES WITHIN THE MEANING OF THE EXEMPTION REGULATION PURSUANT TO THE DUTCH ACT ON THE SUPERVISION OF THE CREDIT SYSTEM 1992 ("**PMPs**").

EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED TO DUTCH RESIDENTS OTHER THAN TO A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.

FIRST FLEXIBLE (NO.7) PLC
(incorporated with limited liability in England and Wales
with registered number 4579544)

£[amount]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

Receipt for the amount of principal due on [scheduled payment date].

Such amount is payable, subject to the terms and conditions (the "**Conditions**") endorsed on the Note to which this Receipt relates (which are binding on the holder of this Receipt whether or not it is for the time being attached to such Note), against presentation and surrender of this Receipt at the specified office for the time being of any of the agents shown on the reverse of

Trust Deed

this Receipt (or any successor or additional agents appointed from time to time in accordance with the Conditions).

The Note to which this Receipt relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of this Receipt. In such event, this Receipt shall become void and no payment will be made in respect hereof.

[On the reverse of the Receipt]

PRINCIPAL PAYING AGENT

**Citibank N.A., London Branch
Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London E14 5LB**

Part D
Form of Talon

[On the face of the Talon]

ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.

THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED AS PART OF ITS INITIAL DISTRIBUTION OR AT ANY TIME THEREAFTER, DIRECTLY OR INDIRECTLY, TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS ("**DUTCH RESIDENTS**") OTHER THAN TO PROFESSIONAL MARKET PARTIES WITHIN THE MEANING OF THE EXEMPTION REGULATION PURSUANT TO THE DUTCH ACT ON THE SUPERVISION OF THE CREDIT SYSTEM 1992 ("**PMPs**").

EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED TO DUTCH RESIDENTS OTHER THAN TO A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.

FIRST FLEXIBLE (NO.7) PLC
(incorporated with limited liability in England and Wales
with registered number 4579544)

£[amount]

Class [A/B/C] Mortgage-Backed Floating Rate Notes due 2033

Talon for further Coupons.

On or after the relevant Note Payment Date of the final Coupon which is (or was at the time of issue) part of the Coupon Sheet to which this Talon is (or was at the time of issue) attached, this Talon may be exchanged at the specified office for the time being of the principal paying agent shown on the reverse of this Talon (or any successor principal paying

Trust Deed

agent appointed from time to time in accordance with the terms and conditions (the "**Conditions**") of the Notes to which this Talon relates) for a further Coupon Sheet (including a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 8 (*Prescription*)).

The Note to which this Talon relates may, in certain circumstances specified in the Conditions, fall due for redemption before the maturity date of such final Coupon. In such event, this Talon shall become void and no Coupon will be delivered in respect hereof.

[On the reverse of the Talon]

PRINCIPAL PAYING AGENT

**Citibank N.A., London Branch
Citigroup Centre, 21st Floor
Canada Square
Canary Wharf
London E14 5LB**

SCHEDULE 4
TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions (subject to completion and amendment, the "**Conditions**") which apply to the Global Notes and, if Definitive Notes are to be issued, will be endorsed on the Definitive Notes. While any Notes remain in global form the Conditions govern them, except to the extent that they are modified by the terms of the Global Notes.

[to be inserted in engrossment copy]

SCHEDULE 5
PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:

"Voting Certificate" shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:

- (A) that on the date thereof Relevant Notes (not being Relevant Notes in respect of which a Block Voting Instruction has been issued and is outstanding in respect of the meeting specified in such Voting Certificate and any such adjourned meeting) were either deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control or blocked by a depository holding the same in a manner approved by the Trustee and that no such Relevant Notes will cease to be so deposited, held or blocked until the first to occur of:
- (1) the conclusion of the meeting specified in such certificate or, if applicable, any such adjourned meeting; and
 - (2) the surrender of the certificate to the Paying Agent who issued the same; and
- (B) that the bearer of such certificate is entitled to attend and vote at such meeting and any such adjourned meeting in respect of the Relevant Notes represented by such certificate;

"Block Voting Instruction" shall mean an English language document issued by a Paying Agent and dated in which:

- (A) it is certified that Notes of the relevant class (not being Notes in respect of which a Voting Certificate has been issued and is outstanding in respect of the meeting specified in such Block Voting Instruction and any such adjourned meeting) have been deposited with a Paying Agent or (to the satisfaction of the such Paying Agent) are held to its order or under its control or blocked by a depository holding the same in a manner approved by the Trustee and that no such Notes will cease to be so deposited, held or blocked until the first to occur of:
- (1) the conclusion of the meeting specified in such document or, if applicable, any such adjourned meeting; and
 - (2) the surrender to the Paying Agent, not less than 48 hours before the time for which such meeting or any such adjourned meeting is convened, of the receipt issued by the Paying Agent in respect of each such deposited Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Paying Agent to be held to its

order or under its control or blocked and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 17 below of the necessary amendment to the Block Voting Instruction;

- (B) it is certified that each holder of such Notes has instructed the relevant Paying Agent that the vote(s) attributable to the Note(s) so deposited, held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any such adjourned meeting and that all such instructions are during the period commencing 48 hours prior to the time for which such meeting or any such adjourned meeting is convened and ending at the conclusion or adjournment thereof neither revocable or capable of amendment;
- (C) the total number and the serial numbers of the Notes so deposited, held or blocked are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
- (D) one or more persons named in such document (each hereinafter called "**proxy**") is or are authorised and instructed by the relevant Paying Agent to cast the votes attributable to the Relevant Notes so listed in accordance with the instructions referred to above as set out in such document.

"**48 hours**" shall mean a period of 48 hours including all or part of two days upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business as aforesaid; and

"**24 hours**" shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Principal Paying Agent has its Specified Office (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business as aforesaid.

"**Notes**" and "**Noteholders**" shall mean:

- (A) in connection with a meeting of Class A Noteholders, "Class A Notes" and "Class A Noteholders" respectively;
- (B) in connection with a meeting of Class B Noteholders, "Class B Notes" and "Class B Noteholders" respectively; and

- (C) in connection with a meeting of Class C Noteholders, "Class C Notes" and "Class C Noteholders" respectively.

The holder of any Voting Certificate or the proxies named in any Block Voting Instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which such Voting Certificate or Block Voting Instruction relates and the Paying Agent or the person holding the same to the order or under the control of the Paying Agent or the person holding the same blocked as aforesaid shall be deemed for such purposes not to be the holder of those Notes.

In respect of any meeting of holders of one or more classes of Notes, "**Relevant Noteholders**" means each of the Noteholders entitled to attend and vote at that meeting and "**Relevant Notes**" means those Notes.

Where Notes are held in Clearstream, Luxembourg or Euroclear (whether in the form of Global Notes or Definitive Notes), references to the deposit, or release, of Notes shall be construed in accordance with the usual practices (including blocking the relevant account) of Clearstream, Luxembourg or Euroclear and, in other cases, such references are to the deposit or (as the case may be) release of Definitive Notes.

2. The Issuer or the Trustee may at any time and the Issuer shall upon a requisition in writing signed by Noteholders of not less than 10% of the Principal Amount of the Notes for the time being then outstanding convene a meeting of the Noteholders and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Trustee or the requisitionists. Every such meeting shall be held at such place as the Trustee may appoint or approve.
3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the place, day and hour of meeting shall be given by the Trustee (if the meeting is convened by the Trustee) or by the Issuer (if the meeting is convened by the Issuer) to the Relevant Noteholders prior to any meeting of the Relevant Noteholders in the manner provided by Condition 12. Such notice shall state generally the nature of the business to be transacted at the meeting thereby convened by and (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Notes may be deposited with a Paying Agent or (to their satisfaction) held to their order or under their control or blocked by a depository holding the same in a manner approved by the Trustee for the purpose of obtaining Voting Certificates or appointing proxies until 48 hours before the time fixed for the meeting but not thereafter. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee) and to the Issuer (unless the meeting is convened by the Issuer).
4. Some person (who may but need not be a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present

within fifteen minutes after the time appointed for holding the meeting the relevant Noteholders present shall choose one of their number to be Chairman.

5. At any meeting for all business other than voting on an Extraordinary Resolution two or more persons present being Noteholders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing not less than 5% of the aggregate Principal Amount of the Relevant Notes then outstanding shall (except for the purposes of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business.

The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be two or more persons present being Noteholders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing greater than 50% of the aggregate Principal Amount of the Relevant Notes then outstanding **provided that** at any meeting the business of which includes any of the following matters (each being a "**Basic Terms Modification**" each of which shall only be capable of being effected after having been approved by Extraordinary Resolution (and in the case of business affecting any class of Noteholders an Extraordinary Resolution of a meeting of that class)) namely:

- (A) modification of the date fixed for final maturity of any Note or modification of the method of calculating the Principal Payment payable on any Note or modification of the date of payment of any Principal Payment on any Note;
- (B) reduction or cancellation of the principal payable on any Note or any alteration of the date or priority of redemption of any Note;
- (C) alteration of the amount of interest payable on any Note (including, for the avoidance of doubt, Additional Interest and/or Deferred Interest) or modification of the method of calculating the amount of interest payable on any Note or modification of the date of payment of any interest payable on any Note;
- (D) alteration of the currency in which payments under any Note are to be made;
- (E) alteration of the majority required to pass an Extraordinary Resolution or the manner in which such majority is constituted;
- (F) the sanctioning of any such scheme or proposal as is described in paragraph 18(I) below;
- (G) alteration of this proviso or the proviso to paragraph 6 below;
- (H) alteration of the priorities of payments set out in clauses 6.1.2, 6.2 and 8.2 of the Deed of Charge; or

- (I) any proposal to effect the exchange, conversion or substitution of the Notes of any class for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person;

the quorum shall (subject as provided further below) be two or more persons present being Noteholders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing greater than 75% of the aggregate Principal Amount of the Relevant Notes then outstanding.

A Basic Terms Modification shall be not be effective unless sanctioned by an Extraordinary Resolution duly passed at separate meetings of the holders of each class of Notes.

In the event that at least the requisite fraction of the aggregate Principal Amount of the Relevant Notes then outstanding in respect of: (a) business other than voting on an Extraordinary Resolution; (b) voting on an Extraordinary Resolution other than a Basic Terms Modification; or (c) voting on an Extraordinary Resolution that is a Basic Terms Modification (as the case may be), is represented by a Global Note, a single voter appointed in relation thereto or being the holder of the Notes represented thereby shall be deemed to be two voters for the purpose of forming a quorum.

6. If within fifteen minutes after the time appointed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of the Noteholders, be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period being not less than 14 days nor more than 42 days, and at such place as may be appointed by the Chairman of the meeting and approved by the Trustee) and at such adjourned meeting two or more persons present being Noteholders of Relevant Notes or Voting Certificates or being proxies in respect thereof (whatever the aggregate of the Principal Amount of the Relevant Notes then outstanding held) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary Resolution or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present provided that at any adjourned meeting the business of which includes any of the matters specified in the proviso to paragraph 5 above, the quorum shall (subject as provided further below) be two or more persons present being Noteholders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing greater than 25% of the aggregate Principal Amount of the Relevant Notes then outstanding.

In the event that any of the Relevant Notes is represented by a Global Note (or, in the case of business at upon the resumption of an adjourned meeting which includes any of the matters specified in the proviso to paragraph 5, the requisite fraction of the Relevant Notes is represented by a Global Note), a single voter appointed in relation thereto or being the holder of the Notes represented thereby shall be deemed to be two

voters for the purpose of forming a quorum upon the resumption of an adjourned meeting.

7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall (except in cases where the proviso to paragraph 6 above shall apply when it shall state the relevant quorum) state that the persons present holding Relevant Notes, or Voting Certificates or being proxies in respect thereof at the adjourned meeting (whatever the aggregate of the Principal Amount of the Relevant Notes then outstanding held) will form a quorum. Subject as aforesaid it shall not be necessary to give any notice of any adjourned meeting.
8. Every resolution submitted to a meeting shall (subject to paragraph 20) be decided by a simple majority, in the first instance by a show of hands, then (subject to paragraph 9) by a poll and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the vote or votes (if any) to which he may be entitled as a Noteholder or as a holder of a Voting Certificate or as a proxy.
9. At any meeting (unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by two or more persons present being holders of Relevant Notes or Voting Certificates or being proxies in respect thereof and holding or representing not less than 2% of the aggregate Principal Amount of the Relevant Notes then outstanding) a declaration by the Chairman that a resolution has been carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour or against such resolution.
10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded, it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Trustee and its lawyers and any director, officer or employee of a corporation being a trustee of these presents and any director or officer of the Issuer and the

lawyers of the Issuer and any other person authorised in that behalf by the Trustee may attend and speak at any meeting. Save as aforesaid but without prejudice to the proviso to the definition of "outstanding" in Clause 1 of this Trust Deed, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on the Noteholders by Conditions 9 and 10 unless he either produces the Note(s) of which he is the holder or a Voting Certificate or is a proxy. Subject to the proviso to the definition of "outstanding" in Clause 1 of this Trust Deed, neither the Issuer, PFPLC, PML, MTS, MTL nor the Administrators nor any of their respective subsidiaries or holding companies or other subsidiaries of such holding companies shall be entitled to vote at any meeting in respect of Notes held beneficially by it or for its account. Nothing herein contained shall prevent any of the proxies named in any Block Voting Instruction from being a director, officer or representative or otherwise connected with the Issuer.

14. Subject as provided in paragraph 13 hereof at any meeting:
 - (A) on a show of hands every Noteholder who is present in person or produces a Voting Certificate or is a proxy in respect thereof shall have one vote; and
 - (B) on a poll every person who is so present shall have one vote in respect of each £1 in principal amount of the Principal Amount of the Relevant Notes then outstanding so produced or represented by the Voting Certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligations of the proxies named in any Block Voting Instruction any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

15. The proxies named in any Block Voting Instruction need not be Noteholders.
16. Each Block Voting Instruction together (if so required by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the relevant Paying Agent shall be deposited at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the Block Voting Instruction propose to vote and in default of such deposit the Block Voting Instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A notarially certified copy of each Block Voting Instruction shall, unless the Trustee otherwise agrees, be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such Block Voting Instruction.
17. Any vote cast in accordance with the terms of a Block Voting Instruction shall be valid notwithstanding the previous revocation or amendment of the Block Voting Instruction or of any of the Noteholder's instructions pursuant to which it was executed provided

that no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent by the Issuer at its registered office (or such other place as may have been approved by the Trustee for the purpose) by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the Block Voting Instruction is to be used.

18. A meeting of the Noteholders of the Class A Notes, the Class B Notes or the Class C Notes, shall in addition to the powers hereinbefore given have the following powers exercisable by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6 above) only, namely:
- (A) Power to sanction any compromise or arrangement proposed to be made between the Issuer and the Class A Noteholders, the Class B Noteholders or the Class C Noteholders.
 - (B) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, as the case may be, against the Issuer or against any of its property or against any other person whether such rights shall arise under these presents, any of the Notes or otherwise.
 - (C) Power to assent to any modification of the provisions contained in these presents, the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, (including the Conditions) or the provisions of any of the Relevant Documents which shall be proposed by the Issuer or the Trustee.
 - (D) Power to give any authority or sanction which under the provisions of these presents or the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, (including the Conditions) is required to be given by Extraordinary Resolution.
 - (E) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, as the case may be, and to confer upon such committee or committees any powers or discretions which the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, as the case may be, could themselves exercise by Extraordinary Resolution.
 - (F) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of these presents.
 - (G) Power to discharge or exonerate the Trustee from all liability in respect of any act or omission for which the Trustee may have become responsible under these presents or under the Class A Notes, Class B or the Class C Notes.
 - (H) Power to authorise the Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.

- (I) Power to sanction any scheme or proposal for the exchange or sale of the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, for, or the conversion of the Class A Notes, the Class B Notes or the Class C Notes as the case may be, into, or the cancellation of the Class A Notes, the Class B Notes or the Class C Notes, as the case may be, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.

provided that no Extraordinary Resolution of the Class B Noteholders or the Class C Noteholders shall be effective unless (a) the Trustee is of the sole opinion that it will not be materially prejudicial to the interests of the Class A Noteholders (and the Class B Noteholders in the case of an Extraordinary Resolution of the Class C Noteholders) or (b) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders (and the Class B Noteholders in the case of an Extraordinary Resolution of the Class C Noteholders) or (c) none of the Class A Notes (and the Class B Notes in the case of an Extraordinary Resolution of the Class C Noteholders) remains outstanding.

19. Subject to the provisos to paragraph 18 above, any resolution passed at a meeting of the Relevant Noteholders duly convened and held in accordance with these presents shall be binding upon all the Relevant Noteholders, Couponholders and Receiptholders whether present or not present at such meeting and whether or not voting irrespective of its effect upon such Relevant Noteholders, Couponholders and Receiptholders; and, in such case, each of such Relevant Noteholders, Couponholders and Receiptholders shall be bound to give effect to such resolution accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of the result of the voting on any resolution duly considered by the Relevant Noteholders shall be published in accordance with Condition 12 as the case may be by the Issuer within 14 days of such result being known provided that the non-publication of such notice shall not invalidate such resolution.
20. The expression "**Extraordinary Resolution**" when used in these presents means a resolution passed at a meeting of the Relevant Noteholders duly convened and held in accordance with the provisions herein contained by a majority consisting of not less than 75% of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75% of the votes given on such poll.
21. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such Minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein contained and until the contrary is

proved every such meeting in respect of the proceedings of which Minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed or had.

22. Subject to all other provisions contained in these presents the Trustee may without the consent of the Issuer or the Noteholders prescribe such further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat as the Trustee may in its sole discretion think fit.
23. References herein to a "**resolution duly passed at a meeting of the Noteholders**" shall include, where the context permits, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting in accordance with the provisions contained in this Trust Deed. Such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.

Execution Page

Executed by:

FIRST FLEXIBLE (NO. 7) PLC

as its deed as follows:

Signed for and on its behalf by one of its
duly authorised attorneys in the presence
of:

By: /s/ Stephen Bowcott
Name: Stephen Bowcott
Title: Attorney

Signature: /s/ Oliver Campbell

Name: Oliver Campbell
Trainee Solicitor
Address: Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Executed as a deed by:
acting by:

Citicorp Trustee Company Limited

By: /s/ Marne Lidster
Name: Marne Lidster
Title: Director

By: /s/ Jillian Hamblin
Name: Jillian Hamblin
Title: Director