

7 July 2011

BARCLAYS BANK PLC

PARAGON MORTGAGES (NO.11) PLC

and

CITICORP TRUSTEE COMPANY LIMITED (as Trustee)

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AMENDMENT AND RESTATEMENT AGREEMENT

relating to  
the Schedules to the ISDA Master Agreements and Credit Support  
Annexes in relation to Class A1, Class A2b, Class B1b and Class C1b  
Notes

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**THIS AGREEMENT** is dated 7 July 2011 and made between:

- (1) **BARCLAYS BANK PLC**, a public company with limited liability, incorporated under the laws of England and Wales, with its registered office at 1 Churchill Place, London, E14 5HP ("**Party A**");
- (2) **PARAGON MORTGAGES (NO.11) PLC**, a public company with limited liability, incorporated under the laws of England and Wales with registered number 04513183, whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands B91 3QE ("**Party B**"); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED**, of Citigroup Centre, 1 Canada Square, Canary Wharf, London- E14 5LB, United Kingdom (the "**Trustee**").

(together, the "**Parties**").

**WHEREAS:**

- (A) Party B duly authorised the creation and issue of an aggregate principal amount of certain Notes, and the Parties entered into the Original Agreements in connection with such issuance.
- (B) The Parties have agreed to make certain amendments to the Original Agreements (as defined below).

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

Capitalised terms not otherwise defined herein have the meaning ascribed to them in the Original Agreements.

In addition, in this Agreement:

**"Original Class A1 Agreement"** means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class A1 Notes entered into between the Parties dated 13 March 2006.

**"Original Class A2b Agreement"** means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class A2b Notes entered into between the Parties dated 13 March 2006.

**"Original Class B1b Agreement"** means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class B1b Notes entered into between the Parties dated 13 March 2006.

**"Originals Class C1b Agreement"** means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class C1b Notes entered into between the Parties dated 13 March 2006.

(together, the "**Original Agreements**")

"**Amended Class A1 Agreement**" means the Original Class A1 Agreement as amended and restated hereby, as set out in Schedule 1 (*Amended ISDA Schedule – Class A1 Notes*) and Schedule 2 (*Amended Credit Support Annex – Class A1 Notes*) hereto.

"**Amended Class A2b Agreement**" means the Original Class A2b Agreement as amended and restated hereby, as set out in Schedule 3 (*Amended ISDA Schedule – Class A2b Notes*) and Schedule 4 (*Amended Credit Support Annex – Class A2b Notes*) hereto.

"**Amended Class B1b Agreement**" means the Original Class B1b Agreement as amended and restated hereby, as set out in Schedule 7 (*Amended ISDA Schedule – Class B1b Notes*) and Schedule 8 (*Amended Credit Support Annex – Class B1b Notes*) hereto.

"**Amended Class C1b Agreement**" means the Original Class C1b Agreement as amended and restated hereby, as set out in Schedule 9 (*Amended ISDA Schedule – Class C1b Notes*) and Schedule 10 (*Amended Credit Support Annex – Class C1b Notes*) hereto.

(together, the "**Amended Agreements**")

"**Business Day**" means any day on which banks are generally open for business in London, excluding Saturday and Sunday.

"**Effective Date**" means the date two Business Days after the date of this Agreement.

## 1.2 **Clauses**

In this Agreement any reference to a "Clause" or a "Schedule" is, unless the context otherwise requires, a reference to a Clause or a Schedule to this Agreement.

## 1.3 **Third party rights**

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

## 2. **AMENDMENT AND RESTATEMENT OF THE CLASS A1 NOTES**

With effect from the Effective Date, the Schedule to the Original Class A1 Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 1 (*Amended ISDA Schedule – Class A1 Notes*) hereto and the Credit Support Annex to the Original Class A1 Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 2 (*Amended Credit Support Annex – Class A1 Notes*) hereto.

3. **AMENDMENT AND RESTATEMENT OF THE CLASS A2B NOTES**

With effect from the Effective Date, the Schedule to the Original Class A2b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 3 (*Amended ISDA Schedule – Class A2b Notes*) hereto and the Credit Support Annex to the Original Class A2b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 4 (*Amended Credit Support Annex – Class A2b Notes*) hereto.

4. **AMENDMENT AND RESTATEMENT OF THE CLASS B1B NOTES**

With effect from the Effective Date, the Schedule to the Original Class B1b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 5 (*Amended ISDA Schedule – Class B1b Notes*) hereto and the Credit Support Annex to the Original Class B1b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 6 (*Amended Credit Support Annex – Class B1b Notes*) hereto.

5. **AMENDMENT AND RESTATEMENT OF THE CLASS C1B NOTES**

With effect from the Effective Date, the Schedule to the Original Class C1b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 7 (*Amended ISDA Schedule – Class C1b Notes*) hereto and the Credit Support Annex to the Original Class C1b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 8 (*Amended Credit Support Annex – Class C1b Notes*) hereto.

6. **CONSENT**

The Trustee has been directed to enter into this Agreement by way of extraordinary resolution of the Class A Noteholders and hereby consents to the amendment and restatement of the Original Agreements in accordance with Clause 2 of this Agreement.

7. **REPRESENTATIONS**

The representations made by Party A and Party B in the Original Agreements are deemed to be repeated by each such Party (by reference to the facts and circumstances existing at the date of this Agreement, and as if references in these representations to "this Agreement" were references to "this Agreement") on the date of this Agreement.

8. **CONTINUITY AND FURTHER ASSURANCE**

8.1 **Continuing obligations**

The provisions of the Original Agreements shall, save as amended by this Agreement, continue in full force and effect.

8.2 **Further assurance**

Party A shall, at the request of Party B and at its own expense, and the Trustee at the request and the expense of Party B shall, do all such acts and things necessary or

desirable to give effect to the amendments effected or to be effected pursuant to this Agreement.

**9. FEES, COSTS AND EXPENSES**

Party A and Party B shall each bear its own fees, cost and expenses incurred in connection with its entry into this Agreement. Party B will reimburse the Trustee on demand for its reasonable fees, costs and expenses incurred in connection with this Agreement.

**10. PARTIAL INVALIDITY**

The invalidity, illegality or unenforceability of a provision of this Agreement does not affect or impair the continuation in force of the remainder of this Agreement. The Parties agree that they will negotiate in good faith to replace any provision of this Agreement which may be held unenforceable with a provision which is enforceable and which is as similar as possible in substance to the unenforceable provision.

**11. GOVERNING LAW**

This Agreement and all matters arising from or connected to it shall be governed by, and shall be construed in accordance with, English law.

**12. JURISDICTION**

The courts of England have exclusive jurisdiction to settle any dispute or proceeding arising from or in connection with this Agreement.

**13. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.

**IN WITNESS WHEREOF** this Agreement has been executed by the Parties on the date first before written.

**SCHEDULE 1**  
**AMENDED ISDA SCHEDULE – CLASS A1 NOTES**

**SCHEDULE TO THE MASTER AGREEMENT**

in relation to the

Class A1 Notes

(the "**Relevant Notes**")

made on

13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 11) PLC** ("**Party B**"); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns and which has agreed to become a party to this Agreement solely for the purpose of taking the benefit of Part 5(b) and Part 5(l) of the Schedule to this Agreement).

**Part 1 Termination Provisions**

- (a) "*Specified Entity*" means

in relation to Party A for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none.



- (b) "*Specified Transaction*" will have the meaning specified in Section 14.
- (c) The "*Cross Default*" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.
- (d) The "*Credit Event Upon Merger*" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The "*Automatic Early Termination*" provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) *Payments on Early Termination*. For the purposes of Section 6(e) of this Agreement:
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "*Termination Currency*" means Sterling.

## **Part 2 Tax Representations**

- (a) *Payer Representations*. For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement,
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) *Payee Representations*.

For the purpose of Section 3(f) of this Agreement, Party B makes no representation and Party A makes the following representations:

- (i) it is a party to each transaction solely for the purposes of a trade (or part of a trade) carried on by it in the United Kingdom through a branch or agency; and
- (ii) it is resident in the United Kingdom or in a jurisdiction with which the United Kingdom has a double tax treaty which makes provision, whether for relief or otherwise, in relation to interest.

**Part 3 Agreement to Deliver Documents**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, documents or certificates to be delivered are:

\_\_\_\_\_

N/A

- (b) Other documents to be delivered are:

<i>Party required to deliver document</i>	<i>Form/Document/Certificate</i>	<i>Date by which to be delivered</i>	<i>Covered by Section 3(d) Representation</i>
Party A and Party B	Evidence satisfactory to the other party as to the authority of its signatories to this Agreement and to each Confirmation including specimen signatures of such signatories	On signing of this Agreement and relevant Confirmation as applicable.	Yes
Party B	Certified copy of board resolution	On signing of this Agreement	Yes
Party B	Certified copy of Memorandum and Articles of Association	On signing of this Agreement	Yes

**Part 4 Miscellaneous**

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Any notice relating to a particular Transaction shall be delivered to the address or email address or facsimile or telex number specified in the Confirmation of such Transaction. Any notice delivered for purposes of Section 5 and 6 of this Agreement shall be delivered to the following address:

Address for notices or communications to Party A (other than by facsimile):

Address: Barclays Bank plc  
5, The North Colonnade  
Canary Wharf  
London, E14 4BB  
Attention: Securitisation Derivatives Director, Legal Division  
Telephone No: +44 (0)20 3134 1143  
Facsimile No: +44 (0)20 7516 9515

Address for notices or communications to Party B:

Address: St. Catherine's Court  
Herbert Road  
Solihull  
West Midlands B91 3QE  
Attention: Swaps Administration, Finance Department  
Facsimile No: 0121 712 2699  
Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

Address: Citigroup Centre, 14th Floor  
Canada Square  
Canary Wharf  
London E14 5LB  
Attention: Agency & Trust  
Facsimile No: 020 7500 5248

(b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A.

(f) ***Credit Support Document***

Details of any Credit Support Document:

In respect of Party A: Any Third Party Credit Support Document.

In respect of Party B: None.

"**Third Party Credit Support Document**" means any agreement or instrument (including any guarantee, insurance policy, security agreement or pledge agreement) entered into pursuant to Section 5(g) (Ratings Event), whose terms provide for the guarantee of Party A's obligations under this Agreement by a third party and which is in form and substance acceptable to the Rating Agencies.

(g) ***Credit Support Provider***

Credit Support Provider means in relation to Party A, a party who is a credit support provider under any Third Party Credit Support Document.

Credit Support Provider means in relation to Party B, none.

(h) ***Governing Law***. This Agreement is governed by, and shall be construed in accordance with, English law.

Section 13(b) is amended by: (1) adding in line 1 of clause (i) the words "agrees to bring such Proceedings exclusively in the High Court of Justice in London, England and " before the words "submits to the"; (2) adding in line 1 of clause (i) "exclusive" after "submits to the"; and (3) deleting the final paragraph.

(i) "***Affiliate***" will have the meaning specified in Section 14 of this Agreement.

**Part 5 Other Provisions**

(a) **No Set-Off**

(i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6.

(ii) Section 6(e) shall be amended by the deletion of the following sentence: "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

(b) ***Security Interest***

Notwithstanding Section 7, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in this Agreement) to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge (as defined in Part 5 hereof) and acknowledges notice of such

assignment. Each of the parties hereby confirms and agrees that the Trustee shall not be liable for any of the obligations of Party B hereunder.

(c) ***Disapplication of certain Events of Default***

Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(v), Section 5(a)(vii)(2), (5), (6), (7) and (9) will not apply in respect of Party B.

Section 5(a)(vii)(8) will not apply to Party B to the extent that it applies to Section 5(a)(vii)(2), (5), (6), (7) and (9).

(d) ***Disapplication of certain Termination Events***

The "Tax Event" and "Tax Event upon Merger" provisions of Section 5(b)(ii) and 5(b)(iii) will not apply to Party A or to Party B.

(e) ***Additional and amendment of Events of Default***

The following shall constitute an additional Event of Default with respect to Party B:

***"Enforcement Notice.*** The Trustee serves an Enforcement Notice, as defined in the Deed of Charge (as defined in Part 5 hereof), on Party B (in which case Party B shall be the Defaulting Party)."

(f) ***Additional Termination Event***

The following shall constitute an Additional Termination Event with respect to either Party A or Party B:

***"Repayment pursuant to any Applicable Laws or Regulations.*** An Additional Termination Event shall be deemed to have occurred in circumstances where payment is made by a party but is subsequently required to be repaid pursuant to any applicable laws or regulations."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and the party receiving the amounts so repaid shall be the sole Affected Party.

The following shall constitute an Additional Termination Event with respect to Party B:

***"Redemption and Prepayment of the Notes for Taxation and Other Reasons.*** Party B exercises its option to redeem the Notes (as defined in Part 5 hereof) pursuant to and in accordance with Condition 5(c) (*Redemption for Taxation or Other Reasons*) in whole in accordance with their terms prior to maturity."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and Party B shall be the sole Affected Party provided that the provisions of Section 6(b)(iv) will be amended such that Party A shall be deemed to be the Affected Party for the purposes of Section 6(b)(iv) only but for no other purpose and therefore, and for the avoidance of doubt, no Early Termination Date shall occur

and no early termination payment shall be payable by or to either party in connection with such Additional Termination Event unless Party B designates an Early Termination Date under Section 6(b)(iv).

For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(d) (*Optional Redemption in Full*) shall not constitute an Additional Termination Event with respect to Party A or Party B and no Early Termination Date shall occur and no early termination payment shall be payable by or to either party in connection with such exercise.

For the avoidance of doubt, a transfer of the Relevant Notes to the A1 Note Conditional Purchaser (as defined in the Conditions) in accordance with Condition 5(i) (*A1 Note Mandatory Transfer Arrangements*) shall not constitute an Additional Termination Event with respect to Party A or Party B and no Early Termination Date shall occur and no early termination payment shall be payable by or to either party in connection with such a transfer.

(g) ***Ratings Event***

(i) **Standard & Poor's**

(a) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Initial S&P Required Rating (an "**Initial S&P Rating Event**"), then:

(i) Party A shall, within the Initial Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and

(ii) Party A may, at any time following the occurrence of such Initial S&P Rating Event, at its own discretion and at its own cost:

(x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or

(y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or

(z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above are satisfied at any time, Party A will

not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(a)(i) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Initial S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Initial S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Initial S&P Rating Event".

**"Initial Remedy Period"** means the period that commences on (and excludes) the date on which an Initial S&P Rating Event occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Initial S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Initial S&P Rating Event occurs, submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Initial S&P Rating Event occurs.

- (b) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
- (i) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (ii) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or
    - (z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(b)(ii), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(b)(i) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(b)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Subsequent Collateral Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs, and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Subsequent S&P Rating Event occurs.

**"Subsequent S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Subsequent S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Subsequent S&P Rating Event".

**"Subsequent Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs and ends on (and includes) the later of (i) the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for a remedy to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, then the 90th calendar day following the date on which such Subsequent S&P Rating Event occurs.

- (c) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:
  - (i) if Party A does not take the measures described in Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above as required, such failure



will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) if Party A does not take the measures described in Part 5(g)(i)(b)(ii) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.

If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) In the event that:
  - (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A1" (or its equivalent) by Moody's Investors Services ("**Moody's**"); or
  - (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-1" (or its equivalent) by Moody's,

(an "**Initial Moody's Rating Event**"), then Party A will, within 30 days of such Initial Moody's Rating Event at its own cost, either:

- (A) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to either:
  - (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or

- (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor shall be either:
  - (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes; or
- (D) deliver collateral pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5 (g)(ii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(ii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

(iii) In the event that:

- (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A3" (or its equivalent) by Moody's; or
- (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-2" (or its equivalent) ("**Moody's Required Rating II**") by Moody's and, at such time, the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured and unsubordinated debt obligations of any co-obligor to Party A are not rated as high as the Moody's Required Rating,

(a "**Subsequent Moody's Rating Event**") then Party A will, within 30 days of the occurrence of such Subsequent Moody's Rating Event, on a best efforts basis and at its own cost, attempt to either:

- (A) transfer all of its rights and obligations with respect to this Agreement to either:
  - (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or

- (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor may be either:
  - (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes.

Pending compliance with Part 5(g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above, Party A will at its own cost:

- (D) within 10 days of the occurrence of such Subsequent Moody's Rating Event, provide collateral where there has already been collateralisation under Part 5(a)(ii)(D) pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5 (g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(iii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

- (iv) For the purposes of Part 5(g)(ii) and Part 5(g)(iii) above: (a) "**Moody's Required Ratings**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-1" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A1", or such other ratings as may be agreed with Moody's from time to time and (b) "**Moody's Required Rating II**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-2" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A3", or such other ratings as may be agreed with Moody's from time to time.
- (v) In relation to paragraphs Part 5(g)(ii)(D) and Part 5(g)(iii)(D) above, Party A will, upon receipt of reasonable notice from Moody's demonstrate to Moody's the calculation by it of the mark-to-market value of the outstanding Transactions, provided that no such calculation shall be required to be made more frequently than quarterly or as otherwise agreed between the parties.

- (vi) In relation to paragraph Part 5(g)(iii)(D) above, Party A will, at its own cost, on receipt of reasonable notice from Moody's (which, for the avoidance of doubt, will be no less than 30 days) arrange a third party valuation of the mark-to-market value of the outstanding Transactions provided that no such third party valuation shall be requested more frequently than quarterly or as otherwise agreed between the parties.
- (vii) Not used.
- (viii) Not used.
- (ix) If Party A does not take any of the measures described in Part 5(g)(i)(a)(i) or Part 5(g)(i)(a)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (x) If Party A does not take any of the measures described in Part 5(g)(i)(b)(i) or Part 5(g)(i)(b)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xi) If Party A does not take any of the measures described in Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5(g)(ii)(C) or Part 5(g)(ii)(D) above, such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the occurrence of such Initial Moody's Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xii) If Party A does not perform any of its obligations under Part 5(g)(iii) (D) above, such failure shall give rise to an Event of Default with respect to Party A and shall be deemed to have occurred on the tenth day following the occurrence of the relevant Subsequent Moody's Rating Event with Party A as the Defaulting Party. If Party A does not perform its obligations under Part 5(g)(iii) (A), (B) or (C) and, even after having applied best effort, has failed within 30 days to satisfy Part 5(g)(iii) (A), (B) or (C) above, such failure shall not constitute an Event of Default but shall be an Additional Termination Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(xiii) **Fitch downgrade scheme**

(A) **Fitch Ratings Level 1 Event**

In relation to each occurrence of a Fitch Ratings Level 1 Event (except where a previous Fitch Ratings Level 1 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 1 Cure Event occurs within the Fitch Ratings Level 1 Cure Period; and
- (2) if a Fitch Ratings Level 1 Cure Event does not occur within the Fitch Ratings Level 1 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 1 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

provided that if a Fitch Ratings Level 2 Event or a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 1 Event or during such Fitch Ratings Level 1 Cure Period, such Fitch Ratings Level 1 Event shall be deemed not to have occurred.

(B) **Fitch Ratings Level 2 Event**

In relation to each occurrence of a Fitch Ratings Level 2 Event (except where a previous Fitch Ratings Level 2 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 2 Cure Event occurs within the Fitch Ratings Level 2 Cure Period; and
- (2) if a Fitch Ratings Level 2 Cure Event does not occur within the Fitch Ratings Level 2 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 2 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

provided that if a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 2 Event or during such Fitch Ratings Level 2 Cure Period, such Fitch Ratings Level 2 Event shall be deemed not to have occurred.

(C) **Fitch Ratings Level 3 Event**

In relation to each occurrence of a Fitch Ratings Level 3 Event (except where a previous Fitch Ratings Level 3 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 3 Cure Event occurs within the Fitch Ratings Level 3 Cure Period; and
- (2) if a Fitch Ratings Level 3 Cure Event does not occur within the Fitch Ratings Level 3 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 3 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

"**Fitch**" means Fitch Ratings Ltd.

"**Fitch Minimum Rated Entity**" means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "A+" (or its equivalent) by Fitch.

"**Fitch Ratings Level 1 Cure Event**" means in relation to a Fitch Ratings Level 1 Event the date following such Fitch Ratings Level 1 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement; or

(2) **Non-Collateral:** a Fitch Ratings Non-Collateral Cure Event.

**"Fitch Ratings Level 1 Cure Period"** means in relation to a Fitch Ratings Level 1 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 1 Event occurs.

**"Fitch Ratings Level 1 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Cure Event"** means in relation to a Fitch Ratings Level 2 Event the date following such Fitch Ratings Level 2 Event upon which one or more of the following occurs:

(1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement provided that the Eligible Credit Support is independently valued on a weekly basis (Party A's cost); or

(2) **Non-Collateral:** Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 2 Cure Period"** means in relation to a Fitch Ratings Level 2 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 2 Event occurs.

**"Fitch Ratings Level 2 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 2 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

(1) its short term rating is at that time at least as high as "F2" (or its equivalent) by Fitch; as well as

(2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB+" (or its equivalent) by Fitch.

**"Fitch Ratings Level 3 Cure Event"** means in relation to a Fitch Ratings Level 3 Event the date following such Fitch Ratings Level 3 Event upon which a Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 3 Cure Period"** means in relation to a Fitch Ratings Level 3 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 3 Event occurs.

**"Fitch Ratings Level 3 Event"** means the first day upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 3 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 3 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F3" by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB-" by Fitch.

**"Fitch Ratings Non-Collateral Cure Entity"** means at any time a person (who may, without limitation, be an Affiliate of Party A):

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or
- (2) who (or whose Credit Support Provider) at that time has such other lower rating as is commensurate with the rating assigned at that time to the Relevant Notes by Fitch.

**"Fitch Ratings Non-Collateral Cure Event"** means the first date upon which the following occurs:

- (1) **Transfer:** Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.



(h) ***Modifications to Representations***

- (i) Section 3 is amended by the addition at the end thereof of the following additional representations:
- "(a) ***No Agency.*** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.
- (b) ***Pari Passu.*** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."
- (c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:
- (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
- (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
- (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent establishment and will continue so to treat the relevant Transaction".
- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

(i) ***Recording of Conversations***

Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties. Party A agrees to obtain any necessary consent of, and give notice of such recording to, such personnel of it.

(j) ***Relationship between the Parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

**"15. Relationship between the Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

- (a) ***Non Reliance.*** It is acting for its own account, and it has made its own decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.
- (b) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) ***Status of Parties.*** The other party is not acting as a fiduciary or an adviser for it in respect of that Transaction."

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their entirety and the words "but only where Party A is X" will be inserted in substitution therefor.
- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") equal to:

- (A) any Additional Amounts paid by Party A to Party B on such Interest Payment Date together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Additional Amounts paid by Party A under this Agreement on any previous Interest Payment Date, and
- (B) any Withheld Amount on such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount applicable to any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean the additional amounts (if any) paid by Party A to Party B in accordance with Section 2(d)(i)(4) of this Agreement.

"**Withheld Amount**" in Part 5(k) shall mean such withholding or deduction (if any) as Party B has made if Party B is required to make such withholding or deduction for or on account of United Kingdom tax from any amounts payable by it under a Transaction on any Interest Payment Date, in accordance with Section 2(d) of this Agreement.

This paragraph is the "Withholding Compensation Amounts Provision" referred to in certain of the Relevant Documents (as defined in the Deed of Charge).

- (iii) Where Party B pays a Withholding Compensation Amount, Party A undertakes as follows:
  - (A) to the extent that Party A obtains any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment, it shall forthwith pay to Party B so much of the cash benefit (as calculated below) relating thereto which it has received as will leave Party A in substantially the same position as Party A would have been in if no such deduction or withholding had been required;
  - (B) the "cash benefit" shall, in the case of a credit, allowance or set-off, be the additional amount of Tax which would have been payable by Party A but for the obtaining by it of the said Tax credit, allowance or set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been

made and, in the case of a repayment, on the date when the repayment is made;

- (C) it will use all reasonable endeavours to obtain any Tax credit, allowance, set-off or repayment as soon as is reasonably practicable and shall supply Party B with a reasonably detailed explanation of its calculation of the amount of any such Tax credit, allowance, set-off or repayment and of the date on which it becomes entitled to the same, or in the case of repayment, the same is received; and
- (D) it will use all reasonable endeavours to utilise in accordance with its accounting policies any Tax credit, allowance or set-off which would otherwise be unutilised.

Where Party B pays a Withholding Compensation Amount as a result of the withholding of a Withheld Amount, Party B undertakes to use reasonable endeavours to identify to Party A the withholding or deduction that has given rise to such payment.

(l) ***Security, Enforcement and Limited Recourse***

- (i) Party A agrees with Party B and the Trustee to be bound by the terms of the Deed of Charge and, in particular, confirms that:
  - (A) no sum shall be payable by or on behalf of Party B to it except in accordance with the provisions of the Deed of Charge;
  - (B) unless an Enforcement Notice shall have been served or unless the Trustee, having become bound to do so, fails to serve an Enforcement Notice and/or to take any steps or proceedings pursuant to Clause 8 of the Deed of Charge to enforce the security thereby created:
    - (1) it shall not take any steps whatsoever to direct the Trustee to enforce any security created by or pursuant to Clause 3 of the Deed of Charge; and
    - (2) it shall not take any steps for the winding up, dissolution or reorganisation, or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of Party B or of any or all of its revenues and assets nor participate in any *ex parte* proceedings nor seek to enforce any judgment against Party B, subject to the provisions of the Deed of Charge.
- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.

- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (after the application of Section 2(c) to such Transaction) because of the limitation contained in Part 5 (l)(i) or Part 5 (l)(ii) above, then
  - (A) payment by Party B of the shortfall (and the corresponding payment obligation of Party A with respect to such shortfall (being the full amount Party A would otherwise owe on such date less the actual amount payable by Party A determined in accordance with Part 5 (l)(iv)(C) below)) will not then fall due but will instead be deferred until the first Party A Payment Date thereafter on which sufficient funds are available to Party B (subject to Part 5 (l)(i) or Part 5 (l)(ii) above);
  - (B) failure by Party B to make the full payment under such Transaction (after the application of Section 2(c) to such Transaction) shall not constitute an Event of Default for the purpose of Section 5(a)(i); and
  - (C) the obligation of Party A to make payment to Party B, in respect of the same Transaction, on such date, will be reduced so that Party A will be obligated to pay the Equivalent Percentage of the amount it would otherwise owe under that Transaction.

**"Equivalent Percentage"** means the percentage obtained by dividing the amount paid by Party B by the amount it would have paid absent such limitation.

- (v) For the avoidance of doubt, if an Early Termination Date results from an Event of Default, any amounts otherwise payable under this Agreement (the payment of which was deferred or not paid in the circumstances described under Part 5 (l)(iv) above by Party A and by Party B, will be deemed to be Unpaid Amounts.
- (vi) Following the calculation thereof, Party B shall notify Party A at least two Business Days in advance of the relevant Payment Date of the amount of any shortfall, the payment of which by Party B is deferred in accordance with Part 5 (l)(iv) above.

(vii) If any payment of any amounts by Party A and Party B is deferred in accordance with Part 5 (l)(iv) above then the amount so deferred on the Party A Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party A Payment Date (together with an additional floating amount accrued thereon at the applicable Party A Floating Rate) and the Party A Floating Amount due on such date shall be deemed to include such amounts. The amount so deferred on the Party B Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party B Payment Date (together with an additional floating amount accrued thereon accrued at the applicable Party B Floating Rate) and the Party B Floating Amount due on such date shall be deemed to include such amounts.

(m) ***Condition Precedent***

Section 2(a)(iii) shall be amended by the deletion of the words "or Potential Event of Default" in respect only of the obligations under Section 2(a)(i) of Party A.

(n) ***Representations***

Section 3(b) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the representation given by Party B only. For the purpose of Section 3(c), Party A shall be deemed to have no Affiliates.

(o) ***Additional Definitions***

(i) ***Definition of "Notes"***

For the purpose of this Agreement, "**Class A Notes**", "**Class B Notes**", "**Class C Notes**" and "**Notes**" have the same meaning as indicated in the Deed of Charge (as defined below).

(ii) ***Definition of "Deed of Charge"***

For the purpose of this Agreement "**Deed of Charge**" means the Deed of Sub - Charge and Assignment dated 23 March 2006 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

This Agreement, the Confirmations and each Transaction hereunder are subject to the 2000 ISDA Definitions (as published by the International Swap and Derivatives Association, Inc.) (the "**Definitions**") and will be governed in all respects by the provisions set forth in the Definitions, without regard to any amendments subsequent to the date of this Agreement.

The provisions of the Definitions are incorporated by reference in and shall be deemed to be part of this Agreement and each Confirmation as if set forth in full in this Agreement and in each such Confirmation.

In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail.

Words and expressions used in this Schedule which are not defined herein or in the Definitions shall have the same meanings as are given to them in the Confirmation.

Terms defined or referred to in the Conditions (as defined in the Deed of Charge) and the Relevant Documents (as defined in Condition 3 of those Conditions) shall, where the context permits, bear the same respective meanings in this Agreement. In the event of any conflict between those Conditions and the definitions in the Relevant Documents, the definitions in the Conditions shall prevail.

(p) ***Calculations***

Upon the occurrence of an Event of Default or an Additional Termination Event with respect to Party A, Party B will be entitled (but not obliged in the event that it does not designate an Early Termination Date) to proceed in accordance with Section 6 of the Agreement subject to the following:

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing and provided Party B is able to release this information without breaching the provisions of any law applicable to, or any contractual restriction binding upon, Party B.
- (ii) The following amendments shall be deemed to be made to the definitions of "***Market Quotation***":
  - (A) the word "firm" shall be added before the word "quotations" in the second line;
  - (B) the words "provided that the documentation relating thereto is either the same as this Agreement and the existing confirmations hereto (and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and the long-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "A1" by Moody's and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "P-1" by Moody's (or, if such Reference Market-maker is not rated by a Rating Agency, at such equivalent rating (by another Rating Agency) that is acceptable to such Rating Agency) or the Rating Agencies have confirmed in writing such

proposed documentation will not adversely impact the ratings of the Class A Notes" shall be added after "agree" in the sixteenth line; and

(C) the last sentence shall be deleted and replaced with the following:

"If, on the last date set for delivery of quotations, exactly two quotations are provided, the Market Quotation will be either (a) the lower of the two quotations where there would be a sum payable by Party A to Party B, or (b) the higher of the two quotations where there would be a sum payable by Party B to Party A. If only one quotation is provided on such date, Party B may, in its discretion, accept such quotation as the Market Quotation and if Party B does not accept such quotation (or if no quotation has been provided), it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined."

(iii) For the purpose of the definition of "Market Quotation", and without limiting the general rights of Party B under the Agreement:

(A) Party B will undertake to use its reasonable efforts to obtain at least three firm quotations as soon as reasonably practicable after the Early Termination Date and in any event within the time period specified pursuant to Part 5 (p)(iii)(C) below;

(B) Party A shall, for the purposes of Section 6(e), be permitted (but not obliged) to obtain quotations from Reference Market-makers on behalf of Party B; and

(C) if, after reasonable efforts by or on behalf of Party B, no quotations have been obtained within 6 Local Business Days after the occurrence of the Early Termination Date or such longer period as Party B may specify in writing to Party A, then it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined.

(iv) Party B will be deemed to have discharged its obligations under Part 5 (iii)(A) above if it promptly requests, in writing, Party A (such request to be made within one Local Business Day after the occurrence of the Early Termination Date) to obtain quotations from Reference Market-makers.

(v) Party B will not be obliged to consult with Party A as to the day and time of obtaining any quotations.

(vi) If an Early Termination Date is designated or occurs, "**Market Quotation**" in respect of the Terminated Transactions shall be determined based on the anticipated rate of reduction (as determined at the commercially reasonable discretion of Party A after and subject to prior consultation with Party B and giving due weight to Party B's



views) in the Party A Currency Amount and the Party B Currency Amount had such Early Termination Date not been designated or occurred.

(q) ***Transfers***

**Transfers by Party A:**

Section 7 of this Agreement shall not apply to Party A, who shall be required to comply with, and shall be bound by, the following:

Without prejudice to Section 6(b)(ii), Party A may transfer all its interest and obligations in and under this Agreement upon providing no less than five Business Days' prior written notice to the Trustee (save that where a transfer has taken place pursuant to Part 5(g) notice may be contemporaneous with transfer), to any other entity (a "Transferee") provided that:

- (i) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and its long-term, unsecured and unsubordinated debt obligations are then rated not less than "A1" by Moody's and its short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then rated not less than "A+" by Fitch and not less than "A1" by Moody's and whose short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency);
- (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct any amount on account of Tax from any payments made under this Agreement;
- (iii) (judged as of the time of transfer) a Termination Event or an Event of Default will not immediately occur under this Agreement as a result of such transfer;
- (iv) (except where agreed otherwise by Party B) no additional amount will be payable by Party B to Party A or the Transferee on the next succeeding Interest Payment Date as a result of such transfer; and
- (v) (if the Transferee is domiciled in a different country from both Party A and Party B) S&P, Moody's and Fitch have provided prior written

notification that the then current ratings of the Notes will not be adversely affected.

Following such transfer all references to Party A shall be deemed to be references to the Transferee.

Save as otherwise provided for in this Agreement and notwithstanding Section 7, Party A shall not be permitted to transfer (by way of security or otherwise) this Agreement nor any interest or obligation in or under this Agreement without the prior written consent of the Trustee.

**Transfers by Party B:**

Neither this Agreement nor any interest in or under this Agreement or any Transaction may be transferred by Party B to any other entity save with Party A's prior written consent except that such consent is not required in the case of a transfer, charge or assignment to the Trustee as contemplated in the Deed of Charge. For the avoidance of doubt, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge and acknowledges notice of such assignment. Party A and Party B acknowledge that the provisions of this Agreement and any Transaction hereunder will be subject to (a) the priority of payments set out in the Deed of Charge.

Any transfer by Party B shall be subject to the consent of the Trustee.

(r) ***Indemnity***

Without prejudice to any other rights, powers, remedies and privileges which Party B may have, Party A hereby agrees with Party B to indemnify and keep indemnified Party B on an after-tax basis from and against any reasonable cost, expense, damage, loss or liability (including, for the avoidance of doubt, any tax liability) which Party B may incur or suffer to the extent that Party B would not have incurred or suffered such cost, expense, damage, loss or liability had Party A complied with its representations, warranty and undertaking as set out in sub-paragraph (h)(iii) of this Part 5.

(s) ***Netting***

Except where specified otherwise in the relevant Confirmation, in respect of each Transaction made under this Agreement:

- (i) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of the same Transaction; and
- (ii) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of different Transactions (if any) under this Agreement.

(t) ***Rights of Third Parties***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement provided that this shall not affect any rights of any third party which may be granted in respect of this Agreement pursuant to the terms of the Deed of Charge.

(u) ***Principal Paying Agent Payment***

Party A hereby undertakes with Party B that, unless otherwise agreed between the parties, and until duly requested, it will make all payments of all sums payable in respect of this Agreement direct to the Principal Paying Agent in respect of the Notes. Party B agrees that payment by Party A made in accordance with this provision of an amount due to Party B shall discharge the liability of Party A *pro tanto* in respect of that payment only.

(v) ***Successors***

References in this Agreement to the parties hereto, Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

(w) ***Benefit of Agreement***

Any legal entity into which Party A is merged or converted or any legal entity resulting from any merger or conversion to which Party A is a party shall, to the extent permitted by applicable law, be a party to this Agreement in place of Party A without any further act or formality.

(x) ***Change of Account***

Section 2(b) is hereby amended to read in its entirety as follows:

***"Change of Account.*** Party A may change its account for receiving payment or delivery by giving notice to Party B at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party B gives timely notice of a reasonable objection to such change. Party B may change its account for receiving payment or delivery by giving notice to Party A at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party A gives timely notice of a reasonable objection to such change."

(y) ***Inconsistency***

In the event of an inconsistency among or between any of the following documents, the relevant document first listed below shall govern:

- (i) Confirmation;
- (ii) Schedule; and
- (iii) Definitions.

(z) ***Severability***

Any provision of this Agreement which is prohibited (for reasons other than those constituting an illegality) or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or enforceability of such provision in any other jurisdiction unless the severance shall substantially impair the benefits of the remaining portions of this Agreement or change the reciprocal obligations of the parties.

**Signed for and behalf of:**  
on:  
by:

**Barclays Bank PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Paragon Mortgages (No.11) PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

<b>S&amp;P Minimum Counterparty Rating</b>		
<b>Current rating of Notes</b>	<b>Initial S&amp;P Rating Event</b>	<b>Subsequent S&amp;P Rating Event</b>
AAA	A*	BBB+
AA+	A*	BBB+
AA	A-	BBB+
AA-	A-	BBB
A+	BBB+	BBB
A	BBB+	BBB
A-	BBB	BBB-
BBB+	BBB	BBB-
BBB	BBB-	BB+
BBB-	BBB-	BB+
BB+	BB+	BB+
BB and below	At least as high as the Notes rating	At least as high as the Notes rating
* A (long-term) if the relevant entity also has a short-term rating of A-1 by S&P, otherwise A+ (long-term)		

**SCHEDULE 2**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS A1 NOTES**

**ISDA®**  
**International Swaps and Derivatives Association, Inc.**

**CREDIT SUPPORT ANNEX**

to the

**Schedule to the ISDA Master Agreement**

in relation to the

Class A1 Notes

dated as of 13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.11) PLC ("Party B")**; and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns).

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

**Paragraph 11. Elections and Variables**

- (a) ***Base Currency and Eligible Currency.***
  - (i) "**Base Currency**" means Pounds Sterling.
  - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: Euros and US dollars.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency ("**Additional Valuation Percentage**"), such Additional Valuation Percentage being 6% or such lower percentage as agreed by the parties and approved by the relevant rating agency. For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

- (b) ***Credit Support Obligations.***



- (i) ***Delivery Amount, Return Amount and Credit Support Amount.***
- (A) "***Delivery Amount***": Paragraph 2(a) shall apply, except that the words, "upon a demand made by the Transferee" shall be deleted and the word "***that***" on the second line of Paragraph 2(a) shall be replaced with the word "***a***".
- (B) "***Return Amount***" has the meaning as specified in Paragraph 2(b).
- (C) "***Credit Support Amount***" has the meaning specified under the relevant definition of Ratings Agency Requirement. In circumstances where more than one of the Ratings Agency Requirements apply to Party A, the Credit Support Amount shall be calculated by reference to the Ratings Agency Requirement which would result in Party A transferring the greatest amount of Eligible Credit Support. Under no circumstances will Party A be required to transfer more Eligible Credit Support than the greatest amount calculated in accordance with the Ratings Agency Requirement set out below.
- (ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	100%	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	99%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	time to maturity of:		
(i)	not more than one year;	98.5%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than P-1 by Moody's and F1+ by Fitch with a remaining time to maturity of less than 3 months.	To be agreed between Party A and Moody's	99.5%
(E)	Such other items as agreed between Party A and the Rating Agencies, from time to time, which Party B can lawfully receive from, and transfer back to, Party A as required, that will qualify as Eligible Credit Support.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch

In addition, for the purposes of the S&P Requirements, the items set out in Appendix D will qualify as "Eligible Credit Support" for Party A.

For the avoidance of doubt, where negotiable debt obligations are rated by only one of the above relevant rating agencies, the rating applied will be based on the rating of that agency.

Where the ratings and/or the Valuation Percentages of the relevant rating agencies differ with respect to the same negotiable debt obligation, for the

purposes of B to E above the lower of the ratings and/or the Valuation Percentages, as the case maybe, shall apply.

For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

(iii) **Thresholds.**

(A) "**Independent Amount**" means, for Party A and Party B, with respect to each Transaction, zero.

(B) "**Threshold**" means, for Party A, infinity, unless:

(A) (i) an Initial Moody's Rating Event and/or a Fitch Ratings Level 1 Event has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(ii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(xiii)(A)(1), respectively, of the Agreement; or

(B) (i) a Subsequent Moody's Rating Event and/or Fitch Ratings Level 2 Event within Part 5(g)(xiii)(B) has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(iii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(xiii)(B)(1), respectively, of the Agreement; or

(C) the S&P Threshold is zero,

in which case its Threshold shall be zero

"**Threshold**" means, for Party B: infinity

(C) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP50,000; provided, that if (1) an Event of Default has occurred and is continuing with respect to Party A, or (2) an Additional Termination Event has occurred in respect of which Party A is an Affected Party, the Minimum Transfer Amount with respect to such party shall be zero.

(D) "**Rounding**" The Delivery Amount and the Return Amount will be rounded up and down to the nearest integral multiple of GBP10,000 respectively, subject to the maximum Return Amount being equal to the Credit Support Balance.

(c) **Valuation and Timing.**

- (i) **"Valuation Agent"** means, Party A in all circumstances.
  - (ii) **"Valuation Date"** means each Local Business Day.
  - (iii) **"Valuation Time"** means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.
  - (iv) **"Notification Time"** means by 2:00 p.m., London time, on a Local Business Day.
- (d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).
- (e) **Dispute Resolution.**
- (i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.
  - (ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:
    - (A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;
    - (B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

(C) with respect to any Eligible Credit Support or Equivalent Credit Support other than Securities and Cash, the Base Currency Equivalent of the fair market value thereof on such date, as determined in any reasonable manner chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage.

(iii) "**Alternative**" The provisions of Paragraph 4 will apply.

(f) **Distribution and Interest Amount.**

(i) "**Interest Rate**" The "*Interest Rate*" in relation to each Eligible Currency specified below will be:

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S. Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.
EUR	The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.
GBP	"SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

(ii) "**Transfer of Interest Amount**" The transfer of the Interest Amount will be made on the first Local Business Day following the end of each calendar month to the extent that Party B has earned and received such amount of interest and that a Delivery Amount would not be created or increased by that transfer, and on any other Local Business Day on which Equivalent Credit Support is transferred to the Transferor pursuant to Paragraph 2(b), provided that Party B shall only be obliged to transfer any Interest Amount to Party A to the extent that it has received such amount.

(iii) "**Alternative to Interest Amount**" The provisions of Paragraph 5(c)(ii) will apply. For the purposes of calculating the Interest Amount the amount of interest calculated for each day of the Interest Period shall, with respect to any Eligible Currency, be compounded daily.

(iv) "**Interest Amount**" The definition of "*Interest Amount*" shall be deleted and replaced with the following:

**"Interest Amount"** means, with respect to an Interest Period and each portion of the Credit Support Balance comprised of cash in an Eligible Currency, the sum of the amounts of interest determined for each day in that Interest Period by the Valuation Agent as follows:

- (x) the amount of such currency comprised in the Credit Support Balance at the close of business for general dealings in the relevant currency on such day (or, if such day is not a Local Business Day, on the immediately preceding Local Business Day); multiplied by
- (y) the relevant Interest Rate; divided by
- (z) 360 (or in the case of pounds sterling, 365).

(g) **Addresses for Transfers.**

**Party A:**

**USD CASH**

<b>Account With:</b>	BARCUS33	Barclays New York
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	050035428	
<b>Reference:</b>	COLLATERAL	

**EUR CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	44295577	
<b>Reference:</b>	COLLATERAL	

**GBP CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Sort Code:</b>	20-00-00	
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	50654140	
<b>Reference:</b>	COLLATERAL	

**Party B:** To be advised

(h) **Other Provisions.**

(i) ***Transfer Timing.***

- (A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

- (B) The definition of Settlement Day shall be deleted and replaced with the following:

**"Settlement Day"** means the next Local Business Day after the Demand Date".

- (C) For the purposes of this Paragraph 11(h)(i):

**"Demand Date"** means, with respect to a transfer by a party:

- (i) in the case of a transfer pursuant to Paragraph 2, Paragraph 3, Paragraph 4(a)(2) or 5(c)(i), the relevant Valuation Date. For the avoidance of doubt, for the purposes of Paragraph 2 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and
- (ii) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

For the avoidance of doubt, on each Demand Date the Transferor shall deliver to the Transferee and the Trustee a statement showing the amount of Eligible Credit Support to be delivered.

- (ii) ***Early Termination.***

The heading for Paragraph 6 shall be deleted and replaced with "Early Termination" and the following shall be added after the word "Default" in the first line of Paragraph 6, "or a Termination Event in relation to all (but not less than all) Transactions".

- (iii) ***Costs of Transfer on Exchange.***

Notwithstanding Paragraph 8, the Transferor will be responsible for, and will reimburse the Transferee for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support either from the Transferor to the Transferee or from the Transferee to the Transferor hereto.

- (iv) ***Cumulative Rights.***

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the



Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

(v) ***Single Transferor and Single Transferee.***

Party A and Party B agree that, notwithstanding anything to the contrary in this Annex, (including, without limitation, the recital hereto, Paragraph 2 or the definitions in Paragraph 10), (a) the term "Transferee" as used in this Annex means only Party B; (b) the term "Transferor" as used in this Annex means only Party A; (c) only Party A will be required to make Transfers of Eligible Credit Support hereunder.

(vi) ***Ratings Agency Requirement.***

"**Rating Agency Requirement**" means the Moody's Requirements, the S&P Requirements and the Fitch Requirements, as defined below.

***Moody's Requirements.***

"**Credit Support Amount**" shall be calculated in accordance with the meaning specified in Paragraph 10, provided however, that the words "plus the Additional Collateral Amount" shall be added after the words "Transferee's Exposure" in the second line thereof.

For such purposes "**Additional Collateral Amount**" means with respect to a Valuation Date, the sum of (a) the Transferee's Exposure multiplied by "A" and (b) the product of "B" multiplied by the Transaction Notional Amount, where A and B are determined by reference to percentages set out in the relevant table in Appendix A.

In relation to the foregoing, Party A will, upon receipt of reasonable notice from Moody's, demonstrate to Moody's the calculation by Party A of the Transferee's Exposure.

***S&P Requirements.***

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date:

- (I) if the S&P Threshold is zero, the greater of (i) zero and (ii) an amount equal to the sum of (x) Party B's Exposure (which may be a negative number) and (y) the applicable S&P Volatility Buffer; and
- (II) if the S&P Threshold is infinity, zero.

"**S&P Volatility Buffer**" means on any date, an amount equal to the product of (i) the relevant percentage specified in the applicable table in Appendix A or otherwise agreed between Party A and S&P as being applicable to swap transactions of a type and tenor (by reference to the legal final maturity date of a swap transaction) equivalent to the Transaction (provided that, for the purpose of identifying the equivalent tenor in the table in Appendix A, the tenor of the Transaction will, where necessary, be rounded up) and (ii) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

***Fitch Requirements.***

"**Credit Support Amount**" shall mean at any time for the purposes of the Fitch Requirements with respect to a Transferor on a Valuation Date the result of the following formula:

max[MV plus VC multiplied by 105 per cent multiplied by N;0]

where:

"**max**" means maximum;

"**MV**" means the Transferee's Exposure;

"**VC**" means the applicable volatility cushion at that time determined by reference to percentages set out in the relevant table in Appendix C (and for such purpose calculating the relevant Weighted Average Life assuming a zero prepayment rate and zero default rate in relation to the Mortgages beneficially owned by Party B); and

"**N**" means the Transaction Notional Amount at that time.

(vii) ***Calculations.***

Paragraph 3(b) of this Annex shall be amended by inserting the words "and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request" **after the word "calculations" in the third line thereof.**

(viii) ***Demands and Notices.***

All demands, specifications and notices under this Annex will be made pursuant to Section 12 of this Agreement.

(ix) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an

External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

Contact details at S&P for provision of External Marks : [*S&P to provide details*]

(x) ***Notifications of Calculations of Exposure to S&P***

The following words shall be inserted at the end of Paragraph 3(b): "The parties hereby agree that the Valuation Agent shall make available to S&P the Exposure calculations calculated under this Annex on a quarterly basis under this Annex."

(xi) **Definitions.**

As used in this Annex, the following terms shall mean:

**"Cross-Currency Swap"** means any cross-currency swap rate transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation;

**"External Mark Statement"** means either (A) a written statement prepared by Party A setting out an indicative valuation of Party B's Exposure in respect of the Transaction, provided by an independent third party that is capable of entering into transactions of the type of the Transactions entered into between Party A and Party B pursuant to this Agreement (such valuation an **"External Mark"**), provided that for these purposes it is acknowledged that: (a) the party providing such External Mark: (1) may use such assumptions at it thinks reasonable in its sole discretion; (2) need not provide a firm bid or be obliged in any way to enter into a transaction with Party B on equivalent terms to any Transaction entered into between Party A and Party B pursuant to this Agreement; and (b) Party A makes no warranties as to the validity of any assumptions used or the accuracy of any External Mark; or (B) such other statement regarding the liquidity of the Transactions in respect of which a rating agency confirmation from S&P is obtained;

**"Fitch"** means Fitch Ratings Ltd and includes any successors thereto;

**"Interest Rate Cap"** means any interest rate cap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Interest Rate Swap"** means any interest rate swap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Libor Basis Swap"** means any libor basis swap transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation.

"**Moody's**" means Moody's Investors Service Limited and includes any successors thereto;

"**Rating Agencies**" means Moody's, S&P and Fitch;

"**Relevant Entity**" means Party A and any Credit Support Provider of Party A;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. and includes any successors thereto;

"**S&P Threshold**" means:

(x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(a)(ii) or 5(g)(i)(b)(ii) of the Schedule to this Agreement, zero; and

(y) at all other times, infinity

"**Transaction**" means a Transaction entered into pursuant to this Agreement; and

"**Transaction Notional Amount**" means in respect of a Valuation Date, (i) the Currency Amount applicable to Party A in respect of a Cross Currency Swap Transaction, (ii) in respect of an Interest Rate Swap Transaction, the Notional Amount of such Interest Rate Swap Transaction, or (iii) in respect of an Interest Rate Cap Transaction, the Notional Amount of such Interest Rate Cap Transaction, and in each case, as at such Valuation Date.

## Appendix A – Moody's Requirements

### Cross Currency Swaps:

- (i) "A" means 2 per cent. and "B" means 1.6 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "A1" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "Prime-1" by Moody's;
- (ii) "A" means 2 per cent. and "B" shall be equal to 3.7 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "A3" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "Prime-2" by Moody's; and
- (iii) "A" means 0 per cent. and "B" means 0 per cent. in all other cases.

### Basis Swaps, Interest Rate Caps and Interest Rate Swaps:

- (i) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.2%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A1" and "Prime-1" by Moody's;
- (ii) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.4%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A3" and "Prime-2" by Moody's; and
- (iii) "A" means 0% and "B" means 0% in all other cases.

### Appendix B – S&P Volatility Buffers

<b>Volatility Buffer for Cross Currency Swaps (% of Notional)</b>			
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Fixed-to-fixed rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	10	20	5
5	15	30	8
10	18	36	9
15	22	44	11
30 or more	25	50	13

<b>Volatility Buffer for Single Currency Swaps (% of Notional)</b>		
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	8.5	4
5	12.5	5
10	15	6
15	18	7
30 or more	21	8

### Appendix C – Fitch Volatility Cushion (%)

Where the Collateralised Transaction is a USD/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.1	2.4	3.8	5.1	6.2	7.3	8.5	9.6	10.7	11.8	12.8	13.9	14.9	15.9	16.8
A+ or A	0.8	1.7	2.7	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.8	10.6	11.2	11.9
A-/BBB+	0.7	1.5	2.3	3.1	3.9	4.5	5.2	5.9	6.6	7.3	7.9	8.6	9.2	9.8	10.4

Where the Collateralised Transaction is a EUR/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	0.9	2.1	3.2	4.2	5.0	5.8	6.7	7.5	8.4	9.2	10.00	10.8	11.6	12.4	13.2
A+ or A	0.6	1.5	2.3	3.0	3.6	4.1	4.7	5.3	5.9	6.5	7.1	7.7	8.3	8.8	9.4
A-/BBB+	0.6	1.3	2.0	2.6	3.1	3.6	4.1	4.6	5.2	5.7	6.2	6.7	7.2	7.7	8.2

Where the Collateralised Transaction is a USD/AUD cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.4	3.1	4.7	6.2	7.7	9.1	10.5	11.9	13.3	14.7	16.0	17.4	18.7	19.9	21.2
A+ or A	1.0	2.2	3.4	4.4	5.5	6.5	7.5	8.4	9.4	10.4	11.4	12.3	13.2	14.1	15.0
A-/BBB+	0.9	1.9	2.9	3.9	4.8	5.6	6.5	7.4	8.2	9.1	9.9	10.7	11.5	12.3	13.1

**Where the Collateralised Transaction is a EUR/AUD cross currency swap transaction:**

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.2	2.9	4.5	5.9	7.2	8.5	9.7	11.0	12.3	13.5	14.8	16.0	17.2	18.4	19.6
A+ or A	0.9	2.1	3.2	4.2	5.1	6.0	6.9	7.8	8.7	9.6	10.5	11.3	12.2	13.0	13.9
A-/BBB+	0.8	1.8	2.8	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.9	10.6	11.4	12.1

**Where the Collateralised Transaction is a GBP Libor basis swap transaction:**

(%)	
Notes' rating	
AA- or better	0.06
A+ or A	0.04
A-/BBB+	0.04

**Where the Collateralised Transaction is a GBP interest rate cap or a GBP interest rate swap transaction:**

<i>Weighted Average Life</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
<i>(Years)</i>															
VC (%)	0.5	1.0	1.7	2.3	2.9	3.4	4.0	4.7	5.3	6.0	6.6	7.2	7.9	8.5	9.1



## APPENDIX D – S&amp;P ELIGIBLE CREDIT SUPPORT

<i>Category Description</i>	<i>Eligible Credit Support</i>	<i>S&amp;P Valuation Percentage</i>
<b>Cash</b>	Cash in Base Currency	100%
<b>Category 1</b>	Government issued Negotiable Debt Obligations with an Eligible Rating, denominated in the Base Currency and having a rating at least equal to the then current rating of the Notes.	100%
<b>Category 2</b>	Any item listed as eligible credit support in S&P's market value criteria as published from time to time	As per S&P's market value criteria subject to AA liability haircuts

For the purposes of the above:

"**Eligible Rating**" means a rating assigned to such securities by S&P and being at least equal to (i) the then-current rating of the Relevant Notes or (ii) in the event that the Relevant Notes have been downgraded by S&P as a result of a failure by Party A to perform any of its obligations under this Agreement, then the rating of the Notes immediately prior to such downgrade.

**IN WITNESS WHEREOF**, the parties have executed and delivered this document as of the date specified on the first page of this document.

**Signed for and behalf of:**

on:

by:

**Barclays Bank plc**

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Paragon Mortgages (No.11) plc**

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Citicorp Trustee Company Limited**

By .....

Name:

Title:

**SCHEDULE 3**  
**AMENDED ISDA SCHEDULE – CLASS A2B NOTES**

**SCHEDULE TO THE MASTER AGREEMENT**

in relation to the

Class A2b Notes

(the "**Relevant Notes**")

made on

13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 11) PLC** ("**Party B**"); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns and which has agreed to become a party to this Agreement solely for the purpose of taking the benefit of Part 5(b) and Part 5(l) of the Schedule to this Agreement).

**Part 1 Termination Provisions**

- (a) "*Specified Entity*" means

in relation to Party A for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none.

- (b) "*Specified Transaction*" will have the meaning specified in Section 14.
- (c) The "*Cross Default*" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.
- (d) The "*Credit Event Upon Merger*" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The "*Automatic Early Termination*" provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) *Payments on Early Termination*. For the purposes of Section 6(e) of this Agreement:
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "*Termination Currency*" means Sterling.

## **Part 2 Tax Representations**

- (a) *Payer Representations*. For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement,
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) *Payee Representations*.

For the purpose of Section 3(f) of this Agreement, Party B makes no representation and Party A makes the following representations:

- (i) it is a party to each transaction solely for the purposes of a trade (or part of a trade) carried on by it in the United Kingdom through a branch or agency; and
- (ii) it is resident in the United Kingdom or in a jurisdiction with which the United Kingdom has a double tax treaty which makes provision, whether for relief or otherwise, in relation to interest.

**Part 3 Agreement to Deliver Documents**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, documents or certificates to be delivered are:

---

N/A

- (b) Other documents to be delivered are:

<i>Party required to deliver document</i>	<i>Form/Document/Certificate</i>	<i>Date by which to be delivered</i>	<i>Covered by Section 3(d) Representation</i>
Party A and Party B	Evidence satisfactory to the other party as to the authority of its signatories to this Agreement and to each Confirmation including specimen signatures of such signatories	On signing of this Agreement and relevant Confirmation as applicable.	Yes
Party B	Certified copy of board resolution	On signing of this Agreement	Yes
Party B	Certified copy of Memorandum and Articles of Association	On signing of this Agreement	Yes

**Part 4 Miscellaneous**

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Any notice relating to a particular Transaction shall be delivered to the address or email address or facsimile or telex number specified in the Confirmation of such Transaction. Any notice delivered for purposes of Section 5 and 6 of this Agreement shall be delivered to the following address:

Address for notices or communications to Party A (other than by facsimile):

Address: Barclays Bank plc  
5, The North Colonnade  
Canary Wharf  
London, E14 4BB  
Attention: Securitisation Derivatives Director, Legal Division  
Telephone No: +44 (0)20 3134 1143  
Facsimile No: +44 (0)20 7516 9515

Address for notices or communications to Party B:

Address: St. Catherine's Court  
Herbert Road  
Solihull  
West Midlands B91 3QE  
Attention: Swaps Administration, Finance Department  
Facsimile No: 0121 712 2699  
Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

Address: Citigroup Centre, 14th Floor  
Canada Square  
Canary Wharf  
London E14 5LB  
Attention: Agency & Trust  
Facsimile No: 020 7500 5248

(b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A.

(f) ***Credit Support Document***

Details of any Credit Support Document:

In respect of Party A: Any Third Party Credit Support Document.

In respect of Party B: None.

"**Third Party Credit Support Document**" means any agreement or instrument (including any guarantee, insurance policy, security agreement or pledge agreement) entered into pursuant to Section 5(g) (Ratings Event), whose terms provide for the guarantee of Party A's obligations under this Agreement by a third party and which is in form and substance acceptable to the Rating Agencies.

(g) ***Credit Support Provider***

Credit Support Provider means in relation to Party A, a party who is a credit support provider under any Third Party Credit Support Document.

Credit Support Provider means in relation to Party B, none.

(h) ***Governing Law***. This Agreement is governed by, and shall be construed in accordance with, English law.

Section 13(b) is amended by: (1) adding in line 1 of clause (i) the words "agrees to bring such Proceedings exclusively in the High Court of Justice in London, England and " before the words "submits to the"; (2) adding in line 1 of clause (i) "exclusive" after "submits to the"; and (3) deleting the final paragraph.

(i) "***Affiliate***" will have the meaning specified in Section 14 of this Agreement.

**Part 5 Other Provisions**

(a) No Set-Off

(i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6.

(ii) Section 6(e) shall be amended by the deletion of the following sentence: "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

(b) ***Security Interest***

Notwithstanding Section 7, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in this Agreement) to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge (as defined in Part 5 hereof) and acknowledges notice of such



assignment. Each of the parties hereby confirms and agrees that the Trustee shall not be liable for any of the obligations of Party B hereunder.

(c) ***Disapplication of certain Events of Default***

Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(v), Section 5(a)(vii)(2), (5), (6), (7) and (9) will not apply in respect of Party B.

Section 5(a)(vii)(8) will not apply to Party B to the extent that it applies to Section 5(a)(vii)(2), (5), (6), (7) and (9).

(d) ***Disapplication of certain Termination Events***

The "Tax Event" and "Tax Event upon Merger" provisions of Section 5(b)(ii) and 5(b)(iii) will not apply to Party A or to Party B.

(e) ***Additional and amendment of Events of Default***

The following shall constitute an additional Event of Default with respect to Party B:

***"Enforcement Notice.*** The Trustee serves an Enforcement Notice, as defined in the Deed of Charge (as defined in Part 5 hereof), on Party B (in which case Party B shall be the Defaulting Party)."

(f) ***Additional Termination Event***

The following shall constitute an Additional Termination Event with respect to either Party A or Party B:

***"Repayment pursuant to any Applicable Laws or Regulations.*** An Additional Termination Event shall be deemed to have occurred in circumstances where payment is made by a party but is subsequently required to be repaid pursuant to any applicable laws or regulations."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and the party receiving the amounts so repaid shall be the sole Affected Party.

The following shall constitute an Additional Termination Event with respect to Party B:

***"Redemption and Prepayment of the Notes for Taxation and Other Reasons.*** Party B exercises its option to redeem the Notes (as defined in Part 5 hereof) pursuant to and in accordance with Condition 5(c) (*Redemption for Taxation or Other Reasons*) in whole in accordance with their terms prior to maturity."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and Party B shall be the sole Affected Party provided that the provisions of Section 6(b)(iv) will be amended such that Party A shall be deemed to be the Affected Party for the purposes of Section 6(b)(iv) only but for no other purpose and therefore, and for the avoidance of doubt, no Early Termination Date shall occur

and no early termination payment shall be payable by or to either party in connection with such Additional Termination Event unless Party B designates an Early Termination Date under Section 6(b)(iv).

For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(d) (*Optional Redemption in Full*) shall not constitute an Additional Termination Event with respect to Party A or Party B and no Early Termination Date shall occur and no early termination payment shall be payable by or to either party in connection with such exercise.

(g) ***Ratings Event***

(i) **Standard & Poor's**

(a) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Initial S&P Required Rating (an "**Initial S&P Rating Event**"), then:

(i) Party A shall, within the Initial Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and

(ii) Party A may, at any time following the occurrence of such Initial S&P Rating Event, at its own discretion and at its own cost:

(x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or

(y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or

(z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(a)(i) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Initial S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Initial S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Initial S&P Rating Event".

**"Initial Remedy Period"** means the period that commences on (and excludes) the date on which an Initial S&P Rating Event occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Initial S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Initial S&P Rating Event occurs, submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Initial S&P Rating Event occurs.

- (b) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
- (i) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (ii) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or
    - (z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(b)(ii), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(b)(i) above following the

satisfaction of the provisions in subparagraphs 5(g)(i)(b)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Subsequent Collateral Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs, and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Subsequent S&P Rating Event occurs.

**"Subsequent S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Subsequent S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Subsequent S&P Rating Event".

**"Subsequent Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs and ends on (and includes) the later of (i) the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for a remedy to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, then the 90th calendar day following the date on which such Subsequent S&P Rating Event occurs.

- (c) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:
  - (i) if Party A does not take the measures described in Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) if Party A does not take the measures described in Part 5(g)(i)(b)(ii) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.

If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) In the event that:
  - (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A1" (or its equivalent) by Moody's Investors Services ("**Moody's**"); or
  - (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-1" (or its equivalent) by Moody's,

(an "**Initial Moody's Rating Event**"), then Party A will, within 30 days of such Initial Moody's Rating Event at its own cost, either:

- (A) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to either:
  - (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor shall be either:

- (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes; or
- (D) deliver collateral pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5 (g)(ii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(ii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

(iii) In the event that:

- (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A3" (or its equivalent) by Moody's; or
- (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-2" (or its equivalent) ("**Moody's Required Rating II**") by Moody's and, at such time, the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured and unsubordinated debt obligations of any co-obligor to Party A are not rated as high as the Moody's Required Rating,

(a "**Subsequent Moody's Rating Event**") then Party A will, within 30 days of the occurrence of such Subsequent Moody's Rating Event, on a best efforts basis and at its own cost, attempt to either:

- (A) transfer all of its rights and obligations with respect to this Agreement to either:
- (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor may be either:

- (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes.

Pending compliance with Part 5(g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above, Party A will at its own cost:

- (D) within 10 days of the occurrence of such Subsequent Moody's Rating Event, provide collateral where there has already been collateralisation under Part 5(a)(ii)(D)) pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5 (g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(iii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

- (iv) For the purposes of Part 5(g)(ii) and Part 5(g)(iii) above: (a) "**Moody's Required Ratings**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-1" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A1", or such other ratings as may be agreed with Moody's from time to time and (b) "**Moody's Required Rating II**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-2" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A3", or such other ratings as may be agreed with Moody's from time to time.
- (v) In relation to paragraphs Part 5(g)(ii)(D) and Part 5(g)(iii)(D) above, Party A will, upon receipt of reasonable notice from Moody's demonstrate to Moody's the calculation by it of the mark-to-market value of the outstanding Transactions, provided that no such calculation shall be required to be made more frequently than quarterly or as otherwise agreed between the parties.
- (vi) In relation to paragraph Part 5(g)(iii)(D) above, Party A will, at its own cost, on receipt of reasonable notice from Moody's (which, for the avoidance of doubt, will be no less than 30 days) arrange a third party valuation of the mark-to-market value of the outstanding Transactions

provided that no such third party valuation shall be requested more frequently than quarterly or as otherwise agreed between the parties.

- (vii) Not used.
- (viii) Not used.
- (ix) If Party A does not take any of the measures described in Part 5(g)(i)(a)(i) or Part 5(g)(i)(a)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (x) If Party A does not take any of the measures described in Part 5(g)(i)(b)(i) or Part 5(g)(i)(b)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xi) If Party A does not take any of the measures described in Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5(g)(ii)(C) or Part 5(g)(ii)(D) above, such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the occurrence of such Initial Moody's Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xii) If Party A does not perform any of its obligations under Part 5(g)(iii) (D) above, such failure shall give rise to an Event of Default with respect to Party A and shall be deemed to have occurred on the tenth day following the occurrence of the relevant Subsequent Moody's Rating Event with Party A as the Defaulting Party. If Party A does not perform its obligations under Part 5(g)(iii) (A), (B) or (C) and, even after having applied best effort, has failed within 30 days to satisfy Part 5(g)(iii) (A), (B) or (C) above, such failure shall not constitute an Event of Default but shall be an Additional Termination Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (xiii) **Fitch downgrade scheme**
  - (A) Fitch Ratings Level 1 Event



In relation to each occurrence of a Fitch Ratings Level 1 Event (except where a previous Fitch Ratings Level 1 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 1 Cure Event occurs within the Fitch Ratings Level 1 Cure Period; and
- (2) if a Fitch Ratings Level 1 Cure Event does not occur within the Fitch Ratings Level 1 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 1 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

provided that if a Fitch Ratings Level 2 Event or a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 1 Event or during such Fitch Ratings Level 1 Cure Period, such Fitch Ratings Level 1 Event shall be deemed not to have occurred.

**(B) Fitch Ratings Level 2 Event**

In relation to each occurrence of a Fitch Ratings Level 2 Event (except where a previous Fitch Ratings Level 2 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 2 Cure Event occurs within the Fitch Ratings Level 2 Cure Period; and
- (2) if a Fitch Ratings Level 2 Cure Event does not occur within the Fitch Ratings Level 2 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 2 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

provided that if a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 2 Event or during such Fitch Ratings Level 2 Cure Period, such Fitch Ratings Level 2 Event shall be deemed not to have occurred.

(C) **Fitch Ratings Level 3 Event**

In relation to each occurrence of a Fitch Ratings Level 3 Event (except where a previous Fitch Ratings Level 3 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 3 Cure Event occurs within the Fitch Ratings Level 3 Cure Period; and
- (2) if a Fitch Ratings Level 3 Cure Event does not occur within the Fitch Ratings Level 3 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 3 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

"**Fitch**" means Fitch Ratings Ltd.

"**Fitch Minimum Rated Entity**" means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "A+" (or its equivalent) by Fitch.

"**Fitch Ratings Level 1 Cure Event**" means in relation to a Fitch Ratings Level 1 Event the date following such Fitch Ratings Level 1 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement; or
- (2) **Non-Collateral:** a Fitch Ratings Non-Collateral Cure Event.

"**Fitch Ratings Level 1 Cure Period**" means in relation to a Fitch Ratings Level 1 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 1 Event occurs.

**"Fitch Ratings Level 1 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Cure Event"** means in relation to a Fitch Ratings Level 2 Event the date following such Fitch Ratings Level 2 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement provided that the Eligible Credit Support is independently valued on a weekly basis (Party A's cost); or
- (2) **Non-Collateral:** Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 2 Cure Period"** means in relation to a Fitch Ratings Level 2 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 2 Event occurs.

**"Fitch Ratings Level 2 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 2 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F2" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB+" (or its equivalent) by Fitch.

**"Fitch Ratings Level 3 Cure Event"** means in relation to a Fitch Ratings Level 3 Event the date following such Fitch Ratings Level 3 Event upon which a Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 3 Cure Period"** means in relation to a Fitch Ratings Level 3 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 3 Event occurs.

**"Fitch Ratings Level 3 Event"** means the first day upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 3 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 3 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F3" by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB-" by Fitch.

**"Fitch Ratings Non-Collateral Cure Entity"** means at any time a person (who may, without limitation, be an Affiliate of Party A):

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or
- (2) who (or whose Credit Support Provider) at that time has such other lower rating as is commensurate with the rating assigned at that time to the Relevant Notes by Fitch.

**"Fitch Ratings Non-Collateral Cure Event"** means the first date upon which the following occurs:

- (1) **Transfer:** Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

(h) ***Modifications to Representations***

- (i) Section 3 is amended by the addition at the end thereof of the following additional representations:

- "(a) **No Agency.** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.
- (b) **Pari Passu.** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."
- (c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:
  - (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
  - (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
  - (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent establishment and will continue so to treat the relevant Transaction".
- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

(i) ***Recording of Conversations***

Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties. Party A agrees to obtain any necessary consent of, and give notice of such recording to, such personnel of it.

(j) ***Relationship between the Parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

**"15. Relationship between the Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

- (a) ***Non Reliance.*** It is acting for its own account, and it has made its own decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.
- (b) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) ***Status of Parties.*** The other party is not acting as a fiduciary or an adviser for it in respect of that Transaction."

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their entirety and the words "but only where Party A is X" will be inserted in substitution therefor.
- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") equal to:
  - (A) any Additional Amounts paid by Party A to Party B on such Interest Payment Date together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Additional Amounts paid by Party A under this Agreement on any previous Interest Payment Date, and

- (B) any Withheld Amount on such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount applicable to any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean the additional amounts (if any) paid by Party A to Party B in accordance with Section 2(d)(i)(4) of this Agreement.

"**Withheld Amount**" in Part 5(k) shall mean such withholding or deduction (if any) as Party B has made if Party B is required to make such withholding or deduction for or on account of United Kingdom tax from any amounts payable by it under a Transaction on any Interest Payment Date, in accordance with Section 2(d) of this Agreement.

This paragraph is the "Withholding Compensation Amounts Provision" referred to in certain of the Relevant Documents (as defined in the Deed of Charge).

- (iii) Where Party B pays a Withholding Compensation Amount, Party A undertakes as follows:
  - (A) to the extent that Party A obtains any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment, it shall forthwith pay to Party B so much of the cash benefit (as calculated below) relating thereto which it has received as will leave Party A in substantially the same position as Party A would have been in if no such deduction or withholding had been required;
  - (B) the "cash benefit" shall, in the case of a credit, allowance or set-off, be the additional amount of Tax which would have been payable by Party A but for the obtaining by it of the said Tax credit, allowance or set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;
  - (C) it will use all reasonable endeavours to obtain any Tax credit, allowance, set-off or repayment as soon as is reasonably practicable and shall supply Party B with a reasonably detailed explanation of its calculation of the amount of any such Tax credit, allowance, set-off or repayment and of

the date on which it becomes entitled to the same, or in the case of repayment, the same is received; and

- (D) it will use all reasonable endeavours to utilise in accordance with its accounting policies any Tax credit, allowance or set-off which would otherwise be unutilised.

Where Party B pays a Withholding Compensation Amount as a result of the withholding of a Withheld Amount, Party B undertakes to use reasonable endeavours to identify to Party A the withholding or deduction that has given rise to such payment.

(1) ***Security, Enforcement and Limited Recourse***

- (i) Party A agrees with Party B and the Trustee to be bound by the terms of the Deed of Charge and, in particular, confirms that:
  - (A) no sum shall be payable by or on behalf of Party B to it except in accordance with the provisions of the Deed of Charge;
  - (B) unless an Enforcement Notice shall have been served or unless the Trustee, having become bound to do so, fails to serve an Enforcement Notice and/or to take any steps or proceedings pursuant to Clause 8 of the Deed of Charge to enforce the security thereby created:
    - (1) it shall not take any steps whatsoever to direct the Trustee to enforce any security created by or pursuant to Clause 3 of the Deed of Charge; and
    - (2) it shall not take any steps for the winding up, dissolution or reorganisation, or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of Party B or of any or all of its revenues and assets nor participate in any *ex parte* proceedings nor seek to enforce any judgment against Party B, subject to the provisions of the Deed of Charge.
- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date,



the effective date of such Enforcement Notice shall be the Early Termination Date.

- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (after the application of Section 2(c) to such Transaction) because of the limitation contained in Part 5 (l)(i) or Part 5 (l)(ii) above, then
  - (A) payment by Party B of the shortfall (and the corresponding payment obligation of Party A with respect to such shortfall (being the full amount Party A would otherwise owe on such date less the actual amount payable by Party A determined in accordance with Part 5 (l)(iv)(C) below)) will not then fall due but will instead be deferred until the first Party A Payment Date thereafter on which sufficient funds are available to Party B (subject to Part 5 (l)(i) or Part 5 (l)(ii) above);
  - (B) failure by Party B to make the full payment under such Transaction (after the application of Section 2(c) to such Transaction) shall not constitute an Event of Default for the purpose of Section 5(a)(i); and
  - (C) the obligation of Party A to make payment to Party B, in respect of the same Transaction, on such date, will be reduced so that Party A will be obligated to pay the Equivalent Percentage of the amount it would otherwise owe under that Transaction.

**"Equivalent Percentage"** means the percentage obtained by dividing the amount paid by Party B by the amount it would have paid absent such limitation.

- (v) For the avoidance of doubt, if an Early Termination Date results from an Event of Default, any amounts otherwise payable under this Agreement (the payment of which was deferred or not paid in the circumstances described under Part 5 (l)(iv) above by Party A and by Party B, will be deemed to be Unpaid Amounts.
- (vi) Following the calculation thereof, Party B shall notify Party A at least two Business Days in advance of the relevant Payment Date of the amount of any shortfall, the payment of which by Party B is deferred in accordance with Part 5 (l)(iv) above.
- (vii) If any payment of any amounts by Party A and Party B is deferred in accordance with Part 5 (l)(iv) above then the amount so deferred on the Party A Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party A Payment Date (together with an additional floating amount accrued thereon at the applicable Party A Floating Rate) and the Party A Floating Amount due on such date shall be deemed to include such amounts. The amount so deferred on the

Party B Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party B Payment Date (together with an additional floating amount accrued thereon accrued at the applicable Party B Floating Rate) and the Party B Floating Amount due on such date shall be deemed to include such amounts.

(m) ***Condition Precedent***

Section 2(a)(iii) shall be amended by the deletion of the words "or Potential Event of Default" in respect only of the obligations under Section 2(a)(i) of Party A.

(n) ***Representations***

Section 3(b) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the representation given by Party B only. For the purpose of Section 3(c), Party A shall be deemed to have no Affiliates.

(o) ***Additional Definitions***

(i) ***Definition of "Notes"***

For the purpose of this Agreement, "Class A Notes", "Class B Notes", "Class C Notes" and "Notes" have the same meaning as indicated in the Deed of Charge (as defined below).

(ii) ***Definition of "Deed of Charge"***

For the purpose of this Agreement "Deed of Charge" means the Deed of Sub - Charge and Assignment dated 23 March 2006 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

This Agreement, the Confirmations and each Transaction hereunder are subject to the 2000 ISDA Definitions (as published by the International Swap and Derivatives Association, Inc.) (the "**Definitions**") and will be governed in all respects by the provisions set forth in the Definitions, without regard to any amendments subsequent to the date of this Agreement.

The provisions of the Definitions are incorporated by reference in and shall be deemed to be part of this Agreement and each Confirmation as if set forth in full in this Agreement and in each such Confirmation.

In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail.

Words and expressions used in this Schedule which are not defined herein or in the Definitions shall have the same meanings as are given to them in the Confirmation.

Terms defined or referred to in the Conditions (as defined in the Deed of Charge) and the Relevant Documents (as defined in Condition 3 of those Conditions) shall, where the context permits, bear the same respective meanings in this Agreement. In the event of any conflict between those Conditions and the definitions in the Relevant Documents, the definitions in the Conditions shall prevail.

(p) ***Calculations***

Upon the occurrence of an Event of Default or an Additional Termination Event with respect to Party A, Party B will be entitled (but not obliged in the event that it does not designate an Early Termination Date) to proceed in accordance with Section 6 of the Agreement subject to the following:

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing and provided Party B is able to release this information without breaching the provisions of any law applicable to, or any contractual restriction binding upon, Party B.
- (ii) The following amendments shall be deemed to be made to the definitions of "***Market Quotation***":
  - (A) the word "firm" shall be added before the word "quotations" in the second line;
  - (B) the words "provided that the documentation relating thereto is either the same as this Agreement and the existing confirmations hereto (and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and the long-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "A1" by Moody's and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "P-1" by Moody's (or, if such Reference Market-maker is not rated by a Rating Agency, at such equivalent rating (by another Rating Agency) that is acceptable to such Rating Agency) or the Rating Agencies have confirmed in writing such proposed documentation will not adversely impact the ratings of the Class A Notes" shall be added after "agree" in the sixteenth line; and
  - (C) the last sentence shall be deleted and replaced with the following:

"If, on the last date set for delivery of quotations, exactly two quotations are provided, the Market Quotation will be either (a) the lower of the two quotations where there would be a sum payable by Party A to

Party B, or (b) the higher of the two quotations where there would be a sum payable by Party B to Party A. If only one quotation is provided on such date, Party B may, in its discretion, accept such quotation as the Market Quotation and if Party B does not accept such quotation (or if no quotation has been provided), it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined."

- (iii) For the purpose of the definition of "Market Quotation", and without limiting the general rights of Party B under the Agreement:
  - (A) Party B will undertake to use its reasonable efforts to obtain at least three firm quotations as soon as reasonably practicable after the Early Termination Date and in any event within the time period specified pursuant to Part 5 (p)(iii)(C) below;
  - (B) Party A shall, for the purposes of Section 6(e), be permitted (but not obliged) to obtain quotations from Reference Market-makers on behalf of Party B; and
  - (C) if, after reasonable efforts by or on behalf of Party B, no quotations have been obtained within 6 Local Business Days after the occurrence of the Early Termination Date or such longer period as Party B may specify in writing to Party A, then it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined.
- (iv) Party B will be deemed to have discharged its obligations under Part 5 (iii)(A) above if it promptly requests, in writing, Party A (such request to be made within one Local Business Day after the occurrence of the Early Termination Date) to obtain quotations from Reference Market-makers.
- (v) Party B will not be obliged to consult with Party A as to the day and time of obtaining any quotations.
- (vi) If an Early Termination Date is designated or occurs, "**Market Quotation**" in respect of the Terminated Transactions shall be determined based on the anticipated rate of reduction (as determined at the commercially reasonable discretion of Party A after and subject to prior consultation with Party B and giving due weight to Party B's views) in the Party A Currency Amount and the Party B Currency Amount had such Early Termination Date not been designated or occurred.

(q) *Transfers*

**Transfers by Party A:**

Section 7 of this Agreement shall not apply to Party A, who shall be required to comply with, and shall be bound by, the following:

Without prejudice to Section 6(b)(ii), Party A may transfer all its interest and obligations in and under this Agreement upon providing no less than five Business Days' prior written notice to the Trustee (save that where a transfer has taken place pursuant to Part 5(g) notice may be contemporaneous with transfer), to any other entity (a "Transferee") provided that:

- (i) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and its long-term, unsecured and unsubordinated debt obligations are then rated not less than "A1" by Moody's and its short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then rated not less than "A+" by Fitch and not less than "A1" by Moody's and whose short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency);
- (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct any amount on account of Tax from any payments made under this Agreement;
- (iii) (judged as of the time of transfer) a Termination Event or an Event of Default will not immediately occur under this Agreement as a result of such transfer;
- (iv) (except where agreed otherwise by Party B) no additional amount will be payable by Party B to Party A or the Transferee on the next succeeding Interest Payment Date as a result of such transfer; and
- (v) (if the Transferee is domiciled in a different country from both Party A and Party B) S&P, Moody's and Fitch have provided prior written notification that the then current ratings of the Notes will not be adversely affected.

Following such transfer all references to Party A shall be deemed to be references to the Transferee.

Save as otherwise provided for in this Agreement and notwithstanding Section 7, Party A shall not be permitted to transfer (by way of security or otherwise) this

Agreement nor any interest or obligation in or under this Agreement without the prior written consent of the Trustee.

**Transfers by Party B:**

Neither this Agreement nor any interest in or under this Agreement or any Transaction may be transferred by Party B to any other entity save with Party A's prior written consent except that such consent is not required in the case of a transfer, charge or assignment to the Trustee as contemplated in the Deed of Charge. For the avoidance of doubt, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge and acknowledges notice of such assignment. Party A and Party B acknowledge that the provisions of this Agreement and any Transaction hereunder will be subject to (a) the priority of payments set out in the Deed of Charge.

Any transfer by Party B shall be subject to the consent of the Trustee.

(r) ***Indemnity***

Without prejudice to any other rights, powers, remedies and privileges which Party B may have, Party A hereby agrees with Party B to indemnify and keep indemnified Party B on an after-tax basis from and against any reasonable cost, expense, damage, loss or liability (including, for the avoidance of doubt, any tax liability) which Party B may incur or suffer to the extent that Party B would not have incurred or suffered such cost, expense, damage, loss or liability had Party A complied with its representations, warranty and undertaking as set out in sub-paragraph (h)(iii) of this Part 5.

(s) ***Netting***

Except where specified otherwise in the relevant Confirmation, in respect of each Transaction made under this Agreement:

- (i) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of the same Transaction; and
- (ii) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of different Transactions (if any) under this Agreement.

(t) ***Rights of Third Parties***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement provided that this shall not affect any rights of any third party which may be granted in respect of this Agreement pursuant to the terms of the Deed of Charge.

(u) ***Principal Paying Agent Payment***

Party A hereby undertakes with Party B that, unless otherwise agreed between the parties, and until duly requested, it will make all payments of all sums payable in respect of this Agreement direct to the Principal Paying Agent in respect of the Notes. Party B agrees that payment by Party A made in accordance with this provision of an amount due to Party B shall discharge the liability of Party A *pro tanto* in respect of that payment only.

(v) ***Successors***

References in this Agreement to the parties hereto, Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

(w) ***Benefit of Agreement***

Any legal entity into which Party A is merged or converted or any legal entity resulting from any merger or conversion to which Party A is a party shall, to the extent permitted by applicable law, be a party to this Agreement in place of Party A without any further act or formality.

(x) ***Change of Account***

Section 2(b) is hereby amended to read in its entirety as follows:

***"Change of Account.*** Party A may change its account for receiving payment or delivery by giving notice to Party B at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party B gives timely notice of a reasonable objection to such change. Party B may change its account for receiving payment or delivery by giving notice to Party A at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party A gives timely notice of a reasonable objection to such change."

(y) ***Inconsistency***

In the event of an inconsistency among or between any of the following documents, the relevant document first listed below shall govern:

- (i) Confirmation;
- (ii) Schedule; and
- (iii) Definitions.

(z) ***Severability***

Any provision of this Agreement which is prohibited (for reasons other than those constituting an illegality) or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or

enforceability of such provision in any other jurisdiction unless the severance shall substantially impair the benefits of the remaining portions of this Agreement or change the reciprocal obligations of the parties.



**Signed for and behalf of:**  
on:  
by:

**Barclays Bank PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Paragon Mortgages (No.11) PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

<b>S&amp;P Minimum Counterparty Rating</b>		
<b>Current rating of Notes</b>	<b>Initial S&amp;P Rating Event</b>	<b>Subsequent S&amp;P Rating Event</b>
AAA	A*	BBB+
AA+	A*	BBB+
AA	A-	BBB+
AA-	A-	BBB
A+	BBB+	BBB
A	BBB+	BBB
A-	BBB	BBB-
BBB+	BBB	BBB-
BBB	BBB-	BB+
BBB-	BBB-	BB+
BB+	BB+	BB+
BB and below	At least as high as the Notes rating	At least as high as the Notes rating
* A (long-term) if the relevant entity also has a short-term rating of A-1 by S&P, otherwise A+ (long-term)		

**SCHEDULE 4**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS A2B NOTES**

**ISDA®**  
**International Swaps and Derivatives Association, Inc.**

**CREDIT SUPPORT ANNEX**

to the

**Schedule to the ISDA Master Agreement**

in relation to the

Class A2b Notes

dated as of 13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.11) PLC ("Party B")**; and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns).

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

**Paragraph 11. Elections and Variables**

- (a) ***Base Currency and Eligible Currency.***
  - (i) "**Base Currency**" means Pounds Sterling.
  - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: Euros and US dollars.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency ("**Additional Valuation Percentage**"), such Additional Valuation Percentage being 6% or such lower percentage as agreed by the parties and approved by the relevant rating agency. For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

- (b) ***Credit Support Obligations.***

- (i) ***Delivery Amount, Return Amount and Credit Support Amount.***
- (A) "***Delivery Amount***": Paragraph 2(a) shall apply, except that the words, "upon a demand made by the Transferee" shall be deleted and the word "***that***" on the second line of Paragraph 2(a) shall be replaced with the word "***a***".
- (B) "***Return Amount***" has the meaning as specified in Paragraph 2(b).
- (C) "***Credit Support Amount***" has the meaning specified under the relevant definition of Ratings Agency Requirement. In circumstances where more than one of the Ratings Agency Requirements apply to Party A, the Credit Support Amount shall be calculated by reference to the Ratings Agency Requirement which would result in Party A transferring the greatest amount of Eligible Credit Support. Under no circumstances will Party A be required to transfer more Eligible Credit Support than the greatest amount calculated in accordance with the Ratings Agency Requirement set out below.
- (ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	100%	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	99%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	time to maturity of:		
(i)	not more than one year;	98.5%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than P-1 by Moody's and F1+ by Fitch with a remaining time to maturity of less than 3 months.	To be agreed between Party A and Moody's	99.5%
(E)	Such other items as agreed between Party A and the Rating Agencies, from time to time, which Party B can lawfully receive from, and transfer back to, Party A as required, that will qualify as Eligible Credit Support.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch

In addition, for the purposes of the S&P Requirements, the items set out in Appendix D will qualify as "Eligible Credit Support" for Party A.

For the avoidance of doubt, where negotiable debt obligations are rated by only one of the above relevant rating agencies, the rating applied will be based on the rating of that agency.

Where the ratings and/or the Valuation Percentages of the relevant rating agencies differ with respect to the same negotiable debt obligation, for the

purposes of B to E above the lower of the ratings and/or the Valuation Percentages, as the case maybe, shall apply.

For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

(iii) **Thresholds.**

(A) "**Independent Amount**" means, for Party A and Party B, with respect to each Transaction, zero.

(B) "**Threshold**" means, for Party A, infinity, unless:

(A) (i) an Initial Moody's Rating Event and/or a Fitch Ratings Level 1 Event has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(ii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(xiii)(A)(1), respectively, of the Agreement; or

(B) (i) a Subsequent Moody's Rating Event and/or Fitch Ratings Level 2 Event within Part 5(g)(xiii)(B) has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(iii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(xiii)(B)(1), respectively, of the Agreement; or

(C) the S&P Threshold is zero,

in which case its Threshold shall be zero

"**Threshold**" means, for Party B: infinity

(C) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP50,000; provided, that if (1) an Event of Default has occurred and is continuing with respect to Party A, or (2) an Additional Termination Event has occurred in respect of which Party A is an Affected Party, the Minimum Transfer Amount with respect to such party shall be zero.

(D) "**Rounding**" The Delivery Amount and the Return Amount will be rounded up and down to the nearest integral multiple of GBP10,000 respectively, subject to the maximum Return Amount being equal to the Credit Support Balance.

(c) **Valuation and Timing.**



- (i) **"Valuation Agent"** means, Party A in all circumstances.
  - (ii) **"Valuation Date"** means each Local Business Day.
  - (iii) **"Valuation Time"** means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.
  - (iv) **"Notification Time"** means by 2:00 p.m., London time, on a Local Business Day.
- (d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).
- (e) **Dispute Resolution.**
- (i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.
  - (ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:
    - (A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;
    - (B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

(C) with respect to any Eligible Credit Support or Equivalent Credit Support other than Securities and Cash, the Base Currency Equivalent of the fair market value thereof on such date, as determined in any reasonable manner chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage.

(iii) **"Alternative"** The provisions of Paragraph 4 will apply.

(f) **Distribution and Interest Amount.**

(i) **"Interest Rate"** The **"Interest Rate"** in relation to each Eligible Currency specified below will be:

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S. Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.
EUR	The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.
GBP	"SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

(ii) **"Transfer of Interest Amount"** The transfer of the Interest Amount will be made on the first Local Business Day following the end of each calendar month to the extent that Party B has earned and received such amount of interest and that a Delivery Amount would not be created or increased by that transfer, and on any other Local Business Day on which Equivalent Credit Support is transferred to the Transferor pursuant to Paragraph 2(b), provided that Party B shall only be obliged to transfer any Interest Amount to Party A to the extent that it has received such amount.

(iii) **"Alternative to Interest Amount"** The provisions of Paragraph 5(c)(ii) will apply. For the purposes of calculating the Interest Amount the amount of interest calculated for each day of the Interest Period shall, with respect to any Eligible Currency, be compounded daily.

(iv) **"Interest Amount"** The definition of **"Interest Amount"** shall be deleted and replaced with the following:

**"Interest Amount"** means, with respect to an Interest Period and each portion of the Credit Support Balance comprised of cash in an Eligible Currency, the sum of the amounts of interest determined for each day in that Interest Period by the Valuation Agent as follows:

- (x) the amount of such currency comprised in the Credit Support Balance at the close of business for general dealings in the relevant currency on such day (or, if such day is not a Local Business Day, on the immediately preceding Local Business Day); multiplied by
- (y) the relevant Interest Rate; divided by
- (z) 360 (or in the case of pounds sterling, 365).

(g) **Addresses for Transfers.**

**Party A:**

**USD CASH**

<b>Account With:</b>	BARCUS33	Barclays New York
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	050035428	
<b>Reference:</b>	COLLATERAL	

**EUR CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	44295577	
<b>Reference:</b>	COLLATERAL	

**GBP CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Sort Code:</b>	20-00-00	
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	50654140	
<b>Reference:</b>	COLLATERAL	

**Party B:** To be advised

(h) **Other Provisions.**

(i) ***Transfer Timing.***

- (A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

- (B) The definition of Settlement Day shall be deleted and replaced with the following:

**"Settlement Day"** means the next Local Business Day after the Demand Date".

- (C) For the purposes of this Paragraph 11(h)(i):

**"Demand Date"** means, with respect to a transfer by a party:

- (i) in the case of a transfer pursuant to Paragraph 2, Paragraph 3, Paragraph 4(a)(2) or 5(c)(i), the relevant Valuation Date. For the avoidance of doubt, for the purposes of Paragraph 2 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and
- (ii) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

For the avoidance of doubt, on each Demand Date the Transferor shall deliver to the Transferee and the Trustee a statement showing the amount of Eligible Credit Support to be delivered.

- (ii) ***Early Termination.***

The heading for Paragraph 6 shall be deleted and replaced with "Early Termination" and the following shall be added after the word "Default" in the first line of Paragraph 6, "or a Termination Event in relation to all (but not less than all) Transactions".

- (iii) ***Costs of Transfer on Exchange.***

Notwithstanding Paragraph 8, the Transferor will be responsible for, and will reimburse the Transferee for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support either from the Transferor to the Transferee or from the Transferee to the Transferor hereto.

- (iv) ***Cumulative Rights.***

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the

Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

(v) ***Single Transferor and Single Transferee.***

Party A and Party B agree that, notwithstanding anything to the contrary in this Annex, (including, without limitation, the recital hereto, Paragraph 2 or the definitions in Paragraph 10), (a) the term "Transferee" as used in this Annex means only Party B; (b) the term "Transferor" as used in this Annex means only Party A; (c) only Party A will be required to make Transfers of Eligible Credit Support hereunder.

(vi) ***Ratings Agency Requirement.***

"**Rating Agency Requirement**" means the Moody's Requirements, the S&P Requirements and the Fitch Requirements, as defined below.

***Moody's Requirements.***

"**Credit Support Amount**" shall be calculated in accordance with the meaning specified in Paragraph 10, provided however, that the words "plus the Additional Collateral Amount" shall be added after the words "Transferee's Exposure" in the second line thereof.

For such purposes "**Additional Collateral Amount**" means with respect to a Valuation Date, the sum of (a) the Transferee's Exposure multiplied by "A" and (b) the product of "B" multiplied by the Transaction Notional Amount, where A and B are determined by reference to percentages set out in the relevant table in Appendix A.

In relation to the foregoing, Party A will, upon receipt of reasonable notice from Moody's, demonstrate to Moody's the calculation by Party A of the Transferee's Exposure.

***S&P Requirements.***

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date:

- (I) if the S&P Threshold is zero, the greater of (i) zero and (ii) an amount equal to the sum of (x) Party B's Exposure (which may be a negative number) and (y) the applicable S&P Volatility Buffer; and
- (II) if the S&P Threshold is infinity, zero.

"**S&P Volatility Buffer**" means on any date, an amount equal to the product of (i) the relevant percentage specified in the applicable table in Appendix A or otherwise agreed between Party A and S&P as being applicable to swap transactions of a type and tenor (by reference to the legal final maturity date of a swap transaction) equivalent to the Transaction (provided that, for the purpose of identifying the equivalent tenor in the table in Appendix A, the tenor of the Transaction will, where necessary, be rounded up) and (ii) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

***Fitch Requirements.***

"**Credit Support Amount**" shall mean at any time for the purposes of the Fitch Requirements with respect to a Transferor on a Valuation Date the result of the following formula:

max[MV plus VC multiplied by 105 per cent multiplied by N;0]

where:

"**max**" means maximum;

"**MV**" means the Transferee's Exposure;

"**VC**" means the applicable volatility cushion at that time determined by reference to percentages set out in the relevant table in Appendix C (and for such purpose calculating the relevant Weighted Average Life assuming a zero prepayment rate and zero default rate in relation to the Mortgages beneficially owned by Party B); and

"**N**" means the Transaction Notional Amount at that time.

(vii) ***Calculations.***

Paragraph 3(b) of this Annex shall be amended by inserting the words "and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request" **after the word "calculations" in the third line thereof.**

(viii) ***Demands and Notices.***

All demands, specifications and notices under this Annex will be made pursuant to Section 12 of this Agreement.

(ix) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an

External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

Contact details at S&P for provision of External Marks : [*S&P to provide details*]

(x) ***Notifications of Calculations of Exposure to S&P***

The following words shall be inserted at the end of Paragraph 3(b): "The parties hereby agree that the Valuation Agent shall make available to S&P the Exposure calculations calculated under this Annex on a quarterly basis under this Annex."

(xi) **Definitions.**

As used in this Annex, the following terms shall mean:

**"Cross-Currency Swap"** means any cross-currency swap rate transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation;

**"External Mark Statement"** means either (A) a written statement prepared by Party A setting out an indicative valuation of Party B's Exposure in respect of the Transaction, provided by an independent third party that is capable of entering into transactions of the type of the Transactions entered into between Party A and Party B pursuant to this Agreement (such valuation an **"External Mark"**), provided that for these purposes it is acknowledged that: (a) the party providing such External Mark: (1) may use such assumptions at it thinks reasonable in its sole discretion; (2) need not provide a firm bid or be obliged in any way to enter into a transaction with Party B on equivalent terms to any Transaction entered into between Party A and Party B pursuant to this Agreement; and (b) Party A makes no warranties as to the validity of any assumptions used or the accuracy of any External Mark; or (B) such other statement regarding the liquidity of the Transactions in respect of which a rating agency confirmation from S&P is obtained;

**"Fitch"** means Fitch Ratings Ltd and includes any successors thereto;

**"Interest Rate Cap"** means any interest rate cap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Interest Rate Swap"** means any interest rate swap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Libor Basis Swap"** means any libor basis swap transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation.

"**Moody's**" means Moody's Investors Service Limited and includes any successors thereto;

"**Rating Agencies**" means Moody's, S&P and Fitch;

"**Relevant Entity**" means Party A and any Credit Support Provider of Party A;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. and includes any successors thereto;

"**S&P Threshold**" means:

(x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(a)(ii) or 5(g)(i)(b)(ii) of the Schedule to this Agreement, zero; and

(y) at all other times, infinity

"**Transaction**" means a Transaction entered into pursuant to this Agreement; and

"**Transaction Notional Amount**" means in respect of a Valuation Date, (i) the Currency Amount applicable to Party A in respect of a Cross Currency Swap Transaction, (ii) in respect of an Interest Rate Swap Transaction, the Notional Amount of such Interest Rate Swap Transaction, or (iii) in respect of an Interest Rate Cap Transaction, the Notional Amount of such Interest Rate Cap Transaction, and in each case, as at such Valuation Date.



## Appendix A – Moody's Requirements

### Cross Currency Swaps:

- (i) "A" means 2 per cent. and "B" means 1.6 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "A1" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "Prime-1" by Moody's;
- (ii) "A" means 2 per cent. and "B" shall be equal to 3.7 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "A3" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "Prime-2" by Moody's; and
- (iii) "A" means 0 per cent. and "B" means 0 per cent. in all other cases.

### Basis Swaps, Interest Rate Caps and Interest Rate Swaps:

- (i) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.2%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A1" and "Prime-1" by Moody's;
- (ii) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.4%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A3" and "Prime-2" by Moody's; and
- (iii) "A" means 0% and "B" means 0% in all other cases.

### Appendix B – S&P Volatility Buffers

<b>Volatility Buffer for Cross Currency Swaps (% of Notional)</b>			
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Fixed-to-fixed rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	10	20	5
5	15	30	8
10	18	36	9
15	22	44	11
30 or more	25	50	13

<b>Volatility Buffer for Single Currency Swaps (% of Notional)</b>		
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	8.5	4
5	12.5	5
10	15	6
15	18	7
30 or more	21	8

### Appendix C – Fitch Volatility Cushion (%)

Where the Collateralised Transaction is a USD/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.1	2.4	3.8	5.1	6.2	7.3	8.5	9.6	10.7	11.8	12.8	13.9	14.9	15.9	16.8
A+ or A	0.8	1.7	2.7	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.8	10.6	11.2	11.9
A-/BBB+	0.7	1.5	2.3	3.1	3.9	4.5	5.2	5.9	6.6	7.3	7.9	8.6	9.2	9.8	10.4

Where the Collateralised Transaction is a EUR/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	0.9	2.1	3.2	4.2	5.0	5.8	6.7	7.5	8.4	9.2	10.00	10.8	11.6	12.4	13.2
A+ or A	0.6	1.5	2.3	3.0	3.6	4.1	4.7	5.3	5.9	6.5	7.1	7.7	8.3	8.8	9.4
A-/BBB+	0.6	1.3	2.0	2.6	3.1	3.6	4.1	4.6	5.2	5.7	6.2	6.7	7.2	7.7	8.2

Where the Collateralised Transaction is a USD/AUD cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.4	3.1	4.7	6.2	7.7	9.1	10.5	11.9	13.3	14.7	16.0	17.4	18.7	19.9	21.2
A+ or A	1.0	2.2	3.4	4.4	5.5	6.5	7.5	8.4	9.4	10.4	11.4	12.3	13.2	14.1	15.0
A-/BBB+	0.9	1.9	2.9	3.9	4.8	5.6	6.5	7.4	8.2	9.1	9.9	10.7	11.5	12.3	13.1

**Where the Collateralised Transaction is a EUR/AUD cross currency swap transaction:**

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.2	2.9	4.5	5.9	7.2	8.5	9.7	11.0	12.3	13.5	14.8	16.0	17.2	18.4	19.6
A+ or A	0.9	2.1	3.2	4.2	5.1	6.0	6.9	7.8	8.7	9.6	10.5	11.3	12.2	13.0	13.9
A-/BBB+	0.8	1.8	2.8	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.9	10.6	11.4	12.1

**Where the Collateralised Transaction is a GBP Libor basis swap transaction:**

(%)	
Notes' rating	
AA- or better	0.06
A+ or A	0.04
A-/BBB+	0.04

**Where the Collateralised Transaction is a GBP interest rate cap or a GBP interest rate swap transaction:**

<i>Weighted Average Life</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
<i>(Years)</i>															
VC (%)	0.5	1.0	1.7	2.3	2.9	3.4	4.0	4.7	5.3	6.0	6.6	7.2	7.9	8.5	9.1

## APPENDIX D – S&amp;P ELIGIBLE CREDIT SUPPORT

<i>Category Description</i>	<i>Eligible Credit Support</i>	<i>S&amp;P Valuation Percentage</i>
<b>Cash</b>	Cash in Base Currency	100%
<b>Category 1</b>	Government issued Negotiable Debt Obligations with an Eligible Rating, denominated in the Base Currency and having a rating at least equal to the then current rating of the Notes.	100%
<b>Category 2</b>	Any item listed as eligible credit support in S&P's market value criteria as published from time to time	As per S&P's market value criteria subject to AA liability haircuts

For the purposes of the above:

"**Eligible Rating**" means a rating assigned to such securities by S&P and being at least equal to (i) the then-current rating of the Relevant Notes or (ii) in the event that the Relevant Notes have been downgraded by S&P as a result of a failure by Party A to perform any of its obligations under this Agreement, then the rating of the Notes immediately prior to such downgrade.

**IN WITNESS WHEREOF**, the parties have executed and delivered this document as of the date specified on the first page of this document.

**Signed for and behalf of:**

on:

by:

**Barclays Bank plc**

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Paragon Mortgages (No.11) plc**

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Citicorp Trustee Company Limited**

By .....

Name:

Title:

**SCHEDULE 5**  
**AMENDED ISDA SCHEDULE – CLASS B1B NOTES**

**SCHEDULE TO THE MASTER AGREEMENT**

in relation to the

Class B1b Notes

(the "**Relevant Notes**")

made on

13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 11) PLC** ("**Party B**"); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns and which has agreed to become a party to this Agreement solely for the purpose of taking the benefit of Part 5(b) and Part 5(l) of the Schedule to this Agreement).

**Part 1 Termination Provisions**

- (a) "*Specified Entity*" means

in relation to Party A for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none.



- (b) "*Specified Transaction*" will have the meaning specified in Section 14.
- (c) The "*Cross Default*" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.
- (d) The "*Credit Event Upon Merger*" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The "*Automatic Early Termination*" provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) *Payments on Early Termination*. For the purposes of Section 6(e) of this Agreement:
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "*Termination Currency*" means Sterling.

## **Part 2 Tax Representations**

- (a) *Payer Representations*. For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement,
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) *Payee Representations*.

For the purpose of Section 3(f) of this Agreement, Party B makes no representation and Party A makes the following representations:

- (i) it is a party to each transaction solely for the purposes of a trade (or part of a trade) carried on by it in the United Kingdom through a branch or agency; and
- (ii) it is resident in the United Kingdom or in a jurisdiction with which the United Kingdom has a double tax treaty which makes provision, whether for relief or otherwise, in relation to interest.

**Part 3 Agreement to Deliver Documents**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, documents or certificates to be delivered are:

---

N/A

- (b) Other documents to be delivered are:

<i>Party required to deliver document</i>	<i>Form/Document/Certificate</i>	<i>Date by which to be delivered</i>	<i>Covered by Section 3(d) Representation</i>
Party A and Party B	Evidence satisfactory to the other party as to the authority of its signatories to this Agreement and to each Confirmation including specimen signatures of such signatories	On signing of this Agreement and relevant Confirmation as applicable.	Yes
Party B	Certified copy of board resolution	On signing of this Agreement	Yes
Party B	Certified copy of Memorandum and Articles of Association	On signing of this Agreement	Yes

**Part 4 Miscellaneous**

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Any notice relating to a particular Transaction shall be delivered to the address or email address or facsimile or telex number specified in the Confirmation of such Transaction. Any notice delivered for purposes of Section 5 and 6 of this Agreement shall be delivered to the following address:

Address for notices or communications to Party A (other than by facsimile):

Address: Barclays Bank plc  
5, The North Colonnade  
Canary Wharf  
London, E14 4BB  
Attention: Securitisation Derivatives Director, Legal Division  
Telephone No: +44 (0)20 3134 1143  
Facsimile No: +44 (0)20 7516 9515

Address for notices or communications to Party B:

Address: St. Catherine's Court  
Herbert Road  
Solihull  
West Midlands B91 3QE  
Attention: Swaps Administration, Finance Department  
Facsimile No: 0121 712 2699  
Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

Address: Citigroup Centre, 14th Floor  
Canada Square  
Canary Wharf  
London E14 5LB  
Attention: Agency & Trust  
Facsimile No: 020 7500 5248

(b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A.

(f) ***Credit Support Document***

Details of any Credit Support Document:

In respect of Party A: Any Third Party Credit Support Document.

In respect of Party B: None.

"**Third Party Credit Support Document**" means any agreement or instrument (including any guarantee, insurance policy, security agreement or pledge agreement) entered into pursuant to Section 5(g) (Ratings Event), whose terms provide for the guarantee of Party A's obligations under this Agreement by a third party and which is in form and substance acceptable to the Rating Agencies.

(g) ***Credit Support Provider***

Credit Support Provider means in relation to Party A, a party who is a credit support provider under any Third Party Credit Support Document.

Credit Support Provider means in relation to Party B, none.

(h) ***Governing Law***. This Agreement is governed by, and shall be construed in accordance with, English law.

Section 13(b) is amended by: (1) adding in line 1 of clause (i) the words "agrees to bring such Proceedings exclusively in the High Court of Justice in London, England and " before the words "submits to the"; (2) adding in line 1 of clause (i) "exclusive" after "submits to the"; and (3) deleting the final paragraph.

(i) "***Affiliate***" will have the meaning specified in Section 14 of this Agreement.

**Part 5 Other Provisions**

(a) No Set-Off

(i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6.

(ii) Section 6(e) shall be amended by the deletion of the following sentence: "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

(b) ***Security Interest***

Notwithstanding Section 7, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in this Agreement) to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge (as defined in Part 5 hereof) and acknowledges notice of such

assignment. Each of the parties hereby confirms and agrees that the Trustee shall not be liable for any of the obligations of Party B hereunder.

(c) ***Disapplication of certain Events of Default***

Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(v), Section 5(a)(vii)(2), (5), (6), (7) and (9) will not apply in respect of Party B.

Section 5(a)(vii)(8) will not apply to Party B to the extent that it applies to Section 5(a)(vii)(2), (5), (6), (7) and (9).

(d) ***Disapplication of certain Termination Events***

The "Tax Event" and "Tax Event upon Merger" provisions of Section 5(b)(ii) and 5(b)(iii) will not apply to Party A or to Party B.

(e) ***Additional and amendment of Events of Default***

The following shall constitute an additional Event of Default with respect to Party B:

***"Enforcement Notice.*** The Trustee serves an Enforcement Notice, as defined in the Deed of Charge (as defined in Part 5 hereof), on Party B (in which case Party B shall be the Defaulting Party)."

(f) ***Additional Termination Event***

The following shall constitute an Additional Termination Event with respect to either Party A or Party B:

***"Repayment pursuant to any Applicable Laws or Regulations.*** An Additional Termination Event shall be deemed to have occurred in circumstances where payment is made by a party but is subsequently required to be repaid pursuant to any applicable laws or regulations."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and the party receiving the amounts so repaid shall be the sole Affected Party.

The following shall constitute an Additional Termination Event with respect to Party B:

***"Redemption and Prepayment of the Notes for Taxation and Other Reasons.*** Party B exercises its option to redeem the Notes (as defined in Part 5 hereof) pursuant to and in accordance with Condition 5(c) (*Redemption for Taxation or Other Reasons*) in whole in accordance with their terms prior to maturity."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and Party B shall be the sole Affected Party provided that the provisions of Section 6(b)(iv) will be amended such that Party A shall be deemed to be the Affected Party for the purposes of Section 6(b)(iv) only but for no other purpose and therefore, and for the avoidance of doubt, no Early Termination Date shall occur

and no early termination payment shall be payable by or to either party in connection with such Additional Termination Event unless Party B designates an Early Termination Date under Section 6(b)(iv).

For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(d) (*Optional Redemption in Full*) shall not constitute an Additional Termination Event with respect to Party A or Party B and no Early Termination Date shall occur and no early termination payment shall be payable by or to either party in connection with such exercise.

(g) ***Ratings Event***

(i) **Standard & Poor's**

(a) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Initial S&P Required Rating (an "**Initial S&P Rating Event**"), then:

(i) Party A shall, within the Initial Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and

(ii) Party A may, at any time following the occurrence of such Initial S&P Rating Event, at its own discretion and at its own cost:

(x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or

(y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or

(z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(a)(i) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Initial S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Initial S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Initial S&P Rating Event".

**"Initial Remedy Period"** means the period that commences on (and excludes) the date on which an Initial S&P Rating Event occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Initial S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Initial S&P Rating Event occurs, submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Initial S&P Rating Event occurs.

- (b) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
- (i) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (ii) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or
    - (z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(b)(ii), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(b)(i) above following the

satisfaction of the provisions in subparagraphs 5(g)(i)(b)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Subsequent Collateral Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs, and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Subsequent S&P Rating Event occurs.

**"Subsequent S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Subsequent S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Subsequent S&P Rating Event".

**"Subsequent Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs and ends on (and includes) the later of (i) the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for a remedy to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, then the 90th calendar day following the date on which such Subsequent S&P Rating Event occurs.

- (c) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:
  - (i) if Party A does not take the measures described in Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.



- (ii) if Party A does not take the measures described in Part 5(g)(i)(b)(ii) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.

If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) In the event that:
  - (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A1" (or its equivalent) by Moody's Investors Services ("**Moody's**"); or
  - (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-1" (or its equivalent) by Moody's,

(an "**Initial Moody's Rating Event**"), then Party A will, within 30 days of such Initial Moody's Rating Event at its own cost, either:

- (A) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to either:
  - (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor shall be either:

- (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes; or
- (D) deliver collateral pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5 (g)(ii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(ii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

(iii) In the event that:

- (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A3" (or its equivalent) by Moody's; or
- (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-2" (or its equivalent) ("**Moody's Required Rating II**") by Moody's and, at such time, the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured and unsubordinated debt obligations of any co-obligor to Party A are not rated as high as the Moody's Required Rating,

(a "**Subsequent Moody's Rating Event**") then Party A will, within 30 days of the occurrence of such Subsequent Moody's Rating Event, on a best efforts basis and at its own cost, attempt to either:

- (A) transfer all of its rights and obligations with respect to this Agreement to either:
- (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor may be either:

- (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes.

Pending compliance with Part 5(g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above, Party A will at its own cost:

- (D) within 10 days of the occurrence of such Subsequent Moody's Rating Event, provide collateral where there has already been collateralisation under Part 5(a)(ii)(D)) pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5 (g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(iii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

- (iv) For the purposes of Part 5(g)(ii) and Part 5(g)(iii) above: (a) "**Moody's Required Ratings**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-1" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A1", or such other ratings as may be agreed with Moody's from time to time and (b) "**Moody's Required Rating II**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-2" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A3", or such other ratings as may be agreed with Moody's from time to time.
- (v) In relation to paragraphs Part 5(g)(ii)(D) and Part 5(g)(iii)(D) above, Party A will, upon receipt of reasonable notice from Moody's demonstrate to Moody's the calculation by it of the mark-to-market value of the outstanding Transactions, provided that no such calculation shall be required to be made more frequently than quarterly or as otherwise agreed between the parties.
- (vi) In relation to paragraph Part 5(g)(iii)(D) above, Party A will, at its own cost, on receipt of reasonable notice from Moody's (which, for the avoidance of doubt, will be no less than 30 days) arrange a third party valuation of the mark-to-market value of the outstanding Transactions

provided that no such third party valuation shall be requested more frequently than quarterly or as otherwise agreed between the parties.

- (vii) Not used.
- (viii) Not used.
- (ix) If Party A does not take any of the measures described in Part 5(g)(i)(a)(i) or Part 5(g)(i)(a)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (x) If Party A does not take any of the measures described in Part 5(g)(i)(b)(i) or Part 5(g)(i)(b)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xi) If Party A does not take any of the measures described in Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5(g)(ii)(C) or Part 5(g)(ii)(D) above, such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the occurrence of such Initial Moody's Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xii) If Party A does not perform any of its obligations under Part 5(g)(iii) (D) above, such failure shall give rise to an Event of Default with respect to Party A and shall be deemed to have occurred on the tenth day following the occurrence of the relevant Subsequent Moody's Rating Event with Party A as the Defaulting Party. If Party A does not perform its obligations under Part 5(g)(iii) (A), (B) or (C) and, even after having applied best effort, has failed within 30 days to satisfy Part 5(g)(iii) (A), (B) or (C) above, such failure shall not constitute an Event of Default but shall be an Additional Termination Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (xiii) **Fitch downgrade scheme**
  - (A) Fitch Ratings Level 1 Event

In relation to each occurrence of a Fitch Ratings Level 1 Event (except where a previous Fitch Ratings Level 1 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 1 Cure Event occurs within the Fitch Ratings Level 1 Cure Period; and
- (2) if a Fitch Ratings Level 1 Cure Event does not occur within the Fitch Ratings Level 1 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 1 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

provided that if a Fitch Ratings Level 2 Event or a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 1 Event or during such Fitch Ratings Level 1 Cure Period, such Fitch Ratings Level 1 Event shall be deemed not to have occurred.

**(B) Fitch Ratings Level 2 Event**

In relation to each occurrence of a Fitch Ratings Level 2 Event (except where a previous Fitch Ratings Level 2 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 2 Cure Event occurs within the Fitch Ratings Level 2 Cure Period; and
- (2) if a Fitch Ratings Level 2 Cure Event does not occur within the Fitch Ratings Level 2 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 2 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

provided that if a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 2 Event or during such Fitch Ratings Level 2 Cure Period, such Fitch Ratings Level 2 Event shall be deemed not to have occurred.

(C) **Fitch Ratings Level 3 Event**

In relation to each occurrence of a Fitch Ratings Level 3 Event (except where a previous Fitch Ratings Level 3 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 3 Cure Event occurs within the Fitch Ratings Level 3 Cure Period; and
- (2) if a Fitch Ratings Level 3 Cure Event does not occur within the Fitch Ratings Level 3 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 3 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

"**Fitch**" means Fitch Ratings Ltd.

"**Fitch Minimum Rated Entity**" means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "A+" (or its equivalent) by Fitch.

"**Fitch Ratings Level 1 Cure Event**" means in relation to a Fitch Ratings Level 1 Event the date following such Fitch Ratings Level 1 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement; or
- (2) **Non-Collateral:** a Fitch Ratings Non-Collateral Cure Event.

"**Fitch Ratings Level 1 Cure Period**" means in relation to a Fitch Ratings Level 1 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 1 Event occurs.

**"Fitch Ratings Level 1 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Cure Event"** means in relation to a Fitch Ratings Level 2 Event the date following such Fitch Ratings Level 2 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement provided that the Eligible Credit Support is independently valued on a weekly basis (Party A's cost); or
- (2) **Non-Collateral:** Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 2 Cure Period"** means in relation to a Fitch Ratings Level 2 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 2 Event occurs.

**"Fitch Ratings Level 2 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 2 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F2" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB+" (or its equivalent) by Fitch.

**"Fitch Ratings Level 3 Cure Event"** means in relation to a Fitch Ratings Level 3 Event the date following such Fitch Ratings Level 3 Event upon which a Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 3 Cure Period"** means in relation to a Fitch Ratings Level 3 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 3 Event occurs.

**"Fitch Ratings Level 3 Event"** means the first day upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 3 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 3 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F3" by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB-" by Fitch.

**"Fitch Ratings Non-Collateral Cure Entity"** means at any time a person (who may, without limitation, be an Affiliate of Party A):

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or
- (2) who (or whose Credit Support Provider) at that time has such other lower rating as is commensurate with the rating assigned at that time to the Relevant Notes by Fitch.

**"Fitch Ratings Non-Collateral Cure Event"** means the first date upon which the following occurs:

- (1) **Transfer:** Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

(h) ***Modifications to Representations***

- (i) Section 3 is amended by the addition at the end thereof of the following additional representations:



- "(a) **No Agency.** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.
- (b) **Pari Passu.** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."
- (c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:
  - (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
  - (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
  - (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent establishment and will continue so to treat the relevant Transaction".
- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

(i) ***Recording of Conversations***

Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties. Party A agrees to obtain any necessary consent of, and give notice of such recording to, such personnel of it.

(j) ***Relationship between the Parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

**"15. Relationship between the Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

- (a) ***Non Reliance.*** It is acting for its own account, and it has made its own decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.
- (b) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) ***Status of Parties.*** The other party is not acting as a fiduciary or an adviser for it in respect of that Transaction."

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their entirety and the words "but only where Party A is X" will be inserted in substitution therefor.
- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") equal to:
  - (A) any Additional Amounts paid by Party A to Party B on such Interest Payment Date together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Additional Amounts paid by Party A under this Agreement on any previous Interest Payment Date, and

- (B) any Withheld Amount on such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount applicable to any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean the additional amounts (if any) paid by Party A to Party B in accordance with Section 2(d)(i)(4) of this Agreement.

"**Withheld Amount**" in Part 5(k) shall mean such withholding or deduction (if any) as Party B has made if Party B is required to make such withholding or deduction for or on account of United Kingdom tax from any amounts payable by it under a Transaction on any Interest Payment Date, in accordance with Section 2(d) of this Agreement.

This paragraph is the "Withholding Compensation Amounts Provision" referred to in certain of the Relevant Documents (as defined in the Deed of Charge).

- (iii) Where Party B pays a Withholding Compensation Amount, Party A undertakes as follows:
  - (A) to the extent that Party A obtains any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment, it shall forthwith pay to Party B so much of the cash benefit (as calculated below) relating thereto which it has received as will leave Party A in substantially the same position as Party A would have been in if no such deduction or withholding had been required;
  - (B) the "cash benefit" shall, in the case of a credit, allowance or set-off, be the additional amount of Tax which would have been payable by Party A but for the obtaining by it of the said Tax credit, allowance or set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;
  - (C) it will use all reasonable endeavours to obtain any Tax credit, allowance, set-off or repayment as soon as is reasonably practicable and shall supply Party B with a reasonably detailed explanation of its calculation of the amount of any such Tax credit, allowance, set-off or repayment and of

the date on which it becomes entitled to the same, or in the case of repayment, the same is received; and

- (D) it will use all reasonable endeavours to utilise in accordance with its accounting policies any Tax credit, allowance or set-off which would otherwise be unutilised.

Where Party B pays a Withholding Compensation Amount as a result of the withholding of a Withheld Amount, Party B undertakes to use reasonable endeavours to identify to Party A the withholding or deduction that has given rise to such payment.

(1) ***Security, Enforcement and Limited Recourse***

- (i) Party A agrees with Party B and the Trustee to be bound by the terms of the Deed of Charge and, in particular, confirms that:
  - (A) no sum shall be payable by or on behalf of Party B to it except in accordance with the provisions of the Deed of Charge;
  - (B) unless an Enforcement Notice shall have been served or unless the Trustee, having become bound to do so, fails to serve an Enforcement Notice and/or to take any steps or proceedings pursuant to Clause 8 of the Deed of Charge to enforce the security thereby created:
    - (1) it shall not take any steps whatsoever to direct the Trustee to enforce any security created by or pursuant to Clause 3 of the Deed of Charge; and
    - (2) it shall not take any steps for the winding up, dissolution or reorganisation, or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of Party B or of any or all of its revenues and assets nor participate in any *ex parte* proceedings nor seek to enforce any judgment against Party B, subject to the provisions of the Deed of Charge.
- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date,

the effective date of such Enforcement Notice shall be the Early Termination Date.

- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (after the application of Section 2(c) to such Transaction) because of the limitation contained in Part 5 (l)(i) or Part 5 (l)(ii) above, then
  - (A) payment by Party B of the shortfall (and the corresponding payment obligation of Party A with respect to such shortfall (being the full amount Party A would otherwise owe on such date less the actual amount payable by Party A determined in accordance with Part 5 (l)(iv)(C) below)) will not then fall due but will instead be deferred until the first Party A Payment Date thereafter on which sufficient funds are available to Party B (subject to Part 5 (l)(i) or Part 5 (l)(ii) above);
  - (B) failure by Party B to make the full payment under such Transaction (after the application of Section 2(c) to such Transaction) shall not constitute an Event of Default for the purpose of Section 5(a)(i); and
  - (C) the obligation of Party A to make payment to Party B, in respect of the same Transaction, on such date, will be reduced so that Party A will be obligated to pay the Equivalent Percentage of the amount it would otherwise owe under that Transaction.

**"Equivalent Percentage"** means the percentage obtained by dividing the amount paid by Party B by the amount it would have paid absent such limitation.

- (v) For the avoidance of doubt, if an Early Termination Date results from an Event of Default, any amounts otherwise payable under this Agreement (the payment of which was deferred or not paid in the circumstances described under Part 5 (l)(iv) above by Party A and by Party B, will be deemed to be Unpaid Amounts.
- (vi) Following the calculation thereof, Party B shall notify Party A at least two Business Days in advance of the relevant Payment Date of the amount of any shortfall, the payment of which by Party B is deferred in accordance with Part 5 (l)(iv) above.
- (vii) If any payment of any amounts by Party A and Party B is deferred in accordance with Part 5 (l)(iv) above then the amount so deferred on the Party A Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party A Payment Date (together with an additional floating amount accrued thereon at the applicable Party A Floating Rate) and the Party A Floating Amount due on such date shall be deemed to include such amounts. The amount so deferred on the

Party B Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party B Payment Date (together with an additional floating amount accrued thereon accrued at the applicable Party B Floating Rate) and the Party B Floating Amount due on such date shall be deemed to include such amounts.

(m) ***Condition Precedent***

Section 2(a)(iii) shall be amended by the deletion of the words "or Potential Event of Default" in respect only of the obligations under Section 2(a)(i) of Party A.

(n) ***Representations***

Section 3(b) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the representation given by Party B only. For the purpose of Section 3(c), Party A shall be deemed to have no Affiliates.

(o) ***Additional Definitions***

(i) ***Definition of "Notes"***

For the purpose of this Agreement, "Class A Notes", "Class B Notes", "Class C Notes" and "Notes" have the same meaning as indicated in the Deed of Charge (as defined below).

(ii) ***Definition of "Deed of Charge"***

For the purpose of this Agreement "Deed of Charge" means the Deed of Sub - Charge and Assignment dated 23 March 2006 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

This Agreement, the Confirmations and each Transaction hereunder are subject to the 2000 ISDA Definitions (as published by the International Swap and Derivatives Association, Inc.) (the "**Definitions**") and will be governed in all respects by the provisions set forth in the Definitions, without regard to any amendments subsequent to the date of this Agreement.

The provisions of the Definitions are incorporated by reference in and shall be deemed to be part of this Agreement and each Confirmation as if set forth in full in this Agreement and in each such Confirmation.

In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail.

Words and expressions used in this Schedule which are not defined herein or in the Definitions shall have the same meanings as are given to them in the Confirmation.

Terms defined or referred to in the Conditions (as defined in the Deed of Charge) and the Relevant Documents (as defined in Condition 3 of those Conditions) shall, where the context permits, bear the same respective meanings in this Agreement. In the event of any conflict between those Conditions and the definitions in the Relevant Documents, the definitions in the Conditions shall prevail.

(p) ***Calculations***

Upon the occurrence of an Event of Default or an Additional Termination Event with respect to Party A, Party B will be entitled (but not obliged in the event that it does not designate an Early Termination Date) to proceed in accordance with Section 6 of the Agreement subject to the following:

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing and provided Party B is able to release this information without breaching the provisions of any law applicable to, or any contractual restriction binding upon, Party B.
- (ii) The following amendments shall be deemed to be made to the definitions of "***Market Quotation***":
  - (A) the word "firm" shall be added before the word "quotations" in the second line;
  - (B) the words "provided that the documentation relating thereto is either the same as this Agreement and the existing confirmations hereto (and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and the long-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "A1" by Moody's and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "P-1" by Moody's (or, if such Reference Market-maker is not rated by a Rating Agency, at such equivalent rating (by another Rating Agency) that is acceptable to such Rating Agency) or the Rating Agencies have confirmed in writing such proposed documentation will not adversely impact the ratings of the Class A Notes" shall be added after "agree" in the sixteenth line; and
  - (C) the last sentence shall be deleted and replaced with the following:

"If, on the last date set for delivery of quotations, exactly two quotations are provided, the Market Quotation will be either (a) the lower of the two quotations where there would be a sum payable by Party A to

Party B, or (b) the higher of the two quotations where there would be a sum payable by Party B to Party A. If only one quotation is provided on such date, Party B may, in its discretion, accept such quotation as the Market Quotation and if Party B does not accept such quotation (or if no quotation has been provided), it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined."

- (iii) For the purpose of the definition of "Market Quotation", and without limiting the general rights of Party B under the Agreement:
  - (A) Party B will undertake to use its reasonable efforts to obtain at least three firm quotations as soon as reasonably practicable after the Early Termination Date and in any event within the time period specified pursuant to Part 5 (p)(iii)(C) below;
  - (B) Party A shall, for the purposes of Section 6(e), be permitted (but not obliged) to obtain quotations from Reference Market-makers on behalf of Party B; and
  - (C) if, after reasonable efforts by or on behalf of Party B, no quotations have been obtained within 6 Local Business Days after the occurrence of the Early Termination Date or such longer period as Party B may specify in writing to Party A, then it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined.
- (iv) Party B will be deemed to have discharged its obligations under Part 5 (iii)(A) above if it promptly requests, in writing, Party A (such request to be made within one Local Business Day after the occurrence of the Early Termination Date) to obtain quotations from Reference Market-makers.
- (v) Party B will not be obliged to consult with Party A as to the day and time of obtaining any quotations.
- (vi) If an Early Termination Date is designated or occurs, "**Market Quotation**" in respect of the Terminated Transactions shall be determined based on the anticipated rate of reduction (as determined at the commercially reasonable discretion of Party A after and subject to prior consultation with Party B and giving due weight to Party B's views) in the Party A Currency Amount and the Party B Currency Amount had such Early Termination Date not been designated or occurred.

(q) *Transfers*

**Transfers by Party A:**



Section 7 of this Agreement shall not apply to Party A, who shall be required to comply with, and shall be bound by, the following:

Without prejudice to Section 6(b)(ii), Party A may transfer all its interest and obligations in and under this Agreement upon providing no less than five Business Days' prior written notice to the Trustee (save that where a transfer has taken place pursuant to Part 5(g) notice may be contemporaneous with transfer), to any other entity (a "Transferee") provided that:

- (i) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and its long-term, unsecured and unsubordinated debt obligations are then rated not less than "A1" by Moody's and its short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then rated not less than "A+" by Fitch and not less than "A1" by Moody's and whose short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency);
- (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct any amount on account of Tax from any payments made under this Agreement;
- (iii) (judged as of the time of transfer) a Termination Event or an Event of Default will not immediately occur under this Agreement as a result of such transfer;
- (iv) (except where agreed otherwise by Party B) no additional amount will be payable by Party B to Party A or the Transferee on the next succeeding Interest Payment Date as a result of such transfer; and
- (v) (if the Transferee is domiciled in a different country from both Party A and Party B) S&P, Moody's and Fitch have provided prior written notification that the then current ratings of the Notes will not be adversely affected.

Following such transfer all references to Party A shall be deemed to be references to the Transferee.

Save as otherwise provided for in this Agreement and notwithstanding Section 7, Party A shall not be permitted to transfer (by way of security or otherwise) this

Agreement nor any interest or obligation in or under this Agreement without the prior written consent of the Trustee.

**Transfers by Party B:**

Neither this Agreement nor any interest in or under this Agreement or any Transaction may be transferred by Party B to any other entity save with Party A's prior written consent except that such consent is not required in the case of a transfer, charge or assignment to the Trustee as contemplated in the Deed of Charge. For the avoidance of doubt, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge and acknowledges notice of such assignment. Party A and Party B acknowledge that the provisions of this Agreement and any Transaction hereunder will be subject to (a) the priority of payments set out in the Deed of Charge.

Any transfer by Party B shall be subject to the consent of the Trustee.

(r) ***Indemnity***

Without prejudice to any other rights, powers, remedies and privileges which Party B may have, Party A hereby agrees with Party B to indemnify and keep indemnified Party B on an after-tax basis from and against any reasonable cost, expense, damage, loss or liability (including, for the avoidance of doubt, any tax liability) which Party B may incur or suffer to the extent that Party B would not have incurred or suffered such cost, expense, damage, loss or liability had Party A complied with its representations, warranty and undertaking as set out in sub-paragraph (h)(iii) of this Part 5.

(s) ***Netting***

Except where specified otherwise in the relevant Confirmation, in respect of each Transaction made under this Agreement:

- (i) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of the same Transaction; and
- (ii) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of different Transactions (if any) under this Agreement.

(t) ***Rights of Third Parties***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement provided that this shall not affect any rights of any third party which may be granted in respect of this Agreement pursuant to the terms of the Deed of Charge.

(u) ***Principal Paying Agent Payment***

Party A hereby undertakes with Party B that, unless otherwise agreed between the parties, and until duly requested, it will make all payments of all sums payable in respect of this Agreement direct to the Principal Paying Agent in respect of the Notes. Party B agrees that payment by Party A made in accordance with this provision of an amount due to Party B shall discharge the liability of Party A *pro tanto* in respect of that payment only.

(v) ***Successors***

References in this Agreement to the parties hereto, Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

(w) ***Benefit of Agreement***

Any legal entity into which Party A is merged or converted or any legal entity resulting from any merger or conversion to which Party A is a party shall, to the extent permitted by applicable law, be a party to this Agreement in place of Party A without any further act or formality.

(x) ***Change of Account***

Section 2(b) is hereby amended to read in its entirety as follows:

***"Change of Account.*** Party A may change its account for receiving payment or delivery by giving notice to Party B at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party B gives timely notice of a reasonable objection to such change. Party B may change its account for receiving payment or delivery by giving notice to Party A at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party A gives timely notice of a reasonable objection to such change."

(y) ***Inconsistency***

In the event of an inconsistency among or between any of the following documents, the relevant document first listed below shall govern:

- (i) Confirmation;
- (ii) Schedule; and
- (iii) Definitions.

(z) ***Severability***

Any provision of this Agreement which is prohibited (for reasons other than those constituting an illegality) or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or

enforceability of such provision in any other jurisdiction unless the severance shall substantially impair the benefits of the remaining portions of this Agreement or change the reciprocal obligations of the parties.

**Signed for and behalf of:**  
on:  
by:

**Barclays Bank PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Paragon Mortgages (No.11) PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

<b>S&amp;P Minimum Counterparty Rating</b>		
<b>Current rating of Notes</b>	<b>Initial S&amp;P Rating Event</b>	<b>Subsequent S&amp;P Rating Event</b>
AAA	A*	BBB+
AA+	A*	BBB+
AA	A-	BBB+
AA-	A-	BBB
A+	BBB+	BBB
A	BBB+	BBB
A-	BBB	BBB-
BBB+	BBB	BBB-
BBB	BBB-	BB+
BBB-	BBB-	BB+
BB+	BB+	BB+
BB and below	At least as high as the Notes rating	At least as high as the Notes rating
* A (long-term) if the relevant entity also has a short-term rating of A-1 by S&P, otherwise A+ (long-term)		

**SCHEDULE 6**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS B1B NOTES**

**ISDA®**  
**International Swaps and Derivatives Association, Inc.**

**CREDIT SUPPORT ANNEX**

to the

**Schedule to the ISDA Master Agreement**

in relation to the

Class B1b Notes

dated as of 13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO.11) PLC ("Party B");** and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns).

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

**Paragraph 11. Elections and Variables**

- (a) ***Base Currency and Eligible Currency.***
  - (i) "**Base Currency**" means Pounds Sterling.
  - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: Euros and US dollars.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency ("**Additional Valuation Percentage**"), such Additional Valuation Percentage being 6% or such lower percentage as agreed by the parties and approved by the relevant rating agency. For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

- (b) ***Credit Support Obligations.***



- (i) ***Delivery Amount, Return Amount and Credit Support Amount.***
- (A) "***Delivery Amount***": Paragraph 2(a) shall apply, except that the words, "upon a demand made by the Transferee" shall be deleted and the word "***that***" on the second line of Paragraph 2(a) shall be replaced with the word "***a***".
- (B) "***Return Amount***" has the meaning as specified in Paragraph 2(b).
- (C) "***Credit Support Amount***" has the meaning specified under the relevant definition of Ratings Agency Requirement. In circumstances where more than one of the Ratings Agency Requirements apply to Party A, the Credit Support Amount shall be calculated by reference to the Ratings Agency Requirement which would result in Party A transferring the greatest amount of Eligible Credit Support. Under no circumstances will Party A be required to transfer more Eligible Credit Support than the greatest amount calculated in accordance with the Ratings Agency Requirement set out below.
- (ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	100%	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	99%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	time to maturity of:		
(i)	not more than one year;	98.5%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than P-1 by Moody's and F1+ by Fitch with a remaining time to maturity of less than 3 months.	To be agreed between Party A and Moody's	99.5%
(E)	Such other items as agreed between Party A and the Rating Agencies, from time to time, which Party B can lawfully receive from, and transfer back to, Party A as required, that will qualify as Eligible Credit Support.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch

In addition, for the purposes of the S&P Requirements, the items set out in Appendix D will qualify as "Eligible Credit Support" for Party A.

For the avoidance of doubt, where negotiable debt obligations are rated by only one of the above relevant rating agencies, the rating applied will be based on the rating of that agency.

Where the ratings and/or the Valuation Percentages of the relevant rating agencies differ with respect to the same negotiable debt obligation, for the

purposes of B to E above the lower of the ratings and/or the Valuation Percentages, as the case maybe, shall apply.

For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

(iii) **Thresholds.**

(A) "**Independent Amount**" means, for Party A and Party B, with respect to each Transaction, zero.

(B) "**Threshold**" means, for Party A, infinity, unless:

(A) (i) an Initial Moody's Rating Event and/or a Fitch Ratings Level 1 Event has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(ii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(xiii)(A)(1), respectively, of the Agreement; or

(B) (i) a Subsequent Moody's Rating Event and/or Fitch Ratings Level 2 Event within Part 5(g)(xiii)(B) has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(iii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(xiii)(B)(1), respectively, of the Agreement; or

(C) the S&P Threshold is zero,

in which case its Threshold shall be zero

"**Threshold**" means, for Party B: infinity

(C) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP50,000; provided, that if (1) an Event of Default has occurred and is continuing with respect to Party A, or (2) an Additional Termination Event has occurred in respect of which Party A is an Affected Party, the Minimum Transfer Amount with respect to such party shall be zero.

(D) "**Rounding**" The Delivery Amount and the Return Amount will be rounded up and down to the nearest integral multiple of GBP10,000 respectively, subject to the maximum Return Amount being equal to the Credit Support Balance.

(c) **Valuation and Timing.**

- (i) **"Valuation Agent"** means, Party A in all circumstances.
  - (ii) **"Valuation Date"** means each Local Business Day.
  - (iii) **"Valuation Time"** means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.
  - (iv) **"Notification Time"** means by 2:00 p.m., London time, on a Local Business Day.
- (d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).
- (e) **Dispute Resolution.**
- (i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.
  - (ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:
    - (A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;
    - (B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

(C) with respect to any Eligible Credit Support or Equivalent Credit Support other than Securities and Cash, the Base Currency Equivalent of the fair market value thereof on such date, as determined in any reasonable manner chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage.

(iii) "**Alternative**" The provisions of Paragraph 4 will apply.

(f) **Distribution and Interest Amount.**

(i) "**Interest Rate**" The "*Interest Rate*" in relation to each Eligible Currency specified below will be:

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S. Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.
EUR	The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.
GBP	"SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

(ii) "**Transfer of Interest Amount**" The transfer of the Interest Amount will be made on the first Local Business Day following the end of each calendar month to the extent that Party B has earned and received such amount of interest and that a Delivery Amount would not be created or increased by that transfer, and on any other Local Business Day on which Equivalent Credit Support is transferred to the Transferor pursuant to Paragraph 2(b), provided that Party B shall only be obliged to transfer any Interest Amount to Party A to the extent that it has received such amount.

(iii) "**Alternative to Interest Amount**" The provisions of Paragraph 5(c)(ii) will apply. For the purposes of calculating the Interest Amount the amount of interest calculated for each day of the Interest Period shall, with respect to any Eligible Currency, be compounded daily.

(iv) "**Interest Amount**" The definition of "*Interest Amount*" shall be deleted and replaced with the following:

**"Interest Amount"** means, with respect to an Interest Period and each portion of the Credit Support Balance comprised of cash in an Eligible Currency, the sum of the amounts of interest determined for each day in that Interest Period by the Valuation Agent as follows:

- (x) the amount of such currency comprised in the Credit Support Balance at the close of business for general dealings in the relevant currency on such day (or, if such day is not a Local Business Day, on the immediately preceding Local Business Day); multiplied by
- (y) the relevant Interest Rate; divided by
- (z) 360 (or in the case of pounds sterling, 365).

(g) **Addresses for Transfers.**

**Party A:**

**USD CASH**

<b>Account With:</b>	BARCUS33	Barclays New York
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	050035428	
<b>Reference:</b>	COLLATERAL	

**EUR CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	44295577	
<b>Reference:</b>	COLLATERAL	

**GBP CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Sort Code:</b>	20-00-00	
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	50654140	
<b>Reference:</b>	COLLATERAL	

**Party B:** To be advised

(h) **Other Provisions.**

(i) ***Transfer Timing.***

- (A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

- (B) The definition of Settlement Day shall be deleted and replaced with the following:

**"Settlement Day"** means the next Local Business Day after the Demand Date".

- (C) For the purposes of this Paragraph 11(h)(i):

**"Demand Date"** means, with respect to a transfer by a party:

- (i) in the case of a transfer pursuant to Paragraph 2, Paragraph 3, Paragraph 4(a)(2) or 5(c)(i), the relevant Valuation Date. For the avoidance of doubt, for the purposes of Paragraph 2 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and
- (ii) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

For the avoidance of doubt, on each Demand Date the Transferor shall deliver to the Transferee and the Trustee a statement showing the amount of Eligible Credit Support to be delivered.

- (ii) ***Early Termination.***

The heading for Paragraph 6 shall be deleted and replaced with "Early Termination" and the following shall be added after the word "Default" in the first line of Paragraph 6, "or a Termination Event in relation to all (but not less than all) Transactions".

- (iii) ***Costs of Transfer on Exchange.***

Notwithstanding Paragraph 8, the Transferor will be responsible for, and will reimburse the Transferee for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support either from the Transferor to the Transferee or from the Transferee to the Transferor hereto.

- (iv) ***Cumulative Rights.***

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the



Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

(v) ***Single Transferor and Single Transferee.***

Party A and Party B agree that, notwithstanding anything to the contrary in this Annex, (including, without limitation, the recital hereto, Paragraph 2 or the definitions in Paragraph 10), (a) the term "Transferee" as used in this Annex means only Party B; (b) the term "Transferor" as used in this Annex means only Party A; (c) only Party A will be required to make Transfers of Eligible Credit Support hereunder.

(vi) ***Ratings Agency Requirement.***

"**Rating Agency Requirement**" means the Moody's Requirements, the S&P Requirements and the Fitch Requirements, as defined below.

***Moody's Requirements.***

"**Credit Support Amount**" shall be calculated in accordance with the meaning specified in Paragraph 10, provided however, that the words "plus the Additional Collateral Amount" shall be added after the words "Transferee's Exposure" in the second line thereof.

For such purposes "**Additional Collateral Amount**" means with respect to a Valuation Date, the sum of (a) the Transferee's Exposure multiplied by "A" and (b) the product of "B" multiplied by the Transaction Notional Amount, where A and B are determined by reference to percentages set out in the relevant table in Appendix A.

In relation to the foregoing, Party A will, upon receipt of reasonable notice from Moody's, demonstrate to Moody's the calculation by Party A of the Transferee's Exposure.

***S&P Requirements.***

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date:

- (I) if the S&P Threshold is zero, the greater of (i) zero and (ii) an amount equal to the sum of (x) Party B's Exposure (which may be a negative number) and (y) the applicable S&P Volatility Buffer; and
- (II) if the S&P Threshold is infinity, zero.

"**S&P Volatility Buffer**" means on any date, an amount equal to the product of (i) the relevant percentage specified in the applicable table in Appendix A or otherwise agreed between Party A and S&P as being applicable to swap transactions of a type and tenor (by reference to the legal final maturity date of a swap transaction) equivalent to the Transaction (provided that, for the purpose of identifying the equivalent tenor in the table in Appendix A, the tenor of the Transaction will, where necessary, be rounded up) and (ii) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

***Fitch Requirements.***

"**Credit Support Amount**" shall mean at any time for the purposes of the Fitch Requirements with respect to a Transferor on a Valuation Date the result of the following formula:

max[MV plus VC multiplied by 105 per cent multiplied by N;0]

where:

"**max**" means maximum;

"**MV**" means the Transferee's Exposure;

"**VC**" means the applicable volatility cushion at that time determined by reference to percentages set out in the relevant table in Appendix C (and for such purpose calculating the relevant Weighted Average Life assuming a zero prepayment rate and zero default rate in relation to the Mortgages beneficially owned by Party B); and

"**N**" means the Transaction Notional Amount at that time.

(vii) ***Calculations.***

Paragraph 3(b) of this Annex shall be amended by inserting the words "and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request" **after the word "calculations" in the third line thereof.**

(viii) ***Demands and Notices.***

All demands, specifications and notices under this Annex will be made pursuant to Section 12 of this Agreement.

(ix) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an

External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

Contact details at S&P for provision of External Marks : [*S&P to provide details*]

(x) ***Notifications of Calculations of Exposure to S&P***

The following words shall be inserted at the end of Paragraph 3(b): "The parties hereby agree that the Valuation Agent shall make available to S&P the Exposure calculations calculated under this Annex on a quarterly basis under this Annex."

(xi) **Definitions.**

As used in this Annex, the following terms shall mean:

**"Cross-Currency Swap"** means any cross-currency swap rate transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation;

**"External Mark Statement"** means either (A) a written statement prepared by Party A setting out an indicative valuation of Party B's Exposure in respect of the Transaction, provided by an independent third party that is capable of entering into transactions of the type of the Transactions entered into between Party A and Party B pursuant to this Agreement (such valuation an **"External Mark"**), provided that for these purposes it is acknowledged that: (a) the party providing such External Mark: (1) may use such assumptions at it thinks reasonable in its sole discretion; (2) need not provide a firm bid or be obliged in any way to enter into a transaction with Party B on equivalent terms to any Transaction entered into between Party A and Party B pursuant to this Agreement; and (b) Party A makes no warranties as to the validity of any assumptions used or the accuracy of any External Mark; or (B) such other statement regarding the liquidity of the Transactions in respect of which a rating agency confirmation from S&P is obtained;

**"Fitch"** means Fitch Ratings Ltd and includes any successors thereto;

**"Interest Rate Cap"** means any interest rate cap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Interest Rate Swap"** means any interest rate swap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Libor Basis Swap"** means any libor basis swap transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation.

"**Moody's**" means Moody's Investors Service Limited and includes any successors thereto;

"**Rating Agencies**" means Moody's, S&P and Fitch;

"**Relevant Entity**" means Party A and any Credit Support Provider of Party A;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. and includes any successors thereto;

"**S&P Threshold**" means:

(x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(a)(ii) or 5(g)(i)(b)(ii) of the Schedule to this Agreement, zero; and

(y) at all other times, infinity

"**Transaction**" means a Transaction entered into pursuant to this Agreement; and

"**Transaction Notional Amount**" means in respect of a Valuation Date, (i) the Currency Amount applicable to Party A in respect of a Cross Currency Swap Transaction, (ii) in respect of an Interest Rate Swap Transaction, the Notional Amount of such Interest Rate Swap Transaction, or (iii) in respect of an Interest Rate Cap Transaction, the Notional Amount of such Interest Rate Cap Transaction, and in each case, as at such Valuation Date.

## Appendix A – Moody's Requirements

### Cross Currency Swaps:

- (i) "A" means 2 per cent. and "B" means 1.6 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "A1" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "Prime-1" by Moody's;
- (ii) "A" means 2 per cent. and "B" shall be equal to 3.7 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "A3" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "Prime-2" by Moody's; and
- (iii) "A" means 0 per cent. and "B" means 0 per cent. in all other cases.

### Basis Swaps, Interest Rate Caps and Interest Rate Swaps:

- (i) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.2%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A1" and "Prime-1" by Moody's;
- (ii) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.4%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A3" and "Prime-2" by Moody's; and
- (iii) "A" means 0% and "B" means 0% in all other cases.

### Appendix B – S&P Volatility Buffers

<b>Volatility Buffer for Cross Currency Swaps (% of Notional)</b>			
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Fixed-to-fixed rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	10	20	5
5	15	30	8
10	18	36	9
15	22	44	11
30 or more	25	50	13

<b>Volatility Buffer for Single Currency Swaps (% of Notional)</b>		
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	8.5	4
5	12.5	5
10	15	6
15	18	7
30 or more	21	8

### Appendix C – Fitch Volatility Cushion (%)

Where the Collateralised Transaction is a USD/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.1	2.4	3.8	5.1	6.2	7.3	8.5	9.6	10.7	11.8	12.8	13.9	14.9	15.9	16.8
A+ or A	0.8	1.7	2.7	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.8	10.6	11.2	11.9
A-/BBB+	0.7	1.5	2.3	3.1	3.9	4.5	5.2	5.9	6.6	7.3	7.9	8.6	9.2	9.8	10.4

Where the Collateralised Transaction is a EUR/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	0.9	2.1	3.2	4.2	5.0	5.8	6.7	7.5	8.4	9.2	10.00	10.8	11.6	12.4	13.2
A+ or A	0.6	1.5	2.3	3.0	3.6	4.1	4.7	5.3	5.9	6.5	7.1	7.7	8.3	8.8	9.4
A-/BBB+	0.6	1.3	2.0	2.6	3.1	3.6	4.1	4.6	5.2	5.7	6.2	6.7	7.2	7.7	8.2

Where the Collateralised Transaction is a USD/AUD cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.4	3.1	4.7	6.2	7.7	9.1	10.5	11.9	13.3	14.7	16.0	17.4	18.7	19.9	21.2
A+ or A	1.0	2.2	3.4	4.4	5.5	6.5	7.5	8.4	9.4	10.4	11.4	12.3	13.2	14.1	15.0
A-/BBB+	0.9	1.9	2.9	3.9	4.8	5.6	6.5	7.4	8.2	9.1	9.9	10.7	11.5	12.3	13.1

**Where the Collateralised Transaction is a EUR/AUD cross currency swap transaction:**

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.2	2.9	4.5	5.9	7.2	8.5	9.7	11.0	12.3	13.5	14.8	16.0	17.2	18.4	19.6
A+ or A	0.9	2.1	3.2	4.2	5.1	6.0	6.9	7.8	8.7	9.6	10.5	11.3	12.2	13.0	13.9
A-/BBB+	0.8	1.8	2.8	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.9	10.6	11.4	12.1

**Where the Collateralised Transaction is a GBP Libor basis swap transaction:**

(%)	
Notes' rating	
AA- or better	0.06
A+ or A	0.04
A-/BBB+	0.04

**Where the Collateralised Transaction is a GBP interest rate cap or a GBP interest rate swap transaction:**

<i>Weighted Average Life</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
<i>(Years)</i>															
VC (%)	0.5	1.0	1.7	2.3	2.9	3.4	4.0	4.7	5.3	6.0	6.6	7.2	7.9	8.5	9.1



## APPENDIX D – S&amp;P ELIGIBLE CREDIT SUPPORT

<i>Category Description</i>	<i>Eligible Credit Support</i>	<i>S&amp;P Valuation Percentage</i>
<b>Cash</b>	Cash in Base Currency	100%
<b>Category 1</b>	Government issued Negotiable Debt Obligations with an Eligible Rating, denominated in the Base Currency and having a rating at least equal to the then current rating of the Notes.	100%
<b>Category 2</b>	Any item listed as eligible credit support in S&P's market value criteria as published from time to time	As per S&P's market value criteria subject to AA liability haircuts

For the purposes of the above:

"**Eligible Rating**" means a rating assigned to such securities by S&P and being at least equal to (i) the then-current rating of the Relevant Notes or (ii) in the event that the Relevant Notes have been downgraded by S&P as a result of a failure by Party A to perform any of its obligations under this Agreement, then the rating of the Notes immediately prior to such downgrade.

**IN WITNESS WHEREOF**, the parties have executed and delivered this document as of the date specified on the first page of this document.

**Signed for and behalf of:**

on:

by:

**Barclays Bank plc**

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Paragon Mortgages (No.11) plc**

..... March 2006

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Citicorp Trustee Company Limited**

..... March 2006

By .....

Name:

Title:

**SCHEDULE 7**  
**AMENDED ISDA SCHEDULE – CLASS C1B NOTES**

**SCHEDULE TO THE MASTER AGREEMENT**

in relation to the

Class C1b Notes

(the "**Relevant Notes**")

made on

13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 11) PLC** ("**Party B**"); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns and which has agreed to become a party to this Agreement solely for the purpose of taking the benefit of Part 5(b) and Part 5(l) of the Schedule to this Agreement).

**Part 1 Termination Provisions**

- (a) "*Specified Entity*" means

in relation to Party A for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none

and in relation to Party B for the purpose of:

Section 5(a)(v), none

Section 5(a)(vi), none

Section 5(a)(vii), none

Section 5(b)(iv), none.

- (b) "*Specified Transaction*" will have the meaning specified in Section 14.
- (c) The "*Cross Default*" provisions of Section 5(a)(vi) will not apply to Party A and will not apply to Party B.
- (d) The "*Credit Event Upon Merger*" provisions of Section 5(b)(iv) will not apply to Party A and will not apply to Party B.
- (e) The "*Automatic Early Termination*" provision of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) *Payments on Early Termination*. For the purposes of Section 6(e) of this Agreement:
  - (i) Market Quotation will apply.
  - (ii) The Second Method will apply.
- (g) "*Termination Currency*" means Sterling.

## **Part 2 Tax Representations**

- (a) *Payer Representations*. For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on:

- (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement,
- (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and
- (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement,

provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

- (b) *Payee Representations*.

For the purpose of Section 3(f) of this Agreement, Party B makes no representation and Party A makes the following representations:

- (i) it is a party to each transaction solely for the purposes of a trade (or part of a trade) carried on by it in the United Kingdom through a branch or agency; and
- (ii) it is resident in the United Kingdom or in a jurisdiction with which the United Kingdom has a double tax treaty which makes provision, whether for relief or otherwise, in relation to interest.

**Part 3 Agreement to Deliver Documents**

For the purpose of Sections 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

- (a) Tax forms, documents or certificates to be delivered are:

\_\_\_\_\_

N/A

- (b) Other documents to be delivered are:

<i>Party required to deliver document</i>	<i>Form/Document/Certificate</i>	<i>Date by which to be delivered</i>	<i>Covered by Section 3(d) Representation</i>
Party A and Party B	Evidence satisfactory to the other party as to the authority of its signatories to this Agreement and to each Confirmation including specimen signatures of such signatories	On signing of this Agreement and relevant Confirmation as applicable.	Yes
Party B	Certified copy of board resolution	On signing of this Agreement	Yes
Party B	Certified copy of Memorandum and Articles of Association	On signing of this Agreement	Yes

**Part 4 Miscellaneous**

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

Any notice relating to a particular Transaction shall be delivered to the address or email address or facsimile or telex number specified in the Confirmation of such Transaction. Any notice delivered for purposes of Section 5 and 6 of this Agreement shall be delivered to the following address:

Address for notices or communications to Party A (other than by facsimile):

Address: Barclays Bank plc  
5, The North Colonnade  
Canary Wharf  
London, E14 4BB  
Attention: Securitisation Derivatives Director, Legal Division  
Telephone No: +44 (0)20 3134 1143  
Facsimile No: +44 (0)20 7516 9515

Address for notices or communications to Party B:

Address: St. Catherine's Court  
Herbert Road  
Solihull  
West Midlands B91 3QE  
Attention: Swaps Administration, Finance Department  
Facsimile No: 0121 712 2699  
Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

Address: Citigroup Centre, 14th Floor  
Canada Square  
Canary Wharf  
London E14 5LB  
Attention: Agency & Trust  
Facsimile No: 020 7500 5248

(b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

(c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.

(d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

(e) **Calculation Agent.** The Calculation Agent is Party A.

(f) ***Credit Support Document***

Details of any Credit Support Document:

In respect of Party A: Any Third Party Credit Support Document.

In respect of Party B: None.

"**Third Party Credit Support Document**" means any agreement or instrument (including any guarantee, insurance policy, security agreement or pledge agreement) entered into pursuant to Section 5(g) (Ratings Event), whose terms provide for the guarantee of Party A's obligations under this Agreement by a third party and which is in form and substance acceptable to the Rating Agencies.

(g) ***Credit Support Provider***

Credit Support Provider means in relation to Party A, a party who is a credit support provider under any Third Party Credit Support Document.

Credit Support Provider means in relation to Party B, none.

(h) ***Governing Law***. This Agreement is governed by, and shall be construed in accordance with, English law.

Section 13(b) is amended by: (1) adding in line 1 of clause (i) the words "agrees to bring such Proceedings exclusively in the High Court of Justice in London, England and " before the words "submits to the"; (2) adding in line 1 of clause (i) "exclusive" after "submits to the"; and (3) deleting the final paragraph.

(i) "***Affiliate***" will have the meaning specified in Section 14 of this Agreement.

**Part 5 Other Provisions**

(a) No Set-Off

(i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6.

(ii) Section 6(e) shall be amended by the deletion of the following sentence: "The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off."

(b) ***Security Interest***

Notwithstanding Section 7, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement (without prejudice to, and after giving effect to, any contractual netting provision contained in this Agreement) to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge (as defined in Part 5 hereof) and acknowledges notice of such



assignment. Each of the parties hereby confirms and agrees that the Trustee shall not be liable for any of the obligations of Party B hereunder.

(c) ***Disapplication of certain Events of Default***

Section 5(a)(ii), Section 5(a)(iii), Section 5(a)(iv), Section 5(a)(v), Section 5(a)(vii)(2), (5), (6), (7) and (9) will not apply in respect of Party B.

Section 5(a)(vii)(8) will not apply to Party B to the extent that it applies to Section 5(a)(vii)(2), (5), (6), (7) and (9).

(d) ***Disapplication of certain Termination Events***

The "Tax Event" and "Tax Event upon Merger" provisions of Section 5(b)(ii) and 5(b)(iii) will not apply to Party A or to Party B.

(e) ***Additional and amendment of Events of Default***

The following shall constitute an additional Event of Default with respect to Party B:

***"Enforcement Notice.*** The Trustee serves an Enforcement Notice, as defined in the Deed of Charge (as defined in Part 5 hereof), on Party B (in which case Party B shall be the Defaulting Party)."

(f) ***Additional Termination Event***

The following shall constitute an Additional Termination Event with respect to either Party A or Party B:

***"Repayment pursuant to any Applicable Laws or Regulations.*** An Additional Termination Event shall be deemed to have occurred in circumstances where payment is made by a party but is subsequently required to be repaid pursuant to any applicable laws or regulations."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and the party receiving the amounts so repaid shall be the sole Affected Party.

The following shall constitute an Additional Termination Event with respect to Party B:

***"Redemption and Prepayment of the Notes for Taxation and Other Reasons.*** Party B exercises its option to redeem the Notes (as defined in Part 5 hereof) pursuant to and in accordance with Condition 5(c) (*Redemption for Taxation or Other Reasons*) in whole in accordance with their terms prior to maturity."

In connection with this Additional Termination Event, all Transactions shall be Affected Transactions and Party B shall be the sole Affected Party provided that the provisions of Section 6(b)(iv) will be amended such that Party A shall be deemed to be the Affected Party for the purposes of Section 6(b)(iv) only but for no other purpose and therefore, and for the avoidance of doubt, no Early Termination Date shall occur

and no early termination payment shall be payable by or to either party in connection with such Additional Termination Event unless Party B designates an Early Termination Date under Section 6(b)(iv).

For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(d) (*Optional Redemption in Full*) shall not constitute an Additional Termination Event with respect to Party A or Party B and no Early Termination Date shall occur and no early termination payment shall be payable by or to either party in connection with such exercise.

(g) ***Ratings Event***

(i) **Standard & Poor's**

(a) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Initial S&P Required Rating (an "**Initial S&P Rating Event**"), then:

(i) Party A shall, within the Initial Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and

(ii) Party A may, at any time following the occurrence of such Initial S&P Rating Event, at its own discretion and at its own cost:

(x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or

(y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or

(z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(a)(i) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(a)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Initial S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Initial S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Initial S&P Rating Event".

**"Initial Remedy Period"** means the period that commences on (and excludes) the date on which an Initial S&P Rating Event occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Initial S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Initial S&P Rating Event occurs, submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Initial S&P Rating Event occurs.

- (b) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
- (i) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (ii) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant guarantee criteria, in respect of the obligations of Party A; or
    - (z) take any other action which would not result in a downgrade of the Relevant Notes.

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(b)(ii), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(b)(i) above following the

satisfaction of the provisions in subparagraphs 5(g)(i)(b)(ii)(x), (y) or (z) above.

For the purposes of the above:

**"Subsequent Collateral Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs, and ends on (and includes) the later of (i) the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for collateral posting to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, the 20th Business Day following the date on which such Subsequent S&P Rating Event occurs.

**"Subsequent S&P Required Rating"** means the long-term, unsecured and unsubordinated debt obligations of an entity are rated at least as high as the S&P Minimum Counterparty Rating corresponding to the rating of the Relevant Notes immediately prior to the occurrence of the Subsequent S&P Rating Event, as specified in the table in Appendix 1 to this Schedule under the column "Subsequent S&P Rating Event".

**"Subsequent Remedy Period"** means the period that commences on (and excludes) the date on which a Subsequent S&P Rating Event occurs and ends on (and includes) the later of (i) the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs or (ii) if Party A has, on or before the 60th calendar day following the date on which such Subsequent S&P Rating Event occurs submitted a written proposal for a remedy to S&P and S&P has confirmed to Party A that it will not take rating action as a result of such proposal, then the 90th calendar day following the date on which such Subsequent S&P Rating Event occurs.

- (c) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:
  - (i) if Party A does not take the measures described in Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) if Party A does not take the measures described in Part 5(g)(i)(b)(ii) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(a)(i) or 5(g)(i)(b)(i) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.

If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

- (ii) In the event that:
  - (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A1" (or its equivalent) by Moody's Investors Services ("**Moody's**"); or
  - (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-1" (or its equivalent) by Moody's,

(an "**Initial Moody's Rating Event**"), then Party A will, within 30 days of such Initial Moody's Rating Event at its own cost, either:

- (A) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to either:
  - (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor shall be either:

- (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (as defined below) whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes; or
- (D) deliver collateral pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5 (g)(ii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(ii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

(iii) In the event that:

- (x) the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "A3" (or its equivalent) by Moody's; or
- (y) the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A, are downgraded below "Prime-2" (or its equivalent) ("**Moody's Required Rating II**") by Moody's and, at such time, the long-term, unsecured and unsubordinated debt obligations or the short-term, unsecured and unsubordinated debt obligations of any co-obligor to Party A are not rated as high as the Moody's Required Rating,

(a "**Subsequent Moody's Rating Event**") then Party A will, within 30 days of the occurrence of such Subsequent Moody's Rating Event, on a best efforts basis and at its own cost, attempt to either:

- (A) transfer all of its rights and obligations with respect to this Agreement to either:
- (1) a replacement third party which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) a replacement third party as agreed with Moody's; or
- (B) obtain a guarantee or procure another person to become co-obligor in respect of the obligations of Party A under this Agreement, such co-obligor may be either:

- (1) a person which has (or whose Credit Support Provider has) the Moody's Required Rating (defined below) and whose appointment will not give rise to a withholding tax liability, or
  - (2) such other person as agreed with Moody's; or
- (C) find any other solution acceptable to Moody's and Party B to maintain the then current rating of the Notes.

Pending compliance with Part 5(g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above, Party A will at its own cost:

- (D) within 10 days of the occurrence of such Subsequent Moody's Rating Event, provide collateral where there has already been collateralisation under Part 5(a)(ii)(D)) pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement.

If any of Part 5 (g)(iii)(A), Part 5(g)(iii)(B) or Part 5(g)(iii)(C) above are satisfied at any time, all collateral (or the equivalent thereof, as appropriate) transferred by Party A pursuant to Part 5(g)(iii)(D) will be re-transferred to Party A and Party A will not be required to transfer any additional collateral.

- (iv) For the purposes of Part 5(g)(ii) and Part 5(g)(iii) above: (a) "**Moody's Required Ratings**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-1" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A1", or such other ratings as may be agreed with Moody's from time to time and (b) "**Moody's Required Rating II**" means, in respect of the relevant entity, its short-term, unsecured and unsubordinated debt obligations are rated at least as high as "Prime-2" and its long-term, unsecured and unsubordinated debt obligations are rated at least as high as "A3", or such other ratings as may be agreed with Moody's from time to time.
- (v) In relation to paragraphs Part 5(g)(ii)(D) and Part 5(g)(iii)(D) above, Party A will, upon receipt of reasonable notice from Moody's demonstrate to Moody's the calculation by it of the mark-to-market value of the outstanding Transactions, provided that no such calculation shall be required to be made more frequently than quarterly or as otherwise agreed between the parties.
- (vi) In relation to paragraph Part 5(g)(iii)(D) above, Party A will, at its own cost, on receipt of reasonable notice from Moody's (which, for the avoidance of doubt, will be no less than 30 days) arrange a third party valuation of the mark-to-market value of the outstanding Transactions

provided that no such third party valuation shall be requested more frequently than quarterly or as otherwise agreed between the parties.

- (vii) Not used.
- (viii) Not used.
- (ix) If Party A does not take any of the measures described in Part 5(g)(i)(a)(i) or Part 5(g)(i)(a)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (x) If Party A does not take any of the measures described in Part 5(g)(i)(b)(i) or Part 5(g)(i)(b)(ii)(x), (y) or (z) above such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the relevant S&P Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xi) If Party A does not take any of the measures described in Part 5(g)(ii)(A), Part 5(g)(ii)(B) or Part 5(g)(ii)(C) or Part 5(g)(ii)(D) above, such failure shall not be or give rise to an Event of Default but shall constitute an Additional Termination Event with respect to Party A and shall be deemed to have occurred on the thirtieth day following the occurrence of such Initial Moody's Rating Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.
- (xii) If Party A does not perform any of its obligations under Part 5(g)(iii) (D) above, such failure shall give rise to an Event of Default with respect to Party A and shall be deemed to have occurred on the tenth day following the occurrence of the relevant Subsequent Moody's Rating Event with Party A as the Defaulting Party. If Party A does not perform its obligations under Part 5(g)(iii) (A), (B) or (C) and, even after having applied best effort, has failed within 30 days to satisfy Part 5(g)(iii) (A), (B) or (C) above, such failure shall not constitute an Event of Default but shall be an Additional Termination Event with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (xiii) **Fitch downgrade scheme**
  - (A) Fitch Ratings Level 1 Event



In relation to each occurrence of a Fitch Ratings Level 1 Event (except where a previous Fitch Ratings Level 1 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 1 Cure Event occurs within the Fitch Ratings Level 1 Cure Period; and
- (2) if a Fitch Ratings Level 1 Cure Event does not occur within the Fitch Ratings Level 1 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 1 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

provided that if a Fitch Ratings Level 2 Event or a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 1 Event or during such Fitch Ratings Level 1 Cure Period, such Fitch Ratings Level 1 Event shall be deemed not to have occurred.

**(B) Fitch Ratings Level 2 Event**

In relation to each occurrence of a Fitch Ratings Level 2 Event (except where a previous Fitch Ratings Level 2 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 2 Cure Event occurs within the Fitch Ratings Level 2 Cure Period; and
- (2) if a Fitch Ratings Level 2 Cure Event does not occur within the Fitch Ratings Level 2 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 2 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

provided that if a Fitch Ratings Level 3 Event occurs on the same date as such Fitch Ratings Level 2 Event or during such Fitch Ratings Level 2 Cure Period, such Fitch Ratings Level 2 Event shall be deemed not to have occurred.

(C) **Fitch Ratings Level 3 Event**

In relation to each occurrence of a Fitch Ratings Level 3 Event (except where a previous Fitch Ratings Level 3 Event is continuing):

- (1) Party A will, at Party A's own cost, use its reasonable efforts to procure that a Fitch Ratings Level 3 Cure Event occurs within the Fitch Ratings Level 3 Cure Period; and
- (2) if a Fitch Ratings Level 3 Cure Event does not occur within the Fitch Ratings Level 3 Cure Period:
  - (i) such non-occurrence shall not be or give rise to an Event of Default; but
  - (ii) an Additional Termination Event with respect to Party A shall be deemed to have occurred on the first Business Day immediately following the Fitch Ratings Level 3 Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

"**Fitch**" means Fitch Ratings Ltd.

"**Fitch Minimum Rated Entity**" means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "A+" (or its equivalent) by Fitch.

"**Fitch Ratings Level 1 Cure Event**" means in relation to a Fitch Ratings Level 1 Event the date following such Fitch Ratings Level 1 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement; or
- (2) **Non-Collateral:** a Fitch Ratings Non-Collateral Cure Event.

"**Fitch Ratings Level 1 Cure Period**" means in relation to a Fitch Ratings Level 1 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 1 Event occurs.

**"Fitch Ratings Level 1 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Cure Event"** means in relation to a Fitch Ratings Level 2 Event the date following such Fitch Ratings Level 2 Event upon which one or more of the following occurs:

- (1) **Collateral:** Party A delivers Eligible Credit Support pursuant to the Credit Support Annex to this Agreement in support of its obligations under this Agreement provided that the Eligible Credit Support is independently valued on a weekly basis (Party A's cost); or
- (2) **Non-Collateral:** Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 2 Cure Period"** means in relation to a Fitch Ratings Level 2 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 2 Event occurs.

**"Fitch Ratings Level 2 Event"** means any date upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 2 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 2 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F2" (or its equivalent) by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB+" (or its equivalent) by Fitch.

**"Fitch Ratings Level 3 Cure Event"** means in relation to a Fitch Ratings Level 3 Event the date following such Fitch Ratings Level 3 Event upon which a Fitch Ratings Non-Collateral Cure Event occurs.

**"Fitch Ratings Level 3 Cure Period"** means in relation to a Fitch Ratings Level 3 Event the period of 30 days after (but excluding) the date upon which such Fitch Ratings Level 3 Event occurs.

**"Fitch Ratings Level 3 Event"** means the first day upon which neither Party A (or its successor), nor any Credit Support Provider or co-obligor of Party A, is a Fitch Ratings Level 3 Minimum Rated Entity and as a result the then current rating of the Relevant Notes may in the reasonable opinion of Fitch be downgraded or placed on credit watch for possible downgrade.

**"Fitch Ratings Level 3 Minimum Rated Entity"** means at any time a person who satisfies both of the following:

- (1) its short term rating is at that time at least as high as "F3" by Fitch; as well as
- (2) its long-term, unsecured and unsubordinated debt obligations are rated at that time at least as high as "BBB-" by Fitch.

**"Fitch Ratings Non-Collateral Cure Entity"** means at any time a person (who may, without limitation, be an Affiliate of Party A):

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or
- (2) who (or whose Credit Support Provider) at that time has such other lower rating as is commensurate with the rating assigned at that time to the Relevant Notes by Fitch.

**"Fitch Ratings Non-Collateral Cure Event"** means the first date upon which the following occurs:

- (1) **Transfer:** Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

(h) ***Modifications to Representations***

- (i) Section 3 is amended by the addition at the end thereof of the following additional representations:

- "(a) **No Agency.** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.
- (b) **Pari Passu.** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."
- (c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:
  - (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
  - (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
  - (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent establishment and will continue so to treat the relevant Transaction".
- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

(i) ***Recording of Conversations***

Each party consents to the recording of the telephone conversations of trading and marketing personnel of the parties. Party A agrees to obtain any necessary consent of, and give notice of such recording to, such personnel of it.

(j) ***Relationship between the Parties***

The Agreement is amended by the insertion after Section 14 of an additional Section 15, reading in its entirety as follows:

**"15. Relationship between the Parties**

Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

- (a) ***Non Reliance.*** It is acting for its own account, and it has made its own decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction. It has not received from the other party any assurance or guarantee as to the expected results of that Transaction.
- (b) ***Assessment and Understanding.*** It is capable of assessing the merits of and understanding (through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the financial and other risks of that Transaction.
- (c) ***Status of Parties.*** The other party is not acting as a fiduciary or an adviser for it in respect of that Transaction."

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their entirety and the words "but only where Party A is X" will be inserted in substitution therefor.
- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") equal to:
  - (A) any Additional Amounts paid by Party A to Party B on such Interest Payment Date together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Additional Amounts paid by Party A under this Agreement on any previous Interest Payment Date, and

- (B) any Withheld Amount on such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount applicable to any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean the additional amounts (if any) paid by Party A to Party B in accordance with Section 2(d)(i)(4) of this Agreement.

"**Withheld Amount**" in Part 5(k) shall mean such withholding or deduction (if any) as Party B has made if Party B is required to make such withholding or deduction for or on account of United Kingdom tax from any amounts payable by it under a Transaction on any Interest Payment Date, in accordance with Section 2(d) of this Agreement.

This paragraph is the "Withholding Compensation Amounts Provision" referred to in certain of the Relevant Documents (as defined in the Deed of Charge).

- (iii) Where Party B pays a Withholding Compensation Amount, Party A undertakes as follows:
  - (A) to the extent that Party A obtains any Tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction relating to any deduction or withholding giving rise to such payment, it shall forthwith pay to Party B so much of the cash benefit (as calculated below) relating thereto which it has received as will leave Party A in substantially the same position as Party A would have been in if no such deduction or withholding had been required;
  - (B) the "cash benefit" shall, in the case of a credit, allowance or set-off, be the additional amount of Tax which would have been payable by Party A but for the obtaining by it of the said Tax credit, allowance or set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;
  - (C) it will use all reasonable endeavours to obtain any Tax credit, allowance, set-off or repayment as soon as is reasonably practicable and shall supply Party B with a reasonably detailed explanation of its calculation of the amount of any such Tax credit, allowance, set-off or repayment and of

the date on which it becomes entitled to the same, or in the case of repayment, the same is received; and

- (D) it will use all reasonable endeavours to utilise in accordance with its accounting policies any Tax credit, allowance or set-off which would otherwise be unutilised.

Where Party B pays a Withholding Compensation Amount as a result of the withholding of a Withheld Amount, Party B undertakes to use reasonable endeavours to identify to Party A the withholding or deduction that has given rise to such payment.

(1) ***Security, Enforcement and Limited Recourse***

- (i) Party A agrees with Party B and the Trustee to be bound by the terms of the Deed of Charge and, in particular, confirms that:
  - (A) no sum shall be payable by or on behalf of Party B to it except in accordance with the provisions of the Deed of Charge;
  - (B) unless an Enforcement Notice shall have been served or unless the Trustee, having become bound to do so, fails to serve an Enforcement Notice and/or to take any steps or proceedings pursuant to Clause 8 of the Deed of Charge to enforce the security thereby created:
    - (1) it shall not take any steps whatsoever to direct the Trustee to enforce any security created by or pursuant to Clause 3 of the Deed of Charge; and
    - (2) it shall not take any steps for the winding up, dissolution or reorganisation, or for the appointment of a receiver, administrator, administrative receiver, trustee, liquidator, sequestrator or similar officer of Party B or of any or all of its revenues and assets nor participate in any *ex parte* proceedings nor seek to enforce any judgment against Party B, subject to the provisions of the Deed of Charge.
- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date,



the effective date of such Enforcement Notice shall be the Early Termination Date.

- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (after the application of Section 2(c) to such Transaction) because of the limitation contained in Part 5 (l)(i) or Part 5 (l)(ii) above, then
  - (A) payment by Party B of the shortfall (and the corresponding payment obligation of Party A with respect to such shortfall (being the full amount Party A would otherwise owe on such date less the actual amount payable by Party A determined in accordance with Part 5 (l)(iv)(C) below)) will not then fall due but will instead be deferred until the first Party A Payment Date thereafter on which sufficient funds are available to Party B (subject to Part 5 (l)(i) or Part 5 (l)(ii) above);
  - (B) failure by Party B to make the full payment under such Transaction (after the application of Section 2(c) to such Transaction) shall not constitute an Event of Default for the purpose of Section 5(a)(i); and
  - (C) the obligation of Party A to make payment to Party B, in respect of the same Transaction, on such date, will be reduced so that Party A will be obligated to pay the Equivalent Percentage of the amount it would otherwise owe under that Transaction.

**"Equivalent Percentage"** means the percentage obtained by dividing the amount paid by Party B by the amount it would have paid absent such limitation.

- (v) For the avoidance of doubt, if an Early Termination Date results from an Event of Default, any amounts otherwise payable under this Agreement (the payment of which was deferred or not paid in the circumstances described under Part 5 (l)(iv) above by Party A and by Party B, will be deemed to be Unpaid Amounts.
- (vi) Following the calculation thereof, Party B shall notify Party A at least two Business Days in advance of the relevant Payment Date of the amount of any shortfall, the payment of which by Party B is deferred in accordance with Part 5 (l)(iv) above.
- (vii) If any payment of any amounts by Party A and Party B is deferred in accordance with Part 5 (l)(iv) above then the amount so deferred on the Party A Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party A Payment Date (together with an additional floating amount accrued thereon at the applicable Party A Floating Rate) and the Party A Floating Amount due on such date shall be deemed to include such amounts. The amount so deferred on the

Party B Floating Amount shall, subject to the terms of this Agreement, be payable on the next Party B Payment Date (together with an additional floating amount accrued thereon accrued at the applicable Party B Floating Rate) and the Party B Floating Amount due on such date shall be deemed to include such amounts.

(m) ***Condition Precedent***

Section 2(a)(iii) shall be amended by the deletion of the words "or Potential Event of Default" in respect only of the obligations under Section 2(a)(i) of Party A.

(n) ***Representations***

Section 3(b) shall be amended by the deletion of the words "or Potential Event of Default" in respect of the representation given by Party B only. For the purpose of Section 3(c), Party A shall be deemed to have no Affiliates.

(o) ***Additional Definitions***

(i) ***Definition of "Notes"***

For the purpose of this Agreement, "Class A Notes", "Class B Notes", "Class C Notes" and "Notes" have the same meaning as indicated in the Deed of Charge (as defined below).

(ii) ***Definition of "Deed of Charge"***

For the purpose of this Agreement "Deed of Charge" means the Deed of Sub - Charge and Assignment dated 23 March 2006 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

This Agreement, the Confirmations and each Transaction hereunder are subject to the 2000 ISDA Definitions (as published by the International Swap and Derivatives Association, Inc.) (the "**Definitions**") and will be governed in all respects by the provisions set forth in the Definitions, without regard to any amendments subsequent to the date of this Agreement.

The provisions of the Definitions are incorporated by reference in and shall be deemed to be part of this Agreement and each Confirmation as if set forth in full in this Agreement and in each such Confirmation.

In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail.

Words and expressions used in this Schedule which are not defined herein or in the Definitions shall have the same meanings as are given to them in the Confirmation.

Terms defined or referred to in the Conditions (as defined in the Deed of Charge) and the Relevant Documents (as defined in Condition 3 of those Conditions) shall, where the context permits, bear the same respective meanings in this Agreement. In the event of any conflict between those Conditions and the definitions in the Relevant Documents, the definitions in the Conditions shall prevail.

(p) ***Calculations***

Upon the occurrence of an Event of Default or an Additional Termination Event with respect to Party A, Party B will be entitled (but not obliged in the event that it does not designate an Early Termination Date) to proceed in accordance with Section 6 of the Agreement subject to the following:

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing and provided Party B is able to release this information without breaching the provisions of any law applicable to, or any contractual restriction binding upon, Party B.
- (ii) The following amendments shall be deemed to be made to the definitions of "***Market Quotation***":
  - (A) the word "firm" shall be added before the word "quotations" in the second line;
  - (B) the words "provided that the documentation relating thereto is either the same as this Agreement and the existing confirmations hereto (and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and the long-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "A1" by Moody's and the short-term, unsecured and unsubordinated debt obligations of the Reference Market-maker are rated not less than "P-1" by Moody's (or, if such Reference Market-maker is not rated by a Rating Agency, at such equivalent rating (by another Rating Agency) that is acceptable to such Rating Agency) or the Rating Agencies have confirmed in writing such proposed documentation will not adversely impact the ratings of the Class A Notes" shall be added after "agree" in the sixteenth line; and
  - (C) the last sentence shall be deleted and replaced with the following:

"If, on the last date set for delivery of quotations, exactly two quotations are provided, the Market Quotation will be either (a) the lower of the two quotations where there would be a sum payable by Party A to

Party B, or (b) the higher of the two quotations where there would be a sum payable by Party B to Party A. If only one quotation is provided on such date, Party B may, in its discretion, accept such quotation as the Market Quotation and if Party B does not accept such quotation (or if no quotation has been provided), it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined."

- (iii) For the purpose of the definition of "Market Quotation", and without limiting the general rights of Party B under the Agreement:
  - (A) Party B will undertake to use its reasonable efforts to obtain at least three firm quotations as soon as reasonably practicable after the Early Termination Date and in any event within the time period specified pursuant to Part 5 (p)(iii)(C) below;
  - (B) Party A shall, for the purposes of Section 6(e), be permitted (but not obliged) to obtain quotations from Reference Market-makers on behalf of Party B; and
  - (C) if, after reasonable efforts by or on behalf of Party B, no quotations have been obtained within 6 Local Business Days after the occurrence of the Early Termination Date or such longer period as Party B may specify in writing to Party A, then it will be deemed that the Market Quotation in respect of the Terminated Transaction cannot be determined.
- (iv) Party B will be deemed to have discharged its obligations under Part 5 (iii)(A) above if it promptly requests, in writing, Party A (such request to be made within one Local Business Day after the occurrence of the Early Termination Date) to obtain quotations from Reference Market-makers.
- (v) Party B will not be obliged to consult with Party A as to the day and time of obtaining any quotations.
- (vi) If an Early Termination Date is designated or occurs, "**Market Quotation**" in respect of the Terminated Transactions shall be determined based on the anticipated rate of reduction (as determined at the commercially reasonable discretion of Party A after and subject to prior consultation with Party B and giving due weight to Party B's views) in the Party A Currency Amount and the Party B Currency Amount had such Early Termination Date not been designated or occurred.

(q) *Transfers*

**Transfers by Party A:**

Section 7 of this Agreement shall not apply to Party A, who shall be required to comply with, and shall be bound by, the following:

Without prejudice to Section 6(b)(ii), Party A may transfer all its interest and obligations in and under this Agreement upon providing no less than five Business Days' prior written notice to the Trustee (save that where a transfer has taken place pursuant to Part 5(g) notice may be contemporaneous with transfer), to any other entity (a "Transferee") provided that:

- (i) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P and its long-term, unsecured and unsubordinated debt obligations are then rated not less than "A1" by Moody's and its short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then rated not less than "A+" by Fitch and not less than "A1" by Moody's and whose short-term, unsecured and unsubordinated debt obligations are then rated not less than "P-1" by Moody's (or its equivalent by any substitute rating agency);
- (ii) as of the date of such transfer the Transferee will not, as a result of such transfer, be required to withhold or deduct any amount on account of Tax from any payments made under this Agreement;
- (iii) (judged as of the time of transfer) a Termination Event or an Event of Default will not immediately occur under this Agreement as a result of such transfer;
- (iv) (except where agreed otherwise by Party B) no additional amount will be payable by Party B to Party A or the Transferee on the next succeeding Interest Payment Date as a result of such transfer; and
- (v) (if the Transferee is domiciled in a different country from both Party A and Party B) S&P, Moody's and Fitch have provided prior written notification that the then current ratings of the Notes will not be adversely affected.

Following such transfer all references to Party A shall be deemed to be references to the Transferee.

Save as otherwise provided for in this Agreement and notwithstanding Section 7, Party A shall not be permitted to transfer (by way of security or otherwise) this

Agreement nor any interest or obligation in or under this Agreement without the prior written consent of the Trustee.

**Transfers by Party B:**

Neither this Agreement nor any interest in or under this Agreement or any Transaction may be transferred by Party B to any other entity save with Party A's prior written consent except that such consent is not required in the case of a transfer, charge or assignment to the Trustee as contemplated in the Deed of Charge. For the avoidance of doubt, Party A hereby agrees and consents to the assignment by way of security by Party B of its interests under this Agreement to the Trustee (or any successor thereto) pursuant to and in accordance with the Deed of Charge and acknowledges notice of such assignment. Party A and Party B acknowledge that the provisions of this Agreement and any Transaction hereunder will be subject to (a) the priority of payments set out in the Deed of Charge.

Any transfer by Party B shall be subject to the consent of the Trustee.

(r) ***Indemnity***

Without prejudice to any other rights, powers, remedies and privileges which Party B may have, Party A hereby agrees with Party B to indemnify and keep indemnified Party B on an after-tax basis from and against any reasonable cost, expense, damage, loss or liability (including, for the avoidance of doubt, any tax liability) which Party B may incur or suffer to the extent that Party B would not have incurred or suffered such cost, expense, damage, loss or liability had Party A complied with its representations, warranty and undertaking as set out in sub-paragraph (h)(iii) of this Part 5.

(s) ***Netting***

Except where specified otherwise in the relevant Confirmation, in respect of each Transaction made under this Agreement:

- (i) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of the same Transaction; and
- (ii) Section 2(c)(ii) of the Agreement will not apply to amounts in respect of different Transactions (if any) under this Agreement.

(t) ***Rights of Third Parties***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement provided that this shall not affect any rights of any third party which may be granted in respect of this Agreement pursuant to the terms of the Deed of Charge.

(u) ***Principal Paying Agent Payment***

Party A hereby undertakes with Party B that, unless otherwise agreed between the parties, and until duly requested, it will make all payments of all sums payable in respect of this Agreement direct to the Principal Paying Agent in respect of the Notes. Party B agrees that payment by Party A made in accordance with this provision of an amount due to Party B shall discharge the liability of Party A *pro tanto* in respect of that payment only.

(v) ***Successors***

References in this Agreement to the parties hereto, Party A and Party B shall (for the avoidance of doubt) include, where appropriate, any permitted successor or assign thereof.

(w) ***Benefit of Agreement***

Any legal entity into which Party A is merged or converted or any legal entity resulting from any merger or conversion to which Party A is a party shall, to the extent permitted by applicable law, be a party to this Agreement in place of Party A without any further act or formality.

(x) ***Change of Account***

Section 2(b) is hereby amended to read in its entirety as follows:

***"Change of Account.*** Party A may change its account for receiving payment or delivery by giving notice to Party B at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party B gives timely notice of a reasonable objection to such change. Party B may change its account for receiving payment or delivery by giving notice to Party A at least ten Local Business Days prior to the scheduled date for payment or delivery to which such change applies unless Party A gives timely notice of a reasonable objection to such change."

(y) ***Inconsistency***

In the event of an inconsistency among or between any of the following documents, the relevant document first listed below shall govern:

- (i) Confirmation;
- (ii) Schedule; and
- (iii) Definitions.

(z) ***Severability***

Any provision of this Agreement which is prohibited (for reasons other than those constituting an illegality) or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of the Agreement or affecting the validity or

enforceability of such provision in any other jurisdiction unless the severance shall substantially impair the benefits of the remaining portions of this Agreement or change the reciprocal obligations of the parties.



**Signed for and behalf of:**  
on:  
by:

**Barclays Bank PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Paragon Mortgages (No.11) PLC**

By: .....  
Name:  
Title:

**Signed for and behalf of:**  
on:  
by:

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

<b>S&amp;P Minimum Counterparty Rating</b>		
<b>Current rating of Notes</b>	<b>Initial S&amp;P Rating Event</b>	<b>Subsequent S&amp;P Rating Event</b>
AAA	A*	BBB+
AA+	A*	BBB+
AA	A-	BBB+
AA-	A-	BBB
A+	BBB+	BBB
A	BBB+	BBB
A-	BBB	BBB-
BBB+	BBB	BBB-
BBB	BBB-	BB+
BBB-	BBB-	BB+
BB+	BB+	BB+
BB and below	At least as high as the Notes rating	At least as high as the Notes rating
* A (long-term) if the relevant entity also has a short-term rating of A-1 by S&P, otherwise A+ (long-term)		

**SCHEDULE 8**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS C1B NOTES**

**ISDA®**  
**International Swaps and Derivatives Association, Inc.**

**CREDIT SUPPORT ANNEX**

to the

**Schedule to the ISDA Master Agreement**

in relation to the

Class C1b Notes

dated as of 13 March 2006, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.11) PLC ("Party B")**; and
- (3) **CITICORP TRUSTEE COMPANY LIMITED** (the "**Trustee**", which expression shall include its successors and assigns).

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

**Paragraph 11. Elections and Variables**

- (a) ***Base Currency and Eligible Currency.***
  - (i) "**Base Currency**" means Pounds Sterling.
  - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: Euros and US dollars.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency ("**Additional Valuation Percentage**"), such Additional Valuation Percentage being 6% or such lower percentage as agreed by the parties and approved by the relevant rating agency. For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

- (b) ***Credit Support Obligations.***

- (i) ***Delivery Amount, Return Amount and Credit Support Amount.***
- (A) "***Delivery Amount***": Paragraph 2(a) shall apply, except that the words, "upon a demand made by the Transferee" shall be deleted and the word "***that***" on the second line of Paragraph 2(a) shall be replaced with the word "***a***".
- (B) "***Return Amount***" has the meaning as specified in Paragraph 2(b).
- (C) "***Credit Support Amount***" has the meaning specified under the relevant definition of Ratings Agency Requirement. In circumstances where more than one of the Ratings Agency Requirements apply to Party A, the Credit Support Amount shall be calculated by reference to the Ratings Agency Requirement which would result in Party A transferring the greatest amount of Eligible Credit Support. Under no circumstances will Party A be required to transfer more Eligible Credit Support than the greatest amount calculated in accordance with the Ratings Agency Requirement set out below.
- (ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	100%	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	99%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by Fitch and Aa3 by Moody's) having a remaining</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	time to maturity of:		
(i)	not more than one year;	98.5%	97.5%
(ii)	more than one year but not more than 5 years;	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(iv)	more than 10 years.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than P-1 by Moody's and F1+ by Fitch with a remaining time to maturity of less than 3 months.	To be agreed between Party A and Moody's	99.5%
(E)	Such other items as agreed between Party A and the Rating Agencies, from time to time, which Party B can lawfully receive from, and transfer back to, Party A as required, that will qualify as Eligible Credit Support.	To be agreed between Party A and Moody's	To be agreed between Party A and Fitch

In addition, for the purposes of the S&P Requirements, the items set out in Appendix D will qualify as "Eligible Credit Support" for Party A.

For the avoidance of doubt, where negotiable debt obligations are rated by only one of the above relevant rating agencies, the rating applied will be based on the rating of that agency.

Where the ratings and/or the Valuation Percentages of the relevant rating agencies differ with respect to the same negotiable debt obligation, for the

purposes of B to E above the lower of the ratings and/or the Valuation Percentages, as the case maybe, shall apply.

For the purpose of this Annex, references to the "**relevant rating agency**" shall mean the rating agency whose Ratings Agency Requirement will be used to determine the amount of Eligible Credit Support that Party A is required to transfer to Party B following a credit ratings downgrade of Party A.

(iii) **Thresholds.**

(A) "**Independent Amount**" means, for Party A and Party B, with respect to each Transaction, zero.

(B) "**Threshold**" means, for Party A, infinity, unless:

(A) (i) an Initial Moody's Rating Event and/or a Fitch Ratings Level 1 Event has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(ii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(xiii)(A)(1), respectively, of the Agreement; or

(B) (i) a Subsequent Moody's Rating Event and/or Fitch Ratings Level 2 Event within Part 5(g)(xiii)(B) has occurred AND (ii) Party A has not otherwise complied with Part 5(g)(iii)(A), (B) or (C) and/or the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(xiii)(B)(1), respectively, of the Agreement; or

(C) the S&P Threshold is zero,

in which case its Threshold shall be zero

"**Threshold**" means, for Party B: infinity

(C) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP50,000; provided, that if (1) an Event of Default has occurred and is continuing with respect to Party A, or (2) an Additional Termination Event has occurred in respect of which Party A is an Affected Party, the Minimum Transfer Amount with respect to such party shall be zero.

(D) "**Rounding**" The Delivery Amount and the Return Amount will be rounded up and down to the nearest integral multiple of GBP10,000 respectively, subject to the maximum Return Amount being equal to the Credit Support Balance.

(c) **Valuation and Timing.**



- (i) **"Valuation Agent"** means, Party A in all circumstances.
  - (ii) **"Valuation Date"** means each Local Business Day.
  - (iii) **"Valuation Time"** means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.
  - (iv) **"Notification Time"** means by 2:00 p.m., London time, on a Local Business Day.
- (d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).
- (e) **Dispute Resolution.**
- (i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.
  - (ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:
    - (A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;
    - (B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

(C) with respect to any Eligible Credit Support or Equivalent Credit Support other than Securities and Cash, the Base Currency Equivalent of the fair market value thereof on such date, as determined in any reasonable manner chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage.

(iii) **"Alternative"** The provisions of Paragraph 4 will apply.

(f) **Distribution and Interest Amount.**

(i) **"Interest Rate"** The **"Interest Rate"** in relation to each Eligible Currency specified below will be:

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S. Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.
EUR	The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.
GBP	"SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

(ii) **"Transfer of Interest Amount"** The transfer of the Interest Amount will be made on the first Local Business Day following the end of each calendar month to the extent that Party B has earned and received such amount of interest and that a Delivery Amount would not be created or increased by that transfer, and on any other Local Business Day on which Equivalent Credit Support is transferred to the Transferor pursuant to Paragraph 2(b), provided that Party B shall only be obliged to transfer any Interest Amount to Party A to the extent that it has received such amount.

(iii) **"Alternative to Interest Amount"** The provisions of Paragraph 5(c)(ii) will apply. For the purposes of calculating the Interest Amount the amount of interest calculated for each day of the Interest Period shall, with respect to any Eligible Currency, be compounded daily.

(iv) **"Interest Amount"** The definition of **"Interest Amount"** shall be deleted and replaced with the following:

**"Interest Amount"** means, with respect to an Interest Period and each portion of the Credit Support Balance comprised of cash in an Eligible Currency, the sum of the amounts of interest determined for each day in that Interest Period by the Valuation Agent as follows:

- (x) the amount of such currency comprised in the Credit Support Balance at the close of business for general dealings in the relevant currency on such day (or, if such day is not a Local Business Day, on the immediately preceding Local Business Day); multiplied by
- (y) the relevant Interest Rate; divided by
- (z) 360 (or in the case of pounds sterling, 365).

(g) **Addresses for Transfers.**

**Party A:**

**USD CASH**

<b>Account With:</b>	BARCUS33	Barclays New York
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	050035428	
<b>Reference:</b>	COLLATERAL	

**EUR CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	44295577	
<b>Reference:</b>	COLLATERAL	

**GBP CASH**

<b>Account With:</b>	BARCGB22	Barclays Bank PLC
<b>Sort Code:</b>	20-00-00	
<b>Beneficiary:</b>	BARCGB33	Barclays Capital London
<b>Account No:</b>	50654140	
<b>Reference:</b>	COLLATERAL	

**Party B:** To be advised

(h) **Other Provisions.**

(i) ***Transfer Timing.***

- (A) The final paragraph of Paragraph 3(a) shall be deleted and replaced with the following:

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

- (B) The definition of Settlement Day shall be deleted and replaced with the following:

**"Settlement Day"** means the next Local Business Day after the Demand Date".

- (C) For the purposes of this Paragraph 11(h)(i):

**"Demand Date"** means, with respect to a transfer by a party:

- (i) in the case of a transfer pursuant to Paragraph 2, Paragraph 3, Paragraph 4(a)(2) or 5(c)(i), the relevant Valuation Date. For the avoidance of doubt, for the purposes of Paragraph 2 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and
- (ii) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

For the avoidance of doubt, on each Demand Date the Transferor shall deliver to the Transferee and the Trustee a statement showing the amount of Eligible Credit Support to be delivered.

- (ii) ***Early Termination.***

The heading for Paragraph 6 shall be deleted and replaced with "Early Termination" and the following shall be added after the word "Default" in the first line of Paragraph 6, "or a Termination Event in relation to all (but not less than all) Transactions".

- (iii) ***Costs of Transfer on Exchange.***

Notwithstanding Paragraph 8, the Transferor will be responsible for, and will reimburse the Transferee for, all transfer and other taxes and other costs involved in the transfer of Eligible Credit Support either from the Transferor to the Transferee or from the Transferee to the Transferor hereto.

- (iv) ***Cumulative Rights.***

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the

Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

(v) ***Single Transferor and Single Transferee.***

Party A and Party B agree that, notwithstanding anything to the contrary in this Annex, (including, without limitation, the recital hereto, Paragraph 2 or the definitions in Paragraph 10), (a) the term "Transferee" as used in this Annex means only Party B; (b) the term "Transferor" as used in this Annex means only Party A; (c) only Party A will be required to make Transfers of Eligible Credit Support hereunder.

(vi) ***Ratings Agency Requirement.***

"**Rating Agency Requirement**" means the Moody's Requirements, the S&P Requirements and the Fitch Requirements, as defined below.

***Moody's Requirements.***

"**Credit Support Amount**" shall be calculated in accordance with the meaning specified in Paragraph 10, provided however, that the words "plus the Additional Collateral Amount" shall be added after the words "Transferee's Exposure" in the second line thereof.

For such purposes "**Additional Collateral Amount**" means with respect to a Valuation Date, the sum of (a) the Transferee's Exposure multiplied by "A" and (b) the product of "B" multiplied by the Transaction Notional Amount, where A and B are determined by reference to percentages set out in the relevant table in Appendix A.

In relation to the foregoing, Party A will, upon receipt of reasonable notice from Moody's, demonstrate to Moody's the calculation by Party A of the Transferee's Exposure.

***S&P Requirements.***

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date:

- (I) if the S&P Threshold is zero, the greater of (i) zero and (ii) an amount equal to the sum of (x) Party B's Exposure (which may be a negative number) and (y) the applicable S&P Volatility Buffer; and
- (II) if the S&P Threshold is infinity, zero.

"**S&P Volatility Buffer**" means on any date, an amount equal to the product of (i) the relevant percentage specified in the applicable table in Appendix A or otherwise agreed between Party A and S&P as being applicable to swap transactions of a type and tenor (by reference to the legal final maturity date of a swap transaction) equivalent to the Transaction (provided that, for the purpose of identifying the equivalent tenor in the table in Appendix A, the tenor of the Transaction will, where necessary, be rounded up) and (ii) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

***Fitch Requirements.***

"**Credit Support Amount**" shall mean at any time for the purposes of the Fitch Requirements with respect to a Transferor on a Valuation Date the result of the following formula:

max[MV plus VC multiplied by 105 per cent multiplied by N;0]

where:

"**max**" means maximum;

"**MV**" means the Transferee's Exposure;

"**VC**" means the applicable volatility cushion at that time determined by reference to percentages set out in the relevant table in Appendix C (and for such purpose calculating the relevant Weighted Average Life assuming a zero prepayment rate and zero default rate in relation to the Mortgages beneficially owned by Party B); and

"**N**" means the Transaction Notional Amount at that time.

(vii) ***Calculations.***

Paragraph 3(b) of this Annex shall be amended by inserting the words "and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request" **after the word "calculations" in the third line thereof.**

(viii) ***Demands and Notices.***

All demands, specifications and notices under this Annex will be made pursuant to Section 12 of this Agreement.

(ix) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an

External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

Contact details at S&P for provision of External Marks : [*S&P to provide details*]

(x) ***Notifications of Calculations of Exposure to S&P***

The following words shall be inserted at the end of Paragraph 3(b): "The parties hereby agree that the Valuation Agent shall make available to S&P the Exposure calculations calculated under this Annex on a quarterly basis under this Annex."

(xi) **Definitions.**

As used in this Annex, the following terms shall mean:

**"Cross-Currency Swap"** means any cross-currency swap rate transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation;

**"External Mark Statement"** means either (A) a written statement prepared by Party A setting out an indicative valuation of Party B's Exposure in respect of the Transaction, provided by an independent third party that is capable of entering into transactions of the type of the Transactions entered into between Party A and Party B pursuant to this Agreement (such valuation an **"External Mark"**), provided that for these purposes it is acknowledged that: (a) the party providing such External Mark: (1) may use such assumptions at it thinks reasonable in its sole discretion; (2) need not provide a firm bid or be obliged in any way to enter into a transaction with Party B on equivalent terms to any Transaction entered into between Party A and Party B pursuant to this Agreement; and (b) Party A makes no warranties as to the validity of any assumptions used or the accuracy of any External Mark; or (B) such other statement regarding the liquidity of the Transactions in respect of which a rating agency confirmation from S&P is obtained;

**"Fitch"** means Fitch Ratings Ltd and includes any successors thereto;

**"Interest Rate Cap"** means any interest rate cap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Interest Rate Swap"** means any interest rate swap transaction entered into pursuant to the Agreement between Party A and Party B as evidenced by a Confirmation;

**"Libor Basis Swap"** means any libor basis swap transaction between Party A and Party B entered into pursuant to the Agreement as evidenced by a Confirmation.

"**Moody's**" means Moody's Investors Service Limited and includes any successors thereto;

"**Rating Agencies**" means Moody's, S&P and Fitch;

"**Relevant Entity**" means Party A and any Credit Support Provider of Party A;

"**S&P**" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies Inc. and includes any successors thereto;

"**S&P Threshold**" means:

(x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(a)(ii) or 5(g)(i)(b)(ii) of the Schedule to this Agreement, zero; and

(y) at all other times, infinity

"**Transaction**" means a Transaction entered into pursuant to this Agreement; and

"**Transaction Notional Amount**" means in respect of a Valuation Date, (i) the Currency Amount applicable to Party A in respect of a Cross Currency Swap Transaction, (ii) in respect of an Interest Rate Swap Transaction, the Notional Amount of such Interest Rate Swap Transaction, or (iii) in respect of an Interest Rate Cap Transaction, the Notional Amount of such Interest Rate Cap Transaction, and in each case, as at such Valuation Date.



## Appendix A – Moody's Requirements

### Cross Currency Swaps:

- (i) "A" means 2 per cent. and "B" means 1.6 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "A1" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement are downgraded below "Prime-1" by Moody's;
- (ii) "A" means 2 per cent. and "B" shall be equal to 3.7 per cent. if the long-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "A3" by Moody's, or the short-term, unsecured and unsubordinated debt obligations of Party A (or its successor) or any guarantor of Party A's obligations under the Agreement, are downgraded below "Prime-2" by Moody's; and
- (iii) "A" means 0 per cent. and "B" means 0 per cent. in all other cases.

### Basis Swaps, Interest Rate Caps and Interest Rate Swaps:

- (i) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.2%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A1" and "Prime-1" by Moody's;
- (ii) "A" means 2% and "B" means the remaining average life of the outstanding Transactions multiplied by 0.4%, if the long-term, unsecured, unguaranteed and unsubordinated debt obligations or the short-term, unsecured, unguaranteed and unsubordinated debt obligations of Party A (or its successor) and, if relevant, any Credit Support Provider of Party A ceases to be rated as high as "A3" and "Prime-2" by Moody's; and
- (iii) "A" means 0% and "B" means 0% in all other cases.

### Appendix B – S&P Volatility Buffers

<b>Volatility Buffer for Cross Currency Swaps (% of Notional)</b>			
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Fixed-to-fixed rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	10	20	5
5	15	30	8
10	18	36	9
15	22	44	11
30 or more	25	50	13

<b>Volatility Buffer for Single Currency Swaps (% of Notional)</b>		
<b>Swap tenor to legal final maturity (years)</b>	<b>Fixed-to-floating rate swaps (%)</b>	<b>Floating-to-floating rate swaps (%)</b>
3	8.5	4
5	12.5	5
10	15	6
15	18	7
30 or more	21	8

### Appendix C – Fitch Volatility Cushion (%)

Where the Collateralised Transaction is a USD/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.1	2.4	3.8	5.1	6.2	7.3	8.5	9.6	10.7	11.8	12.8	13.9	14.9	15.9	16.8
A+ or A	0.8	1.7	2.7	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.8	10.6	11.2	11.9
A-/BBB+	0.7	1.5	2.3	3.1	3.9	4.5	5.2	5.9	6.6	7.3	7.9	8.6	9.2	9.8	10.4

Where the Collateralised Transaction is a EUR/GBP cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	0.9	2.1	3.2	4.2	5.0	5.8	6.7	7.5	8.4	9.2	10.00	10.8	11.6	12.4	13.2
A+ or A	0.6	1.5	2.3	3.0	3.6	4.1	4.7	5.3	5.9	6.5	7.1	7.7	8.3	8.8	9.4
A-/BBB+	0.6	1.3	2.0	2.6	3.1	3.6	4.1	4.6	5.2	5.7	6.2	6.7	7.2	7.7	8.2

Where the Collateralised Transaction is a USD/AUD cross currency swap transaction:

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.4	3.1	4.7	6.2	7.7	9.1	10.5	11.9	13.3	14.7	16.0	17.4	18.7	19.9	21.2
A+ or A	1.0	2.2	3.4	4.4	5.5	6.5	7.5	8.4	9.4	10.4	11.4	12.3	13.2	14.1	15.0
A-/BBB+	0.9	1.9	2.9	3.9	4.8	5.6	6.5	7.4	8.2	9.1	9.9	10.7	11.5	12.3	13.1

**Where the Collateralised Transaction is a EUR/AUD cross currency swap transaction:**

(%)	<i>Weighted Average Life (Years)</i>														
Notes' rating	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
AA- or better	1.2	2.9	4.5	5.9	7.2	8.5	9.7	11.0	12.3	13.5	14.8	16.0	17.2	18.4	19.6
A+ or A	0.9	2.1	3.2	4.2	5.1	6.0	6.9	7.8	8.7	9.6	10.5	11.3	12.2	13.0	13.9
A-/BBB+	0.8	1.8	2.8	3.6	4.4	5.2	6.0	6.8	7.6	8.4	9.1	9.9	10.6	11.4	12.1

**Where the Collateralised Transaction is a GBP Libor basis swap transaction:**

(%)	
Notes' rating	
AA- or better	0.06
A+ or A	0.04
A-/BBB+	0.04

**Where the Collateralised Transaction is a GBP interest rate cap or a GBP interest rate swap transaction:**

<i>Weighted Average Life</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	> =15
<i>(Years)</i>															
VC (%)	0.5	1.0	1.7	2.3	2.9	3.4	4.0	4.7	5.3	6.0	6.6	7.2	7.9	8.5	9.1

## APPENDIX D – S&amp;P ELIGIBLE CREDIT SUPPORT

<i>Category Description</i>	<i>Eligible Credit Support</i>	<i>S&amp;P Valuation Percentage</i>
<b>Cash</b>	Cash in Base Currency	100%
<b>Category 1</b>	Government issued Negotiable Debt Obligations with an Eligible Rating, denominated in the Base Currency and having a rating at least equal to the then current rating of the Notes.	100%
<b>Category 2</b>	Any item listed as eligible credit support in S&P's market value criteria as published from time to time	As per S&P's market value criteria subject to AA liability haircuts

For the purposes of the above:

"**Eligible Rating**" means a rating assigned to such securities by S&P and being at least equal to (i) the then-current rating of the Relevant Notes or (ii) in the event that the Relevant Notes have been downgraded by S&P as a result of a failure by Party A to perform any of its obligations under this Agreement, then the rating of the Notes immediately prior to such downgrade.

**IN WITNESS WHEREOF**, the parties have executed and delivered this document as of the date specified on the first page of this document.

**Signed for and behalf of:**

on:

by:

**Barclays Bank plc**

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Paragon Mortgages (No.11) plc**

..... March 2006

By .....

Name:

Title:

**Signed for and behalf of:**

on:

by:

**Citicorp Trustee Company Limited**

..... March 2006

By .....


Name:

Title:

**SIGNATURES**

**Signed for and behalf of:**  
on: 7 July 2011  
by:

**Barclays Bank PLC**

By:  .....

Name: Caroline Ellis  
Title: Director

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Paragon Mortgages (No.11) PLC**

By: .....

Name:  
Title:

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Citicorp Trustee Company Limited**

By: .....

Name:  
Title:

**SIGNATURES**

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Barclays Bank PLC**

By: .....

Name: Caroline Ellis  
Title: Director

**Signed for and behalf of:**  
on: 7 July 2011  
by:

**Paragon Mortgages (No.11) PLC**

By:  .....

Name: SA HARVEY  
Title: Director

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Citicorp Trustee Company Limited**

By: .....

Name:  
Title:



**SIGNATURES**

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Barclays Bank PLC**

By: .....

Name: Caroline Ellis  
Title: Director

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

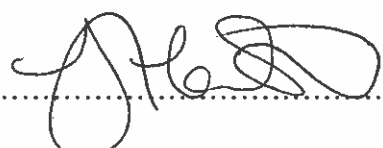
**Paragon Mortgages (No.11) PLC**

By: .....

Name:  
Title:

**Signed for and behalf of:**  
on: 7 July 2011  
by:

**Citicorp Trustee Company Limited**

By:  .....

Name: **Jillian Hamblin**  
Title: Director