

EXECUTION VERSION

AMENDMENT AND RESTATEMENT AGREEMENT

27 August 2014

BARCLAYS BANK PLC

and

PARAGON MORTGAGES (NO.12) PLC

and

CITICORP TRUSTEE COMPANY LIMITED (as Trustee)

relating to

**the Schedules to the ISDA Master Agreements and the Credit Support Annexes in relation to the
Class A1, Class A2b, Class A2c, Class B1b and
Class C1b Notes**

ALLEN & OVERY

Allen & Overy LLP

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THIS AGREEMENT is dated 27 August 2014 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.12) PLC**, a public company with limited liability, incorporated under the laws of England and Wales with registered number 5386924, whose registered office is at 51 Homer Road, Solihull, West Midlands, B91 3QJ (**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) This Agreement is supplemental to and amends the Original Agreements (as defined below).
- (B) Party B duly authorised the creation and issue of an aggregate principal amount of certain of the Notes, and the Parties entered into the Original Agreements in connection with such issuances.
- (C) The Parties have agreed to make certain amendments to the Original Agreements as contemplated by this Agreement.

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

- (a) In this Agreement:

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.

Original Agreements means the Original Class A1 Agreement, the Original Class A2b Agreement, the Original Class A2c Agreement, the Original Class B1b Agreement and the Original Class C1b 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 14 July 2006 as amended and restated on 7 July 2011.

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 14 July 2006 as amended and restated on 7 July 2011.

Original Class A2c Agreement means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class A2c Notes entered into between the Parties dated 14 July 2006 as amended and restated on 7 July 2011.

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 14 July 2006 as amended and restated on 7 July 2011.

Original 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 14 July 2006 as amended and restated on 7 July 2011.

Trust Deed means the Trust Deed dated 20 July 2006 and made between Party B and the Trustee constituting the Notes, together with the Schedules thereto, as supplemented by a First Supplemental Trust Deed dated 30 January 2013 and as may be from time to time further varied in accordance with the provisions contained therein.

- (b) Capitalised terms not otherwise defined herein have the meaning ascribed to them in the Original Agreements and the Trust Deed.

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 ORIGINAL CLASS A1 AGREEMENT

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 ORIGINAL CLASS A2B AGREEMENT

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 ORIGINAL CLASS A2C AGREEMENT

With effect from the Effective Date, the Schedule to the Original Class A2c Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 5 (*Amended ISDA Schedule – Class A2c Notes*) hereto and the Credit Support Annex to the Original Class A2c 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 A2c Notes*) hereto.

5. AMENDMENT AND RESTATEMENT OF THE ORIGINAL CLASS B1B AGREEMENT

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 7 (*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 8 (*Amended Credit Support Annex – Class B1b Notes*) hereto.

6. AMENDMENT AND RESTATEMENT OF THE ORIGINAL CLASS C1b AGREEMENT

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 9 (*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 10 (*Amended Credit Support Annex – Class C1b Notes*) hereto.

7. 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 Clauses 2, 3, 4, 5 and 6 of this Agreement. Each of Party A and Party B acknowledges that the Trustee is entering into this Agreement solely for the purpose of giving such consent and that in doing so it does not assume any obligations of Party A or Party B.

8. 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 those representations to "this Agreement" were references to this Agreement) on the date of this Agreement.

9. CONTINUITY AND FURTHER ASSURANCE

9.1 Continuing obligations

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

9.2 Further assurance

Party A shall, at the request of Party B and at its own expense, and the Trustee shall, at the request of Party B and the expense of Party A, do all such acts and things necessary or desirable to give effect to the amendments effected or to be effected pursuant to this Agreement.

10. FEES, COSTS AND EXPENSES

Party A shall promptly on demand pay Party B, the Trustee and any other relevant entity the amount of all costs and expenses (including but not limited to legal fees) reasonably incurred by any of them in connection with the negotiation, preparation, execution and performance of this Agreement and notified to and agreed in writing with Party A prior to the incurrence of the same. For the avoidance of doubt, Party A will be responsible for paying all costs and expenses (including but not limited to legal fees) incurred by it in relation to this Agreement.

11. 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.

12. 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.

13. JURISDICTION

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

14. 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**")

dated as of

14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on

27 August 2014

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 12) 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: 51 Homer Road
Solihull
West Midlands

B91 3QJ

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, 13th 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 Affected Party.

"Early Redemption and Prepayment of the Notes. For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(c) (*Redemption for Taxation or Other Reasons*) or 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 the exercise of such right.

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) **Replacement Options.**

This Agreement sets out four options for the definition of Initial S&P Rating Event, Subsequent S&P Rating Event and Credit Support Amount (in each case, being "**Option 1**", "**Option 2**", "**Option 3**" and "**Option 4**" respectively and each a "**Replacement Option**"). As of 27 August 2014, Option 2 shall apply to this Agreement. On or after 27 August 2014, the Replacement Option may be amended in accordance with this Part 5(g)(i)(a) (the "**S&P Substitution Provisions**").

Party A may, upon not less than one Business Days' notice to Party B and S&P, in substantially the form set out in the Exhibit A to this Schedule (a "**Replacement Option Switch Notice**"), elect that (a) Option 1, Option 2, Option 3 or Option 4 shall apply or (b) if at the time of such notice Party A has previously elected that any of Option 1, Option 2, Option 3 or Option 4 applies, (i) that another option shall apply and (ii) that any previous election shall cease to apply.

With effect from the Business Day following the date a Replacement Option Switch Notice is effective (such date, the "**Substitution Effective Date**"), the definitions of "**Initial S&P Required Rating**", "**Subsequent S&P Required Rating**" and "**Credit Support Amount**" (as defined in the Credit Support Annex) shall be deemed to be amended to the equivalent definitions set out below corresponding to the relevant Replacement Option elected.

The right of Party A to make an election pursuant to this Part 5(g)(i)(a) is subject to the following conditions being satisfied on the proposed Substitution Effective Date:

- (1) no Event of Default or Termination Event has occurred and is continuing with respect to which Party A is a Defaulting Party or an Affected Party, as the case may be;
- (2) no Subsequent S&P Rating Event would occur as a result of the election; and
- (3) the Substitution Effective Date must not occur during any extension to the Collateral Remedy Period or Non Collateral Remedy Period.

(b) *Initial S&P Rating Event.*

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 Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option 4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); or
- (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) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Initial S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Initial S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-

paragraphs 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 sub-paragraph 5(g)(b)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(b)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(c) *Subsequent S&P Rating Event.*

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

- (i) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option 4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); and
- (ii) Party A shall use commercially reasonable efforts to, as soon as reasonably practicable, at its own cost:
 - (x) subject to Part 5(q) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action), as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Subsequent S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Subsequent S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 5(g)(i)(c)(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 Subsequent S&P Rating Event pursuant to sub-paragraph 5(g)(i)(c)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(c)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(d) *Additional Termination Events.*

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)(b)(i) or 5(g)(i)(c)(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 applicable Collateral Remedy Period unless at such time Party A has taken one of the measures described in Parts 5(g)(i)(b)(ii) or 5(g)(i)(c)(ii), as the case may be, with Party A as the sole Affected Party and all Transactions as Affected Transactions, *provided that*, notwithstanding any other provision of this Agreement, such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.
- (ii) if Party A does not take the measures described in Part 5(g)(i)(c)(ii) above following a Subsequent S&P Rating Event within the Non Collateral Remedy Period 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, *provided that*, Party A has received a Firm Offer from a counterparty that would qualify as an Eligible Replacement, to enter into a replacement transaction(s) with Party B in respect of the Affected Transactions.

(e) *Definitions.*

For the purposes of this Agreement:

"Collateral Remedy Period" means the period that commences on (and excludes) the date on which an Initial S&P Rating Event or Subsequent S&P Rating Event (as applicable) occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such 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 event occurs.

"Initial S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Initial S&P Rating Event".

"Non 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) either (i) the 30th calendar day following the date on which such event occurs if Option 4 has been selected or (ii) the 60th calendar day following the date on which such event occurs if Option 1, 2 or 3 has been selected, provided that:

- (1) in the case of (i) above, if Party A has, on or before the 30th calendar day following the date on which such 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 "Non Collateral Remedy Period" means the period that commences on (and excludes) the date on which such event occurs and ends on (and includes) the 60th calendar day following the date on which such event occurs; or
- (2) in the case of (ii) above, if Party A has on or before the 60th calendar day following the date on which such 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 "Non Collateral Remedy Period" means the period that commences on (and excludes) the date on which such event occurs and ends on (and includes) the 90th calendar day following the date on which such event occurs.

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

"S&P Eligible Replacement" means either (a) an entity with the Initial S&P Required Rating or (b) an entity with the Subsequent S&P Required Rating, provided that such entity complies with the provisions of Part 5(g)(i)(b) above with respect to its own obligations under the Agreement.

"S&P Minimum Counterparty Rating" means, in respect of each of Option 1, Option 2, Option 3 or Option 4, the entity's issuer credit rating or the rating of an entity's long-term, unsecured and unsubordinated debt obligations as specified in the table below (the **"S&P Rating Table"**) under the columns "Initial S&P Rating Event" and "Subsequent S&P Rating Event", as applicable:

Schedule to the Master Agreement for A1 Currency Swap

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A*	BBB+	A*	A-	A*	A*	NA	A+
AA+	A*	BBB+	A*	A-	A*	A*	NA	A+
AA	A-	BBB+	A*	A-	A*	A*	NA	A+
AA-	A-	BBB**	A-	BBB+	A-	A-	NA	A*
A+	BBB+	BBB**	A-	BBB+	A-	A-	NA	A*
A	BBB+	BBB**	A-	BBB+	A-	A-	NA	At least as high as the Relevant Notes rating
A-	BBB**	BBB-	BBB+	BBB**	BBB+	BBB+	NA	At least as high as the Relevant Notes rating
BBB+	BBB**	BBB-	At least as high as the Relevant Notes rating	BBB**	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB	BBB-	BB+	At least as high as the Relevant Notes rating	BBB-	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB-	At least as high as the Relevant Notes rating	BB+	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BB+ and below	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
* To meet the minimum eligible rating of "A", the entity should also have a short term rating of "A-1".								
**To meet the minimum eligible rating of "BBB", the entity should also have a short term rating of "A-2"								
*** If the Relevant Notes are downgraded by S&P because of Party A's failure to perform under this Agreement or failure to comply with the S&P Criteria with respect to swap counterparties, then the current rating will be deemed to be the rating of the Relevant Notes immediately prior to such downgrade.								

"Subsequent S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in

each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Subsequent S&P Rating Event".

(ii) **Moody's**

(a) *Initial Moody's Rating Event.*

In the event that no Relevant Entity has a credit rating at least equal to the First Trigger Required Rating (such event, an "**Initial Moody's Rating Event**") and so long as an Initial Moody's Rating Event is in effect, then (A) Party A shall, as soon as reasonably practicable and at its own expense, post collateral pursuant to, and subject to the terms of, the Credit Support Annex and (B) Party A may, at any time following the occurrence of an Initial Moody's Rating Event, at its own discretion and at its own expense, either:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes,

provided that, Party A is not required to comply with Part 5(g)(ii)(a)(A) if it has implemented at least one of the remedies described in Part 5(g)(ii)(a)(B).

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

(b) *Subsequent Moody's Rating Event.*

In the event that no Relevant Entity has a credit rating at least equal to the Second Trigger Required Rating (a "**Subsequent Moody's Rating Event**") then Party A shall, as soon as reasonably practicable and so long as the Subsequent Moody's Rating Event is in effect, at its own expense, use commercially reasonable efforts to:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or

- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes.
- (c) Not used.
- (d) In relation to Part 5(g)(ii)(a)(A) 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.
- (e) Not used.
- (f) Not used.
- (g) Not used.
- (h) *Additional Termination Events.*

The occurrence of any of the following events shall not be or give rise to an Event of Default but shall each constitute an Additional Termination Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions:

(i) *Initial Moody's Rating Event*

If an Initial Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the First Trigger Required Rating and Party A has (A) failed to comply with Part 5(g)(ii)(a)(A) and (B) failed to take any of the measures described in Part 5(g)(ii)(a)(B) and either (x) a Subsequent Moody's Rating Event is not continuing or (y) if a Subsequent Moody's Rating Event is continuing, less than 30 Local Business Days have elapsed since the occurrence of the relevant Subsequent Moody's Rating Event, *provided that*, notwithstanding any other provision of this Agreement, with regard to a failure to post collateral pursuant to Part 5(g)(ii)(a)(A), such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

(ii) *Subsequent Moody's Rating Event*

If (A) a Subsequent Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the Second Trigger Required Rating and (B) Party A has failed to take any

of the measures described in Part 5(g)(ii)(b) above, *provided that*, at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding upon acceptance) to be the transferee of all of Party A's obligations under this Agreement.

(i) *Definitions.*

For the purposes of this Agreement:

"Eligible Guarantee" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use its best endeavours to procure that Party A takes such action, (II)(A) the guarantor and Party B are resident for tax purposes in the same jurisdiction, (B) a law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under such guarantee will be subject to deduction or withholding for tax, (C) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to deduction or withholding for tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any tax) will equal the full amount Party B would have received had no such deduction or withholding been required or (D) in the event that any payment (the "Primary Payment") under such guarantee is made net of deduction or withholding for tax, Party A is required, under this Agreement, to make such additional payment (the "Additional Payment") as is necessary to ensure that the net amount actually received by Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and the Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

"Eligible Guarantor" means an entity having a credit rating equal to at least the First Trigger Required Rating.

"First Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "A3" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "A3" or above by Moody's.

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

"Moody's Eligible Replacement" means an entity (A) with the First Trigger Required Rating or (B) whose present and future obligations owing to Party B under this Agreement are guaranteed pursuant to an Eligible Guarantee provided by an Eligible Guarantor.

"Second Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "Baa1" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "Baa1" or above by Moody's.

"Relevant Entities" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "Relevant Entity" means any one of them.

(iii) **Fitch Ratings Event**

(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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 1 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(a) until (A) a Swap Collateral Account has been opened and (B) at least 10

Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 2 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(b) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 3 Cure Period and (ii) the first Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement.

(d) **Fitch downgrade definitions**

In this Agreement:

"Fitch" means Fitch Ratings Ltd.

"Fitch Eligible Counterparty" 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; or

- (3) who (or whose Credit Support Provider) is a Fitch Ratings Level 2 Minimum Rated Entity at that time provided that such entity has (or does at the point of becoming a transferee or Credit Support Provider) either:
 - (i) provided collateral in support of its obligations pursuant to the Credit Support Annex; or
 - (ii) obtained a guarantee or other suitable credit support for its obligations from a counterparty that is a Fitch Minimum Rated Entity.

"Fitch Eligible Replacement" means an entity that is, or whose obligations are guaranteed by, a Fitch Eligible Counterparty.

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

- (1) its short term issuer default rating by Fitch is at that time at least as high as "F1" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "A+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F2" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F3" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB-" (or its equivalent) by Fitch or, if an issuer default rating is not available for such person, 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 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 Eligible Replacement; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Eligible Counterparty 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 20 July 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.

(iv) ***Definition of "Firm Offer"***

For the purposes of this Agreement "**Firm Offer**" means an offer which, when made, was capable of becoming legally binding upon acceptance.

(v) ***Definition of "Eligible Replacement"***

For the purposes of this Agreement "**Eligible Replacement**" means an entity which is (A) an S&P Eligible Replacement, (B) a Moody's Eligible Replacement and (C) a Fitch Eligible Replacement. For the avoidance of doubt, an entity must satisfy all three requirements in order to be an Eligible Replacement.

(vi) ***Definition of "Swap Collateral Account"***

For the purposes of this Agreement "**Swap Collateral Account**" means the relevant Hedge Collateral Cash Account or Hedge Collateral Securities Account, as applicable.

(p) **Calculations**

If an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or a Tax Event Upon Merger or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

- (i) The definition of "**Market Quotation**" shall be deleted in its entirety and replaced with the following:

"**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is:

- (1) made by an Eligible Replacement;
 - (2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date;
 - (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included; and
 - (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions), as determined by Party B."
- (ii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in sub-paragraph (4) of Market Quotation, it shall do so in a commercially reasonable manner.
- (iii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

"**Settlement Amount**" means, with respect to any Early Termination Date:

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding, the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation;
 - (2) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or
 - (3) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."
- (iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).
 - (v) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use reasonable efforts to do so before the Early Termination Date.
 - (vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded.
- (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 is an Eligible Replacement;
- (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 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.

Exhibit A

FORM OF REPLACEMENT OPTION SWITCH NOTICE

To: Standard & Poor's Rating Services
20 Canada Square
London
E14 5LH

Copy to: Paragon Mortgages (No.12) plc
51 Homer Road
Solihull
West Midlands
B91 3QJ

Attention: Swaps Administration, Finance Department

and

Citigroup Centre, 13th Floor
Canada Square
Canary Wharf
London E14 5LB

Attention: Agency & Trust

From: Barclays Bank plc
5, The North Colonnade
Canary Wharf
London, E14 4BB

[Date]

Dear Sirs

Paragon Mortgages (No.12) plc – Replacement Option Switch Notice

We refer to the ISDA Master Agreement in relation to the Class A1 Notes between Barclays Bank plc as Party A and Paragon Mortgages (No.12) plc as Party B, dated as of 14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on 27 August 2014 (the "**Agreement**").

All terms capitalised but not defined herein shall have the meaning given to such terms in the Agreement.

This is a Replacement Option Switch Notice.

As at the date hereof, Option [1/2/3/4] applies.

As of the day that is the first Business Day after the day this notice becomes effective pursuant to Section 12 (*Notices*) of the Agreement, Option [1/2/3/4] shall apply until the delivery of another Replacement Option Switch Notice.

This Replacement Option Switch Notice shall form part of the Agreement as of the date it becomes effective pursuant to Section 12 (*Notices*) of the Agreement.

Yours faithfully

Barclays Bank plc

By:

Title:

Signed for and behalf of:
on:
by:

Barclays Bank plc

By:.....

Name:
Title:

Signed for and behalf of:
on:
by:

Paragon Mortgages (No.12) plc

By:.....

Name:
Title:

Signed for and behalf of:
on:
by:

Citicorp Trustee Company Limited

By:.....

Name:
Title:

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 14 July 2006, as amended and restated on 7 July 2011 and as further amended and
restated on 27 August 2014

between

- (1) **BARCLAYS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO.12) 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 US dollars.
 - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: Euros and Pounds Sterling.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency in circumstances where 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 is Fitch (but not Moody's or S&P), the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by Fitch ("**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.

- (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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(A)	cash in an Eligible Currency	As set out in Appendix C	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; the Republic of Ireland; or the U.S. Treasury	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
	Department, (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:		
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	To be agreed between Party A and Fitch
(C)	Negotiable debt obligations issued by: 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, (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:	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	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.	As set out in Appendix C	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 item of Eligible Credit Support, the lowest of the ratings and/or the Valuation Percentages, as the case may be, shall apply.

(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 any of the Moody's Threshold, Fitch Threshold or S&P Threshold is zero, in which case the Threshold for Party A shall be zero.

"Fitch Threshold" means, where a Fitch Ratings Level 1 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(iii)(a)(1) or a Fitch Ratings Level 2 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(iii)(b)(1), zero and at any other time, infinity.

"Moody's Threshold" means, where an Initial Moody's Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(ii)(a)(B), (i), (ii) or (iii), zero and at any other time, infinity.

"S&P Threshold" means, where an Initial S&P Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(i)(b)(ii) or a Subsequent S&P Rating Event and Party A has not otherwise complied with Part 5(g)(i)(c)(ii), zero and at any other time, infinity.

"Threshold" means, for Party B: Infinity

- (C) **"Minimum Transfer Amount"** means, with respect to Party A and Party B, USD75,000; 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 USD15,000 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:

Eligible Currency	Interest Rate
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

Account With:	BARCUS33	Barclays New York
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	050035428	
Reference:	COLLATERAL	

EUR CASH

Account With:	BARCGB22	Barclays Bank PLC
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	44295577	
Reference:	COLLATERAL	

GBP CASH

Account With:	BARCGB22	Barclays Bank PLC
Sort Code:	20-00-00	
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	50654140	
Reference:	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 set out below.

Moody's Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Moody's Threshold is infinity, zero; and
- (b) if the Moody's Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the sum of (x) the Transferee's Exposure and (y) the aggregate of the Moody's Additional Amounts in respect of such Valuation Date for all Transactions (other than the Transaction constituted by this Annex).

S&P Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the S&P Threshold is infinity, zero; and
- (b) if the S&P Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the table below corresponding to the Replacement Option in effect at such time:

Option 1	the sum of (x) Transferee's Exposure (which may be a negative number) and (y) the applicable Volatility Buffer
Option 2	<p>(A) where an Initial S&P Rating Event has occurred, Transferee's Exposure (which may be a negative number) multiplied by 1.25;</p> <p>or</p> <p>(B) where a Subsequent S&P Rating Event has occurred:</p> <p>the greater of:</p> <p>(x) the sum of (1) Transferee's Exposure (which may be a negative number) and (2) the applicable Volatility Buffer; and</p> <p>(y) Transferee's Exposure (which may be a negative</p>

	number) multiplied by 1.3
Option 3	Transferee's Exposure (which may be a negative number) multiplied by 1.25
Option 4	Zero

Fitch Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Fitch Threshold is infinity, zero; and
- (b) if the Fitch Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the following formula:

$\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]$

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 B (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) ***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."

(x) ***Exposure.***

"Exposure" has the meaning specified in Paragraph 10, except that (1) after the word "Agreement" the words "(assuming, for this purpose only, that Part 5(p) (*Calculations*) of the Schedule is deleted)" shall be inserted and (2) at the end of the definition of "Exposure", the words "without assuming that the terms of such Replacement Transactions are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

(xi) ***Definitions.***

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

"Currency Risk Group" means, on each Valuation Date, in respect of a Transaction:

- (a) pursuant to which payments are made in one currency only and such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in respect of such currency in Column 2 of the below table;
 - (ii) Currency Risk Group 2, where "2" is specified in respect of such currency in Column 2 of the below table;
 - (iii) Currency Risk Group 3, where "3" is specified in respect of such currency in Column 2 of the below table; and
 - (iv) Currency Risk Group 4, where "4" is specified in respect of such currency in Column 2 of the below table;
- (b) pursuant to which payments are made in more than one currency and each such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in Column 3 of the below table in respect of each currency in which payments are made;
 - (ii) Currency Risk Group 2, where (x) "2" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "3" or "4" are not specified in Column 3 of the below table in respect of any of the other currencies in which payments are made;
 - (iii) Currency Risk Group 3, where (x) "3" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "4" is not specified in Column 3 of the below table in

respect of any of the other currencies in which payments are made;
and

- (iv) Currency Risk Group 4, where "4" is specified in Column 3 of the below table in respect of any currency in which payments are made;

Currencies By Risk Groups*		
Column 1	Column 2	Column 3
Currency	Single currency swap	Cross-currency swap
U.S. dollar	1	1
Euro	1	1
Japanese yen	1	1
British pound	1	1
Canadian dollar	1	1
Australian dollar	1	1
Danish krone	1	1
Norwegian krone	1	1
Swedish krona	1	1
Swiss Franc	1	1
New Zealand dollar	1	1
Singapore dollar	1	1
Hong Kong dollar	2	2
New Taiwan dollar	2	2
Korean won	3	3
Mexican peso	3	4
South African rand	3	4
Russian ruble	4	4

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

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

"Moody's Additional Amount" means, for any Valuation Date:

- (a) in respect of any Transaction that is both a cross-currency hedge and an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier (Optionality) and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (b) in respect of any Transaction that is a cross-currency hedge and is not an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (c) in respect of any Transaction that is not a cross-currency hedge and is an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier (Optionality) and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date; and

- (d) in respect of any Transaction that is neither a cross-currency hedge nor an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

"Moody's Criteria" means the publication entitled "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions" published by Moody's on 12 November 2013.

"Moody's Cross Currency DV01 Multiplier" means 120.

"Moody's Cross Currency DV01 Multiplier (Optionality)" means 190.

"Moody's Cross Currency Notional Amount Higher Multiplier" means 0.3.

"Moody's Cross Currency Notional Amount Higher Multiplier (Optionality)" means 0.36.

"Moody's Cross Currency Notional Amount Lower Multiplier" means 0.14.

"Moody's Single Currency DV01 Multiplier" means 140.

"Moody's Single Currency DV01 Multiplier (Optionality)" means 210.

"Moody's Single Currency Notional Amount Multiplier" means 0.22.

"Moody's Single Currency Notional Amount Multiplier (Optionality)" means 0.27.

"Moody's WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the Moody's WAL in a commercially reasonable manner assuming default and a prepayment assumptions based on its then current internal models.

"Optionality Hedge" means any Transaction that is a cap, floor or swaption.

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

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

"S&P Criteria" means the publication entitled "Counterparty Risk Framework Methodology and Assumptions" published by S&P on 25 June 2013.

"S&P WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the S&P WAL in a commercially reasonable manner assuming no default and no voluntary prepayment.

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

"Transaction Cross Currency DV01" means, with respect to a Transaction and any date of determination, the greater of (i) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party A's payment obligations under such Transaction) on such date and (ii) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party B's payment obligations under such Transaction) on such date, in each case as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Transaction Notional Amount" means in respect of a Valuation Date (A) in respect of any Transaction that is a cross currency hedge, the Base Currency Equivalent of the Currency Amount (as defined in the Confirmation relating to the Transaction) applicable to Party A's payment obligations for the Calculation Period (as defined in the Confirmation relating to the Transaction) which includes such Valuation Date and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount (as defined in the Confirmation relating to the Transaction).

"Transaction Single Currency DV01" means, with respect to a Transaction and any date of determination, the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve on such date, as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Volatility Buffer" means on any Valuation Date, the sum for each Transaction of an amount equal to the product of:

- (a) the relevant percentage for the Currency Risk Group applicable to such Transaction, specified in the columns headed "Interest Rate Swaps" or "Cross Currency Swaps" (as applicable) in respect of swap transactions with an S&P WAL as is specified in the column headed "Swap tenor--weighted-average life (years)" in the applicable table in the S&P Criteria (provided that, for the purpose of identifying the applicable tenor in the table in the S&P Criteria the tenor of the Transaction will, where necessary, be rounded up); and

- (b) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

For purposes of the above, "the applicable table in the S&P Criteria" means:

- (a) with respect to Option 1, Table 8a, 8b or 8c corresponding to the rating of the Notes by S&P on the relevant Valuation Date; and
- (b) with respect to Option 2, Table 9a, 9b or 9c corresponding to the rating of the Notes by S&P on the relevant Valuation Date.

Appendix A – Moody's Requirements**Table A****Enhanced Collateral Formulas - Swaps without Optionality**

Swap Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	1.2%	14.2%
>1 and ≤2	2.6%	14.3%
>2 and ≤3	3.9%	14.4%
>3 and ≤4	5.0%	14.6%
>4 and ≤5	5.9%	14.9%
>5 and ≤6	6.7%	15.3%
>6 and ≤7	7.5%	15.6%
>7 and ≤8	8.3%	16.5%
>8 and ≤9	9.2%	17.3%
>9 and ≤10	10.0%	18.2%
>10 and ≤11	10.6%	18.8%
>11 and ≤12	11.2%	19.4%
>12 and ≤13	11.8%	20.0%
>13 and ≤14	12.4%	20.6%
>14 and ≤15	13.0%	21.2%
>15 and ≤16	13.6%	21.7%
>16 and ≤17	14.2%	22.3%
>17 and ≤18	14.8%	22.9%
>18 and ≤19	15.4%	23.5%
>19 and ≤20	16.0%	24.1%
>20 and ≤21	16.6%	24.7%
>21 and ≤22	17.2%	25.3%
>22 and ≤23	17.8%	25.9%
>23 and ≤24	18.4%	26.5%
>24 and ≤25	19.0%	27.1%
>25 and ≤26	19.6%	27.6%
>26 and ≤27	20.2%	28.2%
>27 and ≤28	20.8%	28.8%
>28 and ≤29	21.4%	29.4%
>29	22.0%	30.0%

Table B**Enhanced Collateral Formulas - Swaps with Optionality**

Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	1.6%	14.7%
>1 and ≤2	3.4%	14.9%
>2 and ≤3	4.9%	15.4%
>3 and ≤4	6.6%	15.7%
>4 and ≤5	7.6%	16.5%
>5 and ≤6	8.6%	17.3%
>6 and ≤7	9.8%	17.6%
>7 and ≤8	10.9%	19.0%
>8 and ≤9	11.9%	20.2%
>9 and ≤10	13.0%	21.4%
>10 and ≤11	13.8%	22.3%
>11 and ≤12	14.6%	23.3%
>12 and ≤13	15.3%	24.2%
>13 and ≤14	16.1%	25.1%
>14 and ≤15	16.9%	26.0%
>15 and ≤16	17.7%	27.0%
>16 and ≤17	18.5%	27.9%
>17 and ≤18	19.3%	28.6%
>18 and ≤19	20.1%	29.5%
>19 and ≤20	20.7%	30.9%
>20 and ≤21	21.3%	31.8%
>21 and ≤22	21.5%	32.5%
>22 and ≤23	22.3%	33.5%
>23 and ≤24	23.0%	33.8%
>24 and ≤25	23.8%	34.6%
>25 and ≤26	24.5%	34.9%
>26 and ≤27	25.3%	35.3%
>27 and ≤28	26.0%	36.0%
>28 and ≤29	26.8%	36.0%
>29	27.0%	36.0%

Appendix B – 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 (Years)</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	>=15
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 C - MOODY'S VALUATION PERCENTAGES**Valuation Percentages (where the Base Currency is US dollars)**

Instrument	Valuation Percentage
US Dollar Cash	100%
EURO Cash	94%
Sterling Cash	95%
Yen Cash	95%
US Dollar Denominated Fixed Rate Negotiable Debt issued by the US Treasury with Remaining Maturity	
≤1 year	100%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	97%
>5 and ≤7	96%
>7 and ≤10	94%
>10 and ≤20	90%
>20	88%
US Dollar Denominated Floating Rate Negotiable Debt issued by the US Treasury All Maturities	99%
US Dollar Fixed Rate US Agency Debentures with Remaining Maturity	
≤1 year	99%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	96%
>5 and ≤7	93%
>7 and ≤10	93%
>10 and ≤20	89%
>20	87%
US Dollar Denominated Floating Rate US Agency Debentures All Maturities	98%
EURO Denominated Fixed Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	90%
>5 and ≤7	89%
>7 and ≤10	88%
>10 and ≤20	84%
>20	82%
EURO Denominated Floating Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's All Maturities	93%
Sterling Denominated Fixed Rate United Kingdom Gilts with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	91%
>5 and ≤7	90%

>7 and \leq 10	89%
>10 and \leq 20	86%
>20	84%
Sterling Denominated Floating Rated United Kingdom Gilts All Maturities	94%
Yen Denominated Fixed Rate Japanese Government Bonds with Remaining Maturity	
\leq 1 year	96%
>1 and \leq 2	95%
>2 and \leq 3	94%
>3 and \leq 5	93%
>5 and \leq 7	92%
>7 and \leq 10	91%
>10 and \leq 20	87%
>20	86%
Yen Denominated Floating Rate Japanese Government Bonds All Maturities	95%

APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT

Category Description	Eligible Credit Support	S&P Valuation Percentage
Cash	Cash in Base Currency. Cash in an Eligible Currency other than the Base Currency.	100% 100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10
Category 1	Government issued negotiable debt obligations with an Eligible Rating and denominated in the Base Currency.	100%
	Government issued negotiable debt obligations with an Eligible Rating, denominated in an Eligible Currency and having a rating (or issued by a government with a rating) at least equal to the then current rating of the Relevant Notes.	100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.
Category 2	Any item denominated in the Base Currency or Eligible Currency and 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 the liability haircuts set out therein corresponding to the next lower rating category than the current rating of the Relevant Notes and <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.

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.

For the purposes of the above, "the applicable Table 10" means Table 10a, 10b or 10c corresponding to the rating of the Relevant Notes by S&P on the relevant Valuation Date as set out below.

Table 10a – Currency Advance Rates For Collateral With Currency Exposure For 'AAA' Rated Securities

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		92.5	92.0	94.0	95.0	92.0	92.5	92.0	92.0	92.0	91.5	95.0	98.5	96.0
Euro			90.5	94.0	90.5	92.0	96.0	94.0	94.0	94.0	91.5	93.0	92.5	91.5
Japanese yen				89.0	91.5	87.0	91.0	90.5	91.0	91.0	87.0	92.5	92.0	91.5
British pound					91.5	92.0	94.0	92.5	92.5	92.5	91.5	92.0	94.0	93.0
Canadian dollar						92.0	92.5	92.0	92.0	92.0	91.5	94.0	95.0	94.0
Australian dollar							91.5	91.0	91.0	90.0	94.5	90.0	92.0	91.0
Danish krone								95.0	95.0	96.5	91.0	92.5	92.5	92.0
Norwegian krone									94.5	94.5	91.0	92.0	92.0	92.0
Swedish krona										94.5	91.0	92.0	92.0	91.5

Swiss Franc											90.0	92.0	92.0	91.5
New Zealand dollar												89.5	91.5	90.5
Singapore dollar													95.0	94.5
Hong Kong dollar														96.0

Table 10b – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated In The 'AA' Category

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		93.5	92.5	94.5	95.5	93.0	93.5	93.0	93.0	93.0	92.5	95.5	99.0	96.5
Euro			91.5	94.5	91.5	92.5	96.5	94.5	94.5	94.5	92.5	91.5	93.5	92.5
Japanese yen				90.0	92.5	89.0	92.0	91.5	92.0	92.0	88.5	93.5	92.5	92.5
British pound					92.5	93.0	94.5	93.5	93.0	93.5	92.5	93.0	94.5	93.5
Canadian dollar						93.0	93.0	93.0	93.0	92.5	90.5	94.5	95.5	94.5
Australian dollar							92.0	92.0	92.0	91.0	95.0	91.0	93.0	92.0
Danish krone								95.5	95.5	97.0	92.0	93.0	93.5	93.0
Norwegian krone									95.0	95.0	92.0	92.5	93.0	92.5
Swedish krona										95.0	92.0	93.0	93.0	92.5

Swiss Franc											91.0	93.0	93.0	92.5
New Zealand dollar												90.5	92.5	91.5
Singapore dollar													95.5	95.0
Hong Kong dollar														96.5

Table 10c – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated 'A+' Or Lower

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		94.0	93.0	95.0	96.0	93.5	94.0	93.5	93.5	93.5	93.0	96.0	99.5	97.0
Euro			92.0	95.0	92.0	93.0	97.0	95.0	95.0	95.0	93.0	92.0	94.0	93.0
Japanese yen				90.5	93.0	89.5	92.5	92.0	92.5	92.5	89.0	94.0	93.0	93.0
British pound					93.0	93.5	95.0	94.0	93.5	94.0	93.0	93.5	95.0	94.0
Canadian dollar						93.5	93.5	93.5	93.5	93.0	91.0	95.0	96.0	95.0
Australian dollar							92.5	92.5	92.5	91.5	95.5	91.5	93.5	92.5
Danish krone								96.0	96.0	97.5	92.5	93.5	94.0	93.5
Norwegian krone									95.5	95.5	92.5	93.0	93.5	93.0
Swedish krona										95.5	92.5	93.5	93.5	93.0

Swiss Franc											91.5	93.5	93.5	93.0
New Zealand dollar												91.0	93.0	92.0
Singapore dollar													96.0	95.5
Hong Kong dollar														97.0

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:

Barclays Bank plc

By

Name:

Title:

Signed for and behalf of:

on:

by:

Paragon Mortgages (No.12) 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**")

dated as of

14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on

27 August 2014

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 12) 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.

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- (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: 51 Homer Road
Solihull
West Midlands B91 3QJ

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, 13th 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 Affected Party.

"Early Redemption and Prepayment of the Notes. For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(c) (*Redemption for Taxation or Other Reasons*) or 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 the exercise of such right.

(g) **Ratings Event**

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

(a) *Replacement Options.*

This Agreement sets out four options for the definition of Initial S&P Rating Event, Subsequent S&P Rating Event and Credit Support Amount (in each case, being "**Option 1**", "**Option 2**", "**Option 3**" and "**Option 4**" respectively and each a "**Replacement Option**"). As of 27 August 2014, Option 2 shall apply to this Agreement. On or after 27 August 2014, the Replacement Option may be amended in accordance with this Part 5(g)(i)(a) (the "**S&P Substitution Provisions**").

Party A may, upon not less than one Business Days' notice to Party B and S&P, in substantially the form set out in the Exhibit A to this Schedule (a "**Replacement Option Switch Notice**"), elect that (a) Option 1, Option 2, Option 3 or Option 4 shall apply or (b) if at the time of such notice Party A has previously elected that any of Option 1, Option 2, Option 3 or Option 4 applies, (i) that another option shall apply and (ii) that any previous election shall cease to apply.

With effect from the Business Day following the date a Replacement Option Switch Notice is effective (such date, the "**Substitution Effective Date**"), the definitions of "**Initial S&P Required Rating**", "**Subsequent S&P Required Rating**" and "**Credit Support Amount**" (as defined in the Credit Support Annex) shall be deemed to be amended to the equivalent definitions set out below corresponding to the relevant Replacement Option elected.

The right of Party A to make an election pursuant to this Part 5(g)(i)(a) is subject to the following conditions being satisfied on the proposed Substitution Effective Date:

- (1) no Event of Default or Termination Event has occurred and is continuing with respect to which Party A is a Defaulting Party or an Affected Party, as the case may be;
- (2) no Subsequent S&P Rating Event would occur as a result of the election; and

- (3) the Substitution Effective Date must not occur during any extension to the Collateral Remedy Period or Non Collateral Remedy Period.

(b) *Initial S&P Rating Event*

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 Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option 4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); or
- (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) (Transfers) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Initial S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Initial S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 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 sub-paragraph 5(g)(b)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(b)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(c) *Subsequent S&P Rating Event*

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

- (i) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option

4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); and

- (ii) Party A shall use commercially reasonable efforts to, as soon as reasonably practicable, at its own cost:
 - (x) subject to Part 5(q) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action), as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Subsequent S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Subsequent S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 5(g)(i)(c)(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 Subsequent S&P Rating Event pursuant to sub-paragraph 5(g)(i)(c)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(c)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(d) *Additional Termination Events*

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)(b)(i) or 5(g)(i)(c)(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 applicable Collateral Remedy Period unless at such time Party A has taken one of the measures described in Parts 5(g)(i)(b)(ii) or 5(g)(i)(c)(ii), as the case may be, with Party A as the sole Affected Party and all Transactions as Affected Transactions, *provided that*, notwithstanding any other provision of this Agreement, such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days

have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

- (ii) if Party A does not take the measures described in Part 5(g)(i)(c)(ii) above following a Subsequent S&P Rating Event within the Non Collateral Remedy Period 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, *provided that*, Party A has received a Firm Offer from a counterparty that would qualify as an Eligible Replacement, to enter into a replacement transaction(s) with Party B in respect of the Affected Transactions.

(e) *Definitions*

For the purposes of this Agreement:

"Collateral Remedy Period" means the period that commences on (and excludes) the date on which an Initial S&P Rating Event or Subsequent S&P Rating Event (as applicable) occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such 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 event occurs.

"Initial S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Initial S&P Rating Event".

"Non 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) either (i) the 30th calendar day following the date on which such event occurs if Option 4 has been selected or (ii) the 60th calendar day following the date on which such event occurs if Option 1, 2 or 3 has been selected, provided that:

- (1) in the case of (i) above, if Party A has, on or before the 30th calendar day following the date on which such 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 "Non Collateral Remedy Period means the period that commences on (and excludes) the date on which such event occurs and ends on (and

includes) the 60th calendar day following the date on which such event occurs; or

- (2) in the case of (ii) above, if Party A has on or before the 60th calendar day following the date on which such 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 "Non Collateral Remedy Period" means the period that commences on (and excludes) the date on which such event occurs and ends on (and includes) the 90th calendar day following the date on which such event occurs.

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

"S&P Eligible Replacement" means either (a) an entity with the Initial S&P Required Rating or (b) an entity with the Subsequent S&P Required Rating, provided that such entity complies with the provisions of Part 5(g)(i)(b) above with respect to its own obligations under the Agreement.

"S&P Minimum Counterparty Rating" means, in respect of each of Option 1, Option 2, Option 3 or Option 4, the entity's issuer credit rating or the rating of an entity's long-term, unsecured and unsubordinated debt obligations as specified in the table below (the "S&P Rating Table") under the columns "Initial S&P Rating Event" and "Subsequent S&P Rating Event", as applicable:

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A*	BBB+	A*	A-	A*	A*	NA	A+
AA+	A*	BBB+	A*	A-	A*	A*	NA	A+
AA	A-	BBB+	A*	A-	A*	A*	NA	A+
AA-	A-	BBB**	A-	BBB+	A-	A-	NA	A*
A+	BBB+	BBB**	A-	BBB+	A-	A-	NA	A*
A	BBB+	BBB**	A-	BBB+	A-	A-	NA	At least as high as the Relevant Notes rating
A-	BBB**	BBB-	BBB+	BBB**	BBB+	BBB+	NA	At least as high as the Relevant Notes rating
BBB+	BBB**	BBB-	At least as high as the Relevant Notes	BBB**	At least as high as the Relevant Notes	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating

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			rating		rating			
BBB	BBB-	BB+	At least as high as the Relevant Notes rating	BBB-	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB-	At least as high as the Relevant Notes rating	BB+	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BB+ and below	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
* To meet the minimum eligible rating of "A", the entity should also have a short term rating of "A-1".								
**To meet the minimum eligible rating of "BBB", the entity should also have a short term rating of "A-2"								
*** If the Relevant Notes are downgraded by S&P because of Party A's failure to perform under this Agreement or failure to comply with the S&P Criteria with respect to swap counterparties, then the current rating will be deemed to be the rating of the Relevant Notes immediately prior to such downgrade.								

"**Subsequent S&P Required Rating**" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Subsequent S&P Rating Event".

(ii) **Moody's**

(a) *Initial Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the First Trigger Required Rating (such event, an "**Initial Moody's Rating Event**") and so long as an Initial Moody's Rating Event is in effect, then (A) Party A shall, as soon as reasonably practicable and at its own expense, post collateral pursuant to, and subject to the terms of, the Credit Support Annex and (B) Party A may, at any time following the occurrence of an Initial Moody's Rating Event, at its own discretion and at its own expense, either:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or

- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes,

provided that, Party A is not required to comply with Part 5(g)(ii)(a)(A) if it has implemented at least one of the remedies described in Part 5(g)(ii)(a)(B).

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

(b) *Subsequent Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the Second Trigger Required Rating (a "**Subsequent Moody's Rating Event**") then Party A shall, as soon as reasonably practicable and so long as the Subsequent Moody's Rating Event is in effect, at its own expense, use commercially reasonable efforts to:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes.

(c) Not used.

(d) In relation to Part 5(g)(ii)(a)(A) 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.

(e) Not used.

(f) Not used.

(g) Not used.

(h) *Additional Termination Events*

The occurrence of any of the following events shall not be or give rise to an Event of Default but shall each constitute an Additional Termination Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions:

(i) *Initial Moody's Rating Event*

If an Initial Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the First Trigger Required Rating and Party A has (A) failed to comply with Part 5(g)(ii)(a)(A) and (B) failed to take any of the measures described in Part 5(g)(ii)(a)(B) and either (x) a Subsequent Moody's Rating Event is not continuing or (y) if a Subsequent Moody's Rating Event is continuing, less than 30 Local Business Days have elapsed since the occurrence of the relevant Subsequent Moody's Rating Event, *provided that*, notwithstanding any other provision of this Agreement, with regard to a failure to post collateral pursuant to Part 5(g)(ii)(a)(A), such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

(ii) *Subsequent Moody's Rating Event*

If (A) a Subsequent Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the Second Trigger Required Rating and (B) Party A has failed to take any of the measures described in Part 5(g)(ii)(b) above, *provided that*, at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding upon acceptance) to be the transferee of all of Party A's obligations under this Agreement.

(i) *Definitions*

For the purposes of this Agreement:

"Eligible Guarantee" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use its best endeavours to procure that Party A takes such action, (II)(A) the guarantor and Party B are resident for tax purposes in the same jurisdiction, (B) a law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under such guarantee will be subject to deduction or withholding for tax, (C) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to deduction or withholding for tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any tax) will equal the full amount Party B would have received had no such deduction or withholding been required or (D) in the event that any payment (the "Primary Payment") under such guarantee is made net of deduction or withholding for tax, Party A is required, under this Agreement, to make such additional payment (the "Additional Payment") as is necessary to ensure that the net amount actually received by

Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and the Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

"Eligible Guarantor" means an entity having a credit rating equal to at least the First Trigger Required Rating.

"First Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "A3" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "A3" or above by Moody's.

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

"Moody's Eligible Replacement" means an entity (A) with the First Trigger Required Rating or (B) whose present and future obligations owing to Party B under this Agreement are guaranteed pursuant to an Eligible Guarantee provided by an Eligible Guarantor.

"Second Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "Baa1" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "Baa1" or above by Moody's.

"Relevant Entities" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "Relevant Entity" means any one of them.

(iii) **Fitch Ratings Event**

(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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the

later of (i) the first Business Day immediately following the Fitch Ratings Level 1 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(a) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 2 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(b) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 3 Cure Period and (ii) the first Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement.

(d) **Fitch downgrade definitions**

In this Agreement:

"Fitch" means Fitch Ratings Ltd.

"Fitch Eligible Counterparty" 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; or
- (3) who (or whose Credit Support Provider) is a Fitch Ratings Level 2 Minimum Rated Entity at that time provided that such entity has (or does at the point of becoming a transferee or Credit Support Provider) either:
 - (i) provided collateral in support of its obligations pursuant to the Credit Support Annex; or

- (ii) obtained a guarantee or other suitable credit support for its obligations from a counterparty that is a Fitch Minimum Rated Entity.

"Fitch Eligible Replacement" means an entity that is, or whose obligations are guaranteed by, a Fitch Eligible Counterparty.

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

- (1) its short term issuer default rating by Fitch is at that time at least as high as "F1" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "A+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F2" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F3" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB-" (or its equivalent) by Fitch or, if an issuer default rating is not available for such person, 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 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 Eligible Replacement; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Eligible Counterparty 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 20 July 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.

(iv) ***Definition of "Firm Offer"***

For the purposes of this Agreement "**Firm Offer**" means an offer which, when made, was capable of becoming legally binding upon acceptance.

(v) ***Definition of "Eligible Replacement"***

For the purposes of this Agreement "**Eligible Replacement**" means an entity which is (A) an S&P Eligible Replacement, (B) a Moody's Eligible Replacement and (C) a Fitch Eligible Replacement. For the avoidance of doubt, an entity must satisfy all three requirements in order to be an Eligible Replacement.

(vi) ***Definition of "Swap Collateral Account"***

For the purposes of this Agreement "**Swap Collateral Account**" means the relevant Hedge Collateral Cash Account or Hedge Collateral Securities Account, as applicable.

(p) ***Calculations***

If an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or a Tax Event Upon Merger or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

(i) The definition of "**Market Quotation**" shall be deleted in its entirety and replaced with the following:

"**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is:

- (1) made by an Eligible Replacement;
- (2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date;
- (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant

Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included; and

- (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions), as determined by Party B."
- (ii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in sub-paragraph (4) of Market Quotation, it shall do so in a commercially reasonable manner.
- (iii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

"Settlement Amount" means, with respect to any Early Termination Date:

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding, the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation;
- (2) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or
- (3) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."
- (iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is

lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).

- (v) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use reasonable efforts to do so before the Early Termination Date.
- (vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded.

(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 is an Eligible Replacement;
- (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 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.

Exhibit A

FORM OF REPLACEMENT OPTION SWITCH NOTICE

To: Standard & Poor's Rating Services
20 Canada Square
London
E14 5LH

Copy to: Paragon Mortgages (No.12) plc
51 Homer Road
Solihull
West Midlands
B91 3QJ

Attention: Swaps Administration, Finance Department

and

Citigroup Centre, 13th Floor
Canada Square
Canary Wharf
London E14 5LB

Attention: Agency & Trust

From: Barclays Bank plc
5, The North Colonnade
Canary Wharf
London, E14 4BB

[Date]

Dear Sirs

Paragon Mortgages (No.12) plc – Replacement Option Switch Notice

We refer to the ISDA Master Agreement in relation to the Class A2b Notes between Barclays Bank plc as Party A and Paragon Mortgages (No.12) plc as Party B, dated as of 14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on 27 August 2014 (the "**Agreement**").

All terms capitalised but not defined herein shall have the meaning given to such terms in the Agreement.

This is a Replacement Option Switch Notice.

As at the date hereof, Option [1/2/3/4] applies.

As of the day that is the first Business Day after the day this notice becomes effective pursuant to Section 12 (*Notices*) of the Agreement, Option [1/2/3/4] shall apply until the delivery of another Replacement Option Switch Notice.

Schedule to the Master Agreement for A2b Currency Swap

This Replacement Option Switch Notice shall form part of the Agreement as of the date it becomes effective pursuant to Section 12 (*Notices*) of the Agreement.

Yours faithfully

Barclays Bank plc

By:

Title:

Signed for and behalf of:

on:

by:

Barclays Bank plc

By:.....

Name:

Title:

Signed for and behalf of:

on:

by:

Paragon Mortgages (No.12) plc

By:.....

Name:

Title:

Signed for and behalf of:

on:

by:

Citicorp Trustee Company Limited

By:.....

Name:

Title:

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 14 July 2006, as amended and restated on 7 July 2011 and as further amended and
restated on 27 August 2014

between

- (1) **BARCLAYS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO.12) 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 Euros.
 - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: US dollars and Pounds Sterling.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency in circumstances where 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 is Fitch (but not Moody's or S&P), the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by Fitch ("**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.

- (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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(A)	cash in an Eligible Currency	As set out in Appendix C	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; the Republic of Ireland; or the U.S. Treasury	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
	Department, (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:		
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	To be agreed between Party A and Fitch
(C)	Negotiable debt obligations issued by: 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, (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:	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	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.	As set out in Appendix C	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 item of Eligible Credit Support, the lowest of the ratings and/or the Valuation Percentages, as the case may be, shall apply.

(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 any of the Moody's Threshold, Fitch Threshold or S&P Threshold is zero, in which case the Threshold for Party A shall be zero.

"Fitch Threshold" means, where a Fitch Ratings Level 1 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(iii)(a)(1) or a Fitch Ratings Level 2 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(iii)(b)(1), zero and at any other time, infinity.

"Moody's Threshold" means, where an Initial Moody's Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(ii)(a)(B), (i), (ii) or (iii), zero and at any other time, infinity.

"S&P Threshold" means, where an Initial S&P Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(i)(b)(ii) or a Subsequent S&P Rating Event and Party A has not otherwise complied with Part 5(g)(i)(c)(ii), zero and at any other time, infinity.

"Threshold" means, for Party B: Infinity

- (C) **"Minimum Transfer Amount"** means, with respect to Party A and Party B, EUR60,000; 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 EUR12,500 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:

Eligible Currency	Interest Rate
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

Account With:	BARCUS33	Barclays New York
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	050035428	
Reference:	COLLATERAL	

EUR CASH

Account With:	BARCGB22	Barclays Bank PLC
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	44295577	
Reference:	COLLATERAL	

GBP CASH

Account With:	BARCGB22	Barclays Bank PLC
Sort Code:	20-00-00	
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	50654140	
Reference:	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 set out below.

Moody's Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Moody's Threshold is infinity, zero; and
- (b) if the Moody's Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the sum of (x) the Transferee's Exposure and (y) the aggregate of the Moody's Additional Amounts in respect of such Valuation Date for all Transactions (other than the Transaction constituted by this Annex).

S&P Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the S&P Threshold is infinity, zero; and
- (b) if the S&P Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the table below corresponding to the Replacement Option in effect at such time:

Option 1	the sum of (x) Transferee's Exposure (which may be a negative number) and (y) the applicable Volatility Buffer
Option 2	<p>(A) where an Initial S&P Rating Event has occurred, Transferee's Exposure (which may be a negative number) multiplied by 1.25;</p> <p>or</p> <p>(B) where a Subsequent S&P Rating Event has occurred:</p> <p>the greater of:</p> <p>(x) the sum of (1) Transferee's Exposure (which may be a negative number) and (2) the applicable Volatility Buffer; and</p> <p>(y) Transferee's Exposure (which may be a negative</p>

	number) multiplied by 1.3
Option 3	Transferee's Exposure (which may be a negative number) multiplied by 1.25
Option 4	Zero

Fitch Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Fitch Threshold is infinity, zero; and
- (b) if the Fitch Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the following formula:

$\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]$

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 B (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) ***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."

(x) ***Exposure.***

"Exposure" has the meaning specified in Paragraph 10, except that (1) after the word "Agreement" the words "(assuming, for this purpose only, that Part 5(p) (*Calculations*) of the Schedule is deleted)" shall be inserted and (2) at the end of the definition of "Exposure", the words "without assuming that the terms of such Replacement Transactions are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

(xi) ***Definitions.***

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

"Currency Risk Group" means, on each Valuation Date, in respect of a Transaction:

- (a) pursuant to which payments are made in one currency only and such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in respect of such currency in Column 2 of the below table;
 - (ii) Currency Risk Group 2, where "2" is specified in respect of such currency in Column 2 of the below table;
 - (iii) Currency Risk Group 3, where "3" is specified in respect of such currency in Column 2 of the below table; and
 - (iv) Currency Risk Group 4, where "4" is specified in respect of such currency in Column 2 of the below table;
- (b) pursuant to which payments are made in more than one currency and each such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in Column 3 of the below table in respect of each currency in which payments are made;
 - (ii) Currency Risk Group 2, where (x) "2" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "3" or "4" are not specified in Column 3 of the below table in respect of any of the other currencies in which payments are made;
 - (iii) Currency Risk Group 3, where (x) "3" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "4" is not specified in Column 3 of the below table in

respect of any of the other currencies in which payments are made;
and

- (iv) Currency Risk Group 4, where "4" is specified in Column 3 of the below table in respect of any currency in which payments are made;

Currencies By Risk Groups*		
Column 1	Column 2	Column 3
Currency	Single currency swap	Cross-currency swap
U.S. dollar	1	1
Euro	1	1
Japanese yen	1	1
British pound	1	1
Canadian dollar	1	1
Australian dollar	1	1
Danish krone	1	1
Norwegian krone	1	1
Swedish krona	1	1
Swiss Franc	1	1
New Zealand dollar	1	1
Singapore dollar	1	1
Hong Kong dollar	2	2
New Taiwan dollar	2	2
Korean won	3	3
Mexican peso	3	4
South African rand	3	4
Russian ruble	4	4

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

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

"Moody's Additional Amount" means, for any Valuation Date:

- (a) in respect of any Transaction that is both a cross-currency hedge and an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier (Optionality) and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (b) in respect of any Transaction that is a cross-currency hedge and is not an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (c) in respect of any Transaction that is not a cross-currency hedge and is an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier (Optionality) and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date; and

- (d) in respect of any Transaction that is neither a cross-currency hedge nor an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

"Moody's Criteria" means the publication entitled "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions" published by Moody's on 12 November 2013.

"Moody's Cross Currency DV01 Multiplier" means 120.

"Moody's Cross Currency DV01 Multiplier (Optionality)" means 190.

"Moody's Cross Currency Notional Amount Higher Multiplier" means 0.3.

"Moody's Cross Currency Notional Amount Higher Multiplier (Optionality)" means 0.36.

"Moody's Cross Currency Notional Amount Lower Multiplier" means 0.14.

"Moody's Single Currency DV01 Multiplier" means 140.

"Moody's Single Currency DV01 Multiplier (Optionality)" means 210.

"Moody's Single Currency Notional Amount Multiplier" means 0.22.

"Moody's Single Currency Notional Amount Multiplier (Optionality)" means 0.27.

"Moody's WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the Moody's WAL in a commercially reasonable manner assuming default and a prepayment assumptions based on its then current internal models.

"Optionality Hedge" means any Transaction that is a cap, floor or swaption.

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

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

"S&P Criteria" means the publication entitled "Counterparty Risk Framework Methodology and Assumptions" published by S&P on 25 June 2013.

"S&P WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the S&P WAL in a commercially reasonable manner assuming no default and no voluntary prepayment.

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

"Transaction Cross Currency DV01" means, with respect to a Transaction and any date of determination, the greater of (i) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party A's payment obligations under such Transaction) on such date and (ii) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party B's payment obligations under such Transaction) on such date, in each case as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Transaction Notional Amount" means in respect of a Valuation Date (A) in respect of any Transaction that is a cross currency hedge, the Base Currency Equivalent of the Currency Amount (as defined in the Confirmation relating to the Transaction) applicable to Party A's payment obligations for the Calculation Period (as defined in the Confirmation relating to the Transaction) which includes such Valuation Date and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount (as defined in the Confirmation relating to the Transaction).

"Transaction Single Currency DV01" means, with respect to a Transaction and any date of determination, the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve on such date, as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Volatility Buffer" means on any Valuation Date, the sum for each Transaction of an amount equal to the product of:

- (a) the relevant percentage for the Currency Risk Group applicable to such Transaction, specified in the columns headed "Interest Rate Swaps" or "Cross Currency Swaps" (as applicable) in respect of swap transactions with an S&P WAL as is specified in the column headed "Swap tenor--weighted-average life (years)" in the applicable table in the S&P Criteria (provided that, for the purpose of identifying the applicable tenor in the table in the S&P Criteria the tenor of the Transaction will, where necessary, be rounded up); and

- (b) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

For purposes of the above, "the applicable table in the S&P Criteria" means:

- (a) with respect to Option 1, Table 8a, 8b or 8c corresponding to the rating of the Notes by S&P on the relevant Valuation Date; and
- (b) with respect to Option 2, Table 9a, 9b or 9c corresponding to the rating of the Notes by S&P on the relevant Valuation Date.

Appendix A – Moody's Requirements**Table A****Enhanced Collateral Formulas - Swaps without Optionality**

Swap Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	1.2%	14.2%
>1 and ≤2	2.6%	14.3%
>2 and ≤3	3.9%	14.4%
>3 and ≤4	5.0%	14.6%
>4 and ≤5	5.9%	14.9%
>5 and ≤6	6.7%	15.3%
>6 and ≤7	7.5%	15.6%
>7 and ≤8	8.3%	16.5%
>8 and ≤9	9.2%	17.3%
>9 and ≤10	10.0%	18.2%
>10 and ≤11	10.6%	18.8%
>11 and ≤12	11.2%	19.4%
>12 and ≤13	11.8%	20.0%
>13 and ≤14	12.4%	20.6%
>14 and ≤15	13.0%	21.2%
>15 and ≤16	13.6%	21.7%
>16 and ≤17	14.2%	22.3%
>17 and ≤18	14.8%	22.9%
>18 and ≤19	15.4%	23.5%
>19 and ≤20	16.0%	24.1%
>20 and ≤21	16.6%	24.7%
>21 and ≤22	17.2%	25.3%
>22 and ≤23	17.8%	25.9%
>23 and ≤24	18.4%	26.5%
>24 and ≤25	19.0%	27.1%
>25 and ≤26	19.6%	27.6%
>26 and ≤27	20.2%	28.2%
>27 and ≤28	20.8%	28.8%
>28 and ≤29	21.4%	29.4%
>29	22.0%	30.0%

Table B
Enhanced Collateral Formulas - Swaps with Optionality

Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	1.6%	14.7%
>1 and ≤2	3.4%	14.9%
>2 and ≤3	4.9%	15.4%
>3 and ≤4	6.6%	15.7%
>4 and ≤5	7.6%	16.5%
>5 and ≤6	8.6%	17.3%
>6 and ≤7	9.8%	17.6%
>7 and ≤8	10.9%	19.0%
>8 and ≤9	11.9%	20.2%
>9 and ≤10	13.0%	21.4%
>10 and ≤11	13.8%	22.3%
>11 and ≤12	14.6%	23.3%
>12 and ≤13	15.3%	24.2%
>13 and ≤14	16.1%	25.1%
>14 and ≤15	16.9%	26.0%
>15 and ≤16	17.7%	27.0%
>16 and ≤17	18.5%	27.9%
>17 and ≤18	19.3%	28.6%
>18 and ≤19	20.1%	29.5%
>19 and ≤20	20.7%	30.9%
>20 and ≤21	21.3%	31.8%
>21 and ≤22	21.5%	32.5%
>22 and ≤23	22.3%	33.5%
>23 and ≤24	23.0%	33.8%
>24 and ≤25	23.8%	34.6%
>25 and ≤26	24.5%	34.9%
>26 and ≤27	25.3%	35.3%
>27 and ≤28	26.0%	36.0%
>28 and ≤29	26.8%	36.0%
>29	27.0%	36.0%

Appendix B – 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 (Years)</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	>=15
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 C - MOODY'S VALUATION PERCENTAGES**Valuation Percentages (where the Base Currency is Euros)**

Instrument	Valuation Percentage
EURO Cash	100%
Sterling Cash	97%
US Dollar Cash	94%
Yen Cash	93%
US Dollar Denominated Fixed Rate Negotiable Debt issued by the US Treasury with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	91%
>5 and ≤7	90%
>7 and ≤10	88%
>10 and ≤20	85%
>20	83%
US Dollar Denominated Floating Rate Negotiable Debt issued by the US Treasury All Maturities	93%
US Dollar Fixed Rate US Agency Debentures with Remaining Maturity	
≤1 year	93%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	90%
>5 and ≤7	89%
>7 and ≤10	87%
>10 and ≤20	84%
>20	82%
US Dollar Denominated Floating Rate US Agency Debentures All Maturities	92%
EURO Denominated Fixed Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's with Remaining Maturity	
≤1 year	100%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	96%
>5 and ≤7	95%
>7 and ≤10	94%
>10 and ≤20	89%
>20	87%
EURO Denominated Floating Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's All Maturities	99%
Sterling Denominated Fixed Rate United Kingdom Gilts with Remaining Maturity	
≤1 year	96%
>1 and ≤2	95%
>2 and ≤3	94%
>3 and ≤5	93%
>5 and ≤7	92%

>7 and \leq 10	91%
>10 and \leq 20	87%
>20	85%
Sterling Denominated Floating Rated United Kingdom Gilts All Maturities	96%
Yen Denominated Fixed Rate Japanese Government Bonds with Remaining Maturity	
\leq 1 year	95%
>1 and \leq 2	94%
>2 and \leq 3	93%
>3 and \leq 5	92%
>5 and \leq 7	91%
>7 and \leq 10	90%
>10 and \leq 20	86%
>20	84%
Yen Denominated Floating Rate Japanese Government Bonds All Maturities	95%

APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT

Category Description	Eligible Credit Support	S&P Valuation Percentage
Cash	Cash in Base Currency. Cash in an Eligible Currency other than the Base Currency.	100% 100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10
Category 1	Government issued negotiable debt obligations with an Eligible Rating and denominated in the Base Currency.	100%
	Government issued negotiable debt obligations with an Eligible Rating, denominated in an Eligible Currency and having a rating (or issued by a government with a rating) at least equal to the then current rating of the Relevant Notes.	100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.
Category 2	Any item denominated in the Base Currency or Eligible Currency and 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 the liability haircuts set out therein corresponding to the next lower rating category than the current rating of the Relevant Notes and <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.

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.

For the purposes of the above, "the applicable Table 10" means Table 10a, 10b or 10c corresponding to the rating of the Relevant Notes by S&P on the relevant Valuation Date as set out below.

Table 10a – Currency Advance Rates For Collateral With Currency Exposure For 'AAA' Rated Securities

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		92.5	92.0	94.0	95.0	92.0	92.5	92.0	92.0	92.0	91.5	95.0	98.5	96.0
Euro			90.5	94.0	90.5	92.0	96.0	94.0	94.0	94.0	91.5	93.0	92.5	91.5
Japanese yen				89.0	91.5	87.0	91.0	90.5	91.0	91.0	87.0	92.5	92.0	91.5
British pound					91.5	92.0	94.0	92.5	92.5	92.5	91.5	92.0	94.0	93.0
Canadian dollar						92.0	92.5	92.0	92.0	92.0	91.5	94.0	95.0	94.0
Australian dollar							91.5	91.0	91.0	90.0	94.5	90.0	92.0	91.0
Danish krone								95.0	95.0	96.5	91.0	92.5	92.5	92.0
Norwegian krone									94.5	94.5	91.0	92.0	92.0	92.0
Swedish krona										94.5	91.0	92.0	92.0	91.5

Swiss Franc											90.0	92.0	92.0	91.5
New Zealand dollar												89.5	91.5	90.5
Singapore dollar													95.0	94.5
Hong Kong dollar														96.0

Table 10b – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated In The 'AA' Category

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		93.5	92.5	94.5	95.5	93.0	93.5	93.0	93.0	93.0	92.5	95.5	99.0	96.5
Euro			91.5	94.5	91.5	92.5	96.5	94.5	94.5	94.5	92.5	91.5	93.5	92.5
Japanese yen				90.0	92.5	89.0	92.0	91.5	92.0	92.0	88.5	93.5	92.5	92.5
British pound					92.5	93.0	94.5	93.5	93.0	93.5	92.5	93.0	94.5	93.5
Canadian dollar						93.0	93.0	93.0	93.0	92.5	90.5	94.5	95.5	94.5
Australian dollar							92.0	92.0	92.0	91.0	95.0	91.0	93.0	92.0
Danish krone								95.5	95.5	97.0	92.0	93.0	93.5	93.0
Norwegian krone									95.0	95.0	92.0	92.5	93.0	92.5
Swedish krona										95.0	92.0	93.0	93.0	92.5

Swiss Franc											91.0	93.0	93.0	92.5
New Zealand dollar												90.5	92.5	91.5
Singapore dollar													95.5	95.0
Hong Kong dollar														96.5

Table 10c – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated 'A+' Or Lower

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		94.0	93.0	95.0	96.0	93.5	94.0	93.5	93.5	93.5	93.0	96.0	99.5	97.0
Euro			92.0	95.0	92.0	93.0	97.0	95.0	95.0	95.0	93.0	92.0	94.0	93.0
Japanese yen				90.5	93.0	89.5	92.5	92.0	92.5	92.5	89.0	94.0	93.0	93.0
British pound					93.0	93.5	95.0	94.0	93.5	94.0	93.0	93.5	95.0	94.0
Canadian dollar						93.5	93.5	93.5	93.5	93.0	91.0	95.0	96.0	95.0
Australian dollar							92.5	92.5	92.5	91.5	95.5	91.5	93.5	92.5
Danish krone								96.0	96.0	97.5	92.5	93.5	94.0	93.5
Norwegian krone									95.5	95.5	92.5	93.0	93.5	93.0
Swedish krona										95.5	92.5	93.5	93.5	93.0

Swiss Franc											91.5	93.5	93.5	93.0
New Zealand dollar												91.0	93.0	92.0
Singapore dollar													96.0	95.5
Hong Kong dollar														97.0

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.12) plc

By.....
Name:
Title:

Signed for and behalf of:

on:
by:

Citicorp Trustee Company Limited

By.....
Name:
Title:

Schedule 5

AMENDED ISDA SCHEDULE – CLASS A2C NOTES

SCHEDULE TO THE MASTER AGREEMENT

in relation to the

Class A2c Notes

(the "**Relevant Notes**")

dated as of

14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on

27 August 2014

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 12) 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: 51 Homer Road
Solihull
West Midlands
B91 3QJ

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, 13th 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 Affected Party.

"Early Redemption and Prepayment of the Notes. For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(c) (*Redemption for Taxation or Other Reasons*) or 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 the exercise of such right.

(g) **Ratings Event**

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

(a) *Replacement Options.*

This Agreement sets out four options for the definition of Initial S&P Rating Event, Subsequent S&P Rating Event and Credit Support Amount (in each case, being "**Option 1**", "**Option 2**", "**Option 3**" and "**Option 4**" respectively and each a "**Replacement Option**"). As of 27 August 2014, Option 2 shall apply to this Agreement. On or after 27 August 2014, the Replacement Option may be amended in accordance with this Part 5(g)(i)(a) (the "**S&P Substitution Provisions**").

Party A may, upon not less than one Business Days' notice to Party B and S&P, in substantially the form set out in the Exhibit A to this Schedule (a "**Replacement Option Switch Notice**"), elect that (a) Option 1, Option 2, Option 3 or Option 4 shall apply or (b) if at the time of such notice Party A has previously elected that any of Option 1, Option 2, Option 3 or Option 4 applies, (i) that another option shall apply and (ii) that any previous election shall cease to apply.

With effect from the Business Day following the date a Replacement Option Switch Notice is effective (such date, the "**Substitution Effective Date**"), the definitions of "**Initial S&P Required Rating**", "**Subsequent S&P Required Rating**" and "**Credit Support Amount**" (as defined in the Credit Support Annex) shall be deemed to be amended to the equivalent definitions set out below corresponding to the relevant Replacement Option elected.

The right of Party A to make an election pursuant to this Part 5(g)(i)(a) is subject to the following conditions being satisfied on the proposed Substitution Effective Date:

- (1) no Event of Default or Termination Event has occurred and is continuing with respect to which Party A is a Defaulting Party or an Affected Party, as the case may be;
- (2) no Subsequent S&P Rating Event would occur as a result of the election; and

- (3) the Substitution Effective Date must not occur during any extension to the Collateral Remedy Period or Non Collateral Remedy Period.

(b) *Initial S&P Rating Event*

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 Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option 4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); or
- (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) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Initial S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Initial S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 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 sub-paragraph 5(g)(b)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(b)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(c) *Subsequent S&P Rating Event*

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

- (i) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option

4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); and

- (ii) Party A shall use commercially reasonable efforts to, as soon as reasonably practicable, at its own cost:
 - (x) subject to Part 5(q) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action), as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Subsequent S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Subsequent S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 5(g)(i)(c)(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 Subsequent S&P Rating Event pursuant to sub-paragraph 5(g)(i)(c)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(c)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(d) *Additional Termination Events*

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)(b)(i) or 5(g)(i)(c)(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 applicable Collateral Remedy Period unless at such time Party A has taken one of the measures described in Parts 5(g)(i)(b)(ii) or 5(g)(i)(c)(ii), as the case may be, with Party A as the sole Affected Party and all Transactions as Affected Transactions, *provided that*, notwithstanding any other provision of this Agreement, such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days

have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

- (ii) if Party A does not take the measures described in Part 5(g)(i)(c)(ii) above following a Subsequent S&P Rating Event within the Non Collateral Remedy Period 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, *provided that*, Party A has received a Firm Offer from a counterparty that would qualify as an Eligible Replacement, to enter into a replacement transaction(s) with Party B in respect of the Affected Transactions.

(e) *Definitions.*

For the purposes of this Agreement:

"Collateral Remedy Period" means the period that commences on (and excludes) the date on which an Initial S&P Rating Event or Subsequent S&P Rating Event (as applicable) occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such 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 event occurs.

"Initial S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Initial S&P Rating Event".

"Non 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) either (i) the 30th calendar day following the date on which such event occurs if Option 4 has been selected or (ii) the 60th calendar day following the date on which such event occurs if Option 1, 2 or 3 has been selected, provided that:

- (1) in the case of (i) above, if Party A has, on or before the 30th calendar day following the date on which such 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 "Non Collateral Remedy Period means the period that commences on (and excludes) the date on which such event occurs and ends on (and

includes) the 60th calendar day following the date on which such event occurs; or

- (2) in the case of (ii) above, if Party A has on or before the 60th calendar day following the date on which such 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 "Non Collateral Remedy Period" means the period that commences on (and excludes) the date on which such event occurs and ends on (and includes) the 90th calendar day following the date on which such event occurs.

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

"**S&P Eligible Replacement**" means either (a) an entity with the Initial S&P Required Rating or (b) an entity with the Subsequent S&P Required Rating, provided that such entity complies with the provisions of Part 5(g)(i)(b) above with respect to its own obligations under the Agreement.

"**S&P Minimum Counterparty Rating**" means, in respect of each of Option 1, Option 2, Option 3 or Option 4, the entity's issuer credit rating or the rating of an entity's long-term, unsecured and unsubordinated debt obligations as specified in the table below (the "**S&P Rating Table**") under the columns "Initial S&P Rating Event" and "Subsequent S&P Rating Event", as applicable:

Schedule to the Master Agreement for A2c Currency Swap

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A*	BBB+	A*	A-	A*	A*	NA	A+
AA+	A*	BBB+	A*	A-	A*	A*	NA	A+
AA	A-	BBB+	A*	A-	A*	A*	NA	A+
AA-	A-	BBB**	A-	BBB+	A-	A-	NA	A*
A+	BBB+	BBB**	A-	BBB+	A-	A-	NA	A*
A	BBB+	BBB**	A-	BBB+	A-	A-	NA	At least as high as the Relevant Notes rating
A-	BBB**	BBB-	BBB+	BBB**	BBB+	BBB+	NA	At least as high as the Relevant Notes rating
BBB+	BBB**	BBB-	At least as high as the Relevant Notes rating	BBB**	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB	BBB-	BB+	At least as high as the Relevant Notes rating	BBB-	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB-	At least as high as the Relevant Notes rating	BB+	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BB+ and below	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
* To meet the minimum eligible rating of "A", the entity should also have a short term rating of "A-1".								
**To meet the minimum eligible rating of "BBB", the entity should also have a short term rating of "A-2"								
*** If the Relevant Notes are downgraded by S&P because of Party A's failure to perform under this Agreement or failure to comply with the S&P Criteria with respect to swap counterparties, then the current rating will be deemed to be the rating of the Relevant Notes immediately prior to such downgrade.								

"Subsequent S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Subsequent S&P Rating Event".

(ii) **Moody's**

(a) *Initial Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the First Trigger Required Rating (such event, an **"Initial Moody's Rating Event"**) and so long as an Initial Moody's Rating Event is in effect, then (A) Party A shall, as soon as reasonably practicable and at its own expense, post collateral pursuant to, and subject to the terms of, the Credit Support Annex and (B) Party A may, at any time following the occurrence of an Initial Moody's Rating Event, at its own discretion and at its own expense, either:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes,

provided that, Party A is not required to comply with Part 5(g)(ii)(a)(A) if it has implemented at least one of the remedies described in Part 5(g)(ii)(a)(B).

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

(b) *Subsequent Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the Second Trigger Required Rating (a **"Subsequent Moody's Rating Event"**) then Party A shall, as soon as reasonably practicable and so long as the Subsequent Moody's Rating Event is in effect, at its own expense, use commercially reasonable efforts to:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or

- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes.
- (c) Not used.
- (d) In relation to Part 5(g)(ii)(a)(A) 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.
- (e) Not used.
- (f) Not used.
- (g) Not used.
- (h) *Additional Termination Events*

The occurrence of any of the following events shall not be or give rise to an Event of Default but shall each constitute an Additional Termination Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions:

(i) *Initial Moody's Rating Event*

If an Initial Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the First Trigger Required Rating and Party A has (A) failed to comply with Part 5(g)(ii)(a)(A) and (B) failed to take any of the measures described in Part 5(g)(ii)(a)(B) and either (x) a Subsequent Moody's Rating Event is not continuing or (y) if a Subsequent Moody's Rating Event is continuing, less than 30 Local Business Days have elapsed since the occurrence of the relevant Subsequent Moody's Rating Event, *provided that*, notwithstanding any other provision of this Agreement, with regard to a failure to post collateral pursuant to Part 5(g)(ii)(a)(A), such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

(ii) *Subsequent Moody's Rating Event*

If (A) a Subsequent Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the Second Trigger Required Rating and (B) Party A has failed to take any of the measures described in Part 5(g)(ii)(b) above, *provided that*, at least one Eligible Replacement has made a Firm Offer (which remains capable of

becoming legally binding upon acceptance) to be the transferee of all of Party A's obligations under this Agreement.

(i) *Definitions*

For the purposes of this Agreement:

"Eligible Guarantee" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use its best endeavours to procure that Party A takes such action, (II)(A) the guarantor and Party B are resident for tax purposes in the same jurisdiction, (B) a law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under such guarantee will be subject to deduction or withholding for tax, (C) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to deduction or withholding for tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any tax) will equal the full amount Party B would have received had no such deduction or withholding been required or (D) in the event that any payment (the "Primary Payment") under such guarantee is made net of deduction or withholding for tax, Party A is required, under this Agreement, to make such additional payment (the "Additional Payment") as is necessary to ensure that the net amount actually received by Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and the Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

"Eligible Guarantor" means an entity having a credit rating equal to at least the First Trigger Required Rating.

"First Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "A3" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "A3" or above by Moody's.

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

"Moody's Eligible Replacement" means an entity (A) with the First Trigger Required Rating or (B) whose present and future obligations owing to Party B under this Agreement are guaranteed pursuant to an Eligible Guarantee provided by an Eligible Guarantor.

"Second Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "Baa1" or above or, if an issuer credit rating

is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "Baa1" or above by Moody's.

"**Relevant Entities**" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "Relevant Entity" means any one of them.

(iii) **Fitch Ratings Event**

(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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 1 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(a) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 2 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(b) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 3 Cure Period and (ii) the first Business

Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement.

(d) **Fitch downgrade definitions**

In this Agreement:

"Fitch" means Fitch Ratings Ltd.

"Fitch Eligible Counterparty" 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; or
- (3) who (or whose Credit Support Provider) is a Fitch Ratings Level 2 Minimum Rated Entity at that time provided that such entity has (or does at the point of becoming a transferee or Credit Support Provider) either:
 - (i) provided collateral in support of its obligations pursuant to the Credit Support Annex; or
 - (ii) obtained a guarantee or other suitable credit support for its obligations from a counterparty that is a Fitch Minimum Rated Entity.

"Fitch Eligible Replacement" means an entity that is, or whose obligations are guaranteed by, a Fitch Eligible Counterparty.

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

- (1) its short term issuer default rating by Fitch is at that time at least as high as "F1" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "A+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F2" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F3" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB-" (or its equivalent) by Fitch or, if an issuer default rating is not available for such person, 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 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 Eligible Replacement; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Eligible Counterparty 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 20 July 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.

(iv) ***Definition of "Firm Offer"***

For the purposes of this Agreement "**Firm Offer**" means an offer which, when made, was capable of becoming legally binding upon acceptance.

(v) ***Definition of "Eligible Replacement"***

For the purposes of this Agreement "**Eligible Replacement**" means an entity which is (A) an S&P Eligible Replacement, (B) a Moody's Eligible Replacement and (C) a Fitch Eligible Replacement. For the avoidance of doubt, an entity must satisfy all three requirements in order to be an Eligible Replacement.

(vi) ***Definition of "Swap Collateral Account"***

For the purposes of this Agreement "**Swap Collateral Account**" means the relevant Hedge Collateral Cash Account or Hedge Collateral Securities Account, as applicable.

(p) ***Calculations***

If an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or a Tax Event Upon Merger or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

- (i) The definition of "**Market Quotation**" shall be deleted in its entirety and replaced with the following:

""**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is:

- (1) made by an Eligible Replacement;
 - (2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date;
 - (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included; and
 - (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions), as determined by Party B."
- (ii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in sub-paragraph (4) of Market Quotation, it shall do so in a commercially reasonable manner.
- (iii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

""**Settlement Amount**" means, with respect to any Early Termination Date:

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding, the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation;
- (2) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one

or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or

- (3) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."
- (iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).
- (v) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use reasonable efforts to do so before the Early Termination Date.
- (vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded.
- (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 is an Eligible Replacement;

- (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 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.

Exhibit A

FORM OF REPLACEMENT OPTION SWITCH NOTICE

To: Standard & Poor's Rating Services
20 Canada Square
London
E14 5LH

Copy to: Paragon Mortgages (No.12) plc
51 Homer Road
Solihull
West Midlands
B91 3QJ

Attention: Swaps Administration, Finance Department

and

Citigroup Centre, 13th Floor
Canada Square
Canary Wharf
London E14 5LB

Attention: Agency & Trust

From: Barclays Bank plc
5, The North Colonnade
Canary Wharf
London, E14 4BB

[Date]

Dear Sirs

Paragon Mortgages (No.12) plc – Replacement Option Switch Notice

We refer to the ISDA Master Agreement in relation to the Class A2c Notes between Barclays Bank plc as Party A and Paragon Mortgages (No.12) plc as Party B, dated as of 14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on 27 August 2014 (the "**Agreement**").

All terms capitalised but not defined herein shall have the meaning given to such terms in the Agreement.

This is a Replacement Option Switch Notice.

As at the date hereof, Option [1/2/3/4] applies.

As of the day that is the first Business Day after the day this notice becomes effective pursuant to Section 12 (*Notices*) of the Agreement, Option [1/2/3/4] shall apply until the delivery of another Replacement Option Switch Notice.

Schedule to the Master Agreement for A2c Currency Swap

This Replacement Option Switch Notice shall form part of the Agreement as of the date it becomes effective pursuant to Section 12 (*Notices*) of the Agreement.

Yours faithfully

Barclays Bank plc

By:

Title:

Signed for and behalf of:

on:

by:

Barclays Bank plc

By:

Name:

Title:

Signed for and behalf of:

on:

by:

Paragon Mortgages (No.12) plc

By:

Name:

Title:

Signed for and behalf of:

on:

by:

Citicorp Trustee Company Limited

By:

Name:

Title:

Schedule 6

AMENDED CREDIT SUPPORT ANNEX – CLASS A2C NOTES

ISDA®
International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

to the

Schedule to the ISDA Master Agreement

in relation to the

Class A2c Notes

dated as of 14 July 2006, as amended and restated on 7 July 2011 and as further amended and
restated on 27 August 2014

between

- (1) **BARCLAYS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO.12) 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 US dollars.
 - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: Euros and Pounds Sterling.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency in circumstances where 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 is Fitch (but not Moody's or S&P), the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by Fitch ("**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.

- (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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(A)	cash in an Eligible Currency	As set out in Appendix C	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; the Republic of Ireland; or the U.S. Treasury	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
	Department, (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:		
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	To be agreed between Party A and Fitch
(C)	Negotiable debt obligations issued by: 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, (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:	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	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.	As set out in Appendix C	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 item of Eligible Credit Support, the lowest of the ratings and/or the Valuation Percentages, as the case may be, shall apply.

(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 any of the Moody's Threshold, Fitch Threshold or S&P Threshold is zero, in which case the Threshold for Party A shall be zero.

"Fitch Threshold" means, where a Fitch Ratings Level 1 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(iii)(a)(1) or a Fitch Ratings Level 2 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(iii)(b)(1), zero and at any other time, infinity.

"Moody's Threshold" means, where an Initial Moody's Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(ii)(a)(B), (i), (ii) or (iii), zero and at any other time, infinity.

"S&P Threshold" means, where an Initial S&P Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(i)(b)(ii) or a Subsequent S&P Rating Event and Party A has not otherwise complied with Part 5(g)(i)(c)(ii), zero and at any other time, infinity.

"Threshold" means, for Party B: Infinity

- (C) **"Minimum Transfer Amount"** means, with respect to Party A and Party B, USD75,000; 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 USD15,000 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:

Eligible Currency	Interest Rate
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

Account With:	BARCUS33	Barclays New York
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	050035428	
Reference:	COLLATERAL	

EUR CASH

Account With:	BARCGB22	Barclays Bank PLC
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	44295577	
Reference:	COLLATERAL	

GBP CASH

Account With:	BARCGB22	Barclays Bank PLC
Sort Code:	20-00-00	
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	50654140	
Reference:	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 set out below.

Moody's Requirements.

"Credit Support Amount" means, with respect to a Transferor on a Valuation Date:

- (a) if the Moody's Threshold is infinity, zero; and
- (b) if the Moody's Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the sum of (x) the Transferee's Exposure and (y) the aggregate of the Moody's Additional Amounts in respect of such Valuation Date for all Transactions (other than the Transaction constituted by this Annex).

S&P Requirements.

"Credit Support Amount" means, with respect to a Transferor on a Valuation Date:

- (a) if the S&P Threshold is infinity, zero; and
- (b) if the S&P Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the table below corresponding to the Replacement Option in effect at such time:

Option 1	the sum of (x) Transferee's Exposure (which may be a negative number) and (y) the applicable Volatility Buffer
Option 2	<p>(A) where an Initial S&P Rating Event has occurred, Transferee's Exposure (which may be a negative number) multiplied by 1.25;</p> <p>or</p> <p>(B) where a Subsequent S&P Rating Event has occurred:</p> <p>the greater of:</p> <p>(x) the sum of (1) Transferee's Exposure (which may be a negative number) and (2) the applicable Volatility Buffer; and</p> <p>(y) Transferee's Exposure (which may be a negative</p>

	number) multiplied by 1.3
Option 3	Transferee's Exposure (which may be a negative number) multiplied by 1.25
Option 4	Zero

Fitch Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Fitch Threshold is infinity, zero; and
- (b) if the Fitch Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the following formula:

$\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]$

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 B (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) ***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."

(x) ***Exposure.***

"Exposure" has the meaning specified in Paragraph 10, except that (1) after the word "Agreement" the words "(assuming, for this purpose only, that Part 5(p) (*Calculations*) of the Schedule is deleted)" shall be inserted and (2) at the end of the definition of "Exposure", the words "without assuming that the terms of such Replacement Transactions are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

(xi) ***Definitions.***

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

"Currency Risk Group" means, on each Valuation Date, in respect of a Transaction:

- (a) pursuant to which payments are made in one currency only and such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in respect of such currency in Column 2 of the below table;
 - (ii) Currency Risk Group 2, where "2" is specified in respect of such currency in Column 2 of the below table;
 - (iii) Currency Risk Group 3, where "3" is specified in respect of such currency in Column 2 of the below table; and
 - (iv) Currency Risk Group 4, where "4" is specified in respect of such currency in Column 2 of the below table;
- (b) pursuant to which payments are made in more than one currency and each such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in Column 3 of the below table in respect of each currency in which payments are made;
 - (ii) Currency Risk Group 2, where (x) "2" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "3" or "4" are not specified in Column 3 of the below table in respect of any of the other currencies in which payments are made;
 - (iii) Currency Risk Group 3, where (x) "3" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "4" is not specified in Column 3 of the below table in

respect of any of the other currencies in which payments are made;
and

- (iv) Currency Risk Group 4, where "4" is specified in Column 3 of the below table in respect of any currency in which payments are made;

Currencies By Risk Groups*		
Column 1	Column 2	Column 3
Currency	Single currency swap	Cross-currency swap
U.S. dollar	1	1
Euro	1	1
Japanese yen	1	1
British pound	1	1
Canadian dollar	1	1
Australian dollar	1	1
Danish krone	1	1
Norwegian krone	1	1
Swedish krona	1	1
Swiss Franc	1	1
New Zealand dollar	1	1
Singapore dollar	1	1
Hong Kong dollar	2	2
New Taiwan dollar	2	2
Korean won	3	3
Mexican peso	3	4
South African rand	3	4
Russian ruble	4	4

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

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

"Moody's Additional Amount" means, for any Valuation Date:

- (a) in respect of any Transaction that is both a cross-currency hedge and an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier (Optionality) and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (b) in respect of any Transaction that is a cross-currency hedge and is not an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (c) in respect of any Transaction that is not a cross-currency hedge and is an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier (Optionality) and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date; and

- (d) in respect of any Transaction that is neither a cross-currency hedge nor an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

"Moody's Criteria" means the publication entitled "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions" published by Moody's on 12 November 2013.

"Moody's Cross Currency DV01 Multiplier" means 120.

"Moody's Cross Currency DV01 Multiplier (Optionality)" means 190.

"Moody's Cross Currency Notional Amount Higher Multiplier" means 0.3.

"Moody's Cross Currency Notional Amount Higher Multiplier (Optionality)" means 0.36.

"Moody's Cross Currency Notional Amount Lower Multiplier" means 0.14.

"Moody's Single Currency DV01 Multiplier" means 140.

"Moody's Single Currency DV01 Multiplier (Optionality)" means 210.

"Moody's Single Currency Notional Amount Multiplier" means 0.22.

"Moody's Single Currency Notional Amount Multiplier (Optionality)" means 0.27.

"Moody's WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the Moody's WAL in a commercially reasonable manner assuming default and a prepayment assumptions based on its then current internal models.

"Optionality Hedge" means any Transaction that is a cap, floor or swaption.

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

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

"S&P Criteria" means the publication entitled "Counterparty Risk Framework Methodology and Assumptions" published by S&P on 25 June 2013.

"S&P WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the S&P WAL in a commercially reasonable manner assuming no default and no voluntary prepayment.

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

"Transaction Cross Currency DV01" means, with respect to a Transaction and any date of determination, the greater of (i) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party A's payment obligations under such Transaction) on such date and (ii) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party B's payment obligations under such Transaction) on such date, in each case as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Transaction Notional Amount" means in respect of a Valuation Date (A) in respect of any Transaction that is a cross currency hedge, the Base Currency Equivalent of the Currency Amount (as defined in the Confirmation relating to the Transaction) applicable to Party A's payment obligations for the Calculation Period (as defined in the Confirmation relating to the Transaction) which includes such Valuation Date and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount (as defined in the Confirmation relating to the Transaction).

"Transaction Single Currency DV01" means, with respect to a Transaction and any date of determination, the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve on such date, as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Volatility Buffer" means on any Valuation Date, the sum for each Transaction of an amount equal to the product of:

- (a) the relevant percentage for the Currency Risk Group applicable to such Transaction, specified in the columns headed "Interest Rate Swaps" or "Cross Currency Swaps" (as applicable) in respect of swap transactions with an S&P WAL as is specified in the column headed "Swap tenor--weighted-average life (years)" in the applicable table in the S&P Criteria (provided that, for the purpose of identifying the applicable tenor in the table in the S&P Criteria the tenor of the Transaction will, where necessary, be rounded up); and

- (b) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

For purposes of the above, "the applicable table in the S&P Criteria" means:

- (a) with respect to Option 1, Table 8a, 8b or 8c corresponding to the rating of the Notes by S&P on the relevant Valuation Date; and
- (b) with respect to Option 2, Table 9a, 9b or 9c corresponding to the rating of the Notes by S&P on the relevant Valuation Date.

Appendix A – Moody's Requirements**Table A****Enhanced Collateral Formulas - Swaps without Optionality**

Swap Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	1.2%	14.2%
>1 and ≤2	2.6%	14.3%
>2 and ≤3	3.9%	14.4%
>3 and ≤4	5.0%	14.6%
>4 and ≤5	5.9%	14.9%
>5 and ≤6	6.7%	15.3%
>6 and ≤7	7.5%	15.6%
>7 and ≤8	8.3%	16.5%
>8 and ≤9	9.2%	17.3%
>9 and ≤10	10.0%	18.2%
>10 and ≤11	10.6%	18.8%
>11 and ≤12	11.2%	19.4%
>12 and ≤13	11.8%	20.0%
>13 and ≤14	12.4%	20.6%
>14 and ≤15	13.0%	21.2%
>15 and ≤16	13.6%	21.7%
>16 and ≤17	14.2%	22.3%
>17 and ≤18	14.8%	22.9%
>18 and ≤19	15.4%	23.5%
>19 and ≤20	16.0%	24.1%
>20 and ≤21	16.6%	24.7%
>21 and ≤22	17.2%	25.3%
>22 and ≤23	17.8%	25.9%
>23 and ≤24	18.4%	26.5%
>24 and ≤25	19.0%	27.1%
>25 and ≤26	19.6%	27.6%
>26 and ≤27	20.2%	28.2%
>27 and ≤28	20.8%	28.8%
>28 and ≤29	21.4%	29.4%
>29	22.0%	30.0%

Table B**Enhanced Collateral Formulas - Swaps with Optionality**

Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	1.6%	14.7%
>1 and ≤2	3.4%	14.9%
>2 and ≤3	4.9%	15.4%
>3 and ≤4	6.6%	15.7%
>4 and ≤5	7.6%	16.5%
>5 and ≤6	8.6%	17.3%
>6 and ≤7	9.8%	17.6%
>7 and ≤8	10.9%	19.0%
>8 and ≤9	11.9%	20.2%
>9 and ≤10	13.0%	21.4%
>10 and ≤11	13.8%	22.3%
>11 and ≤12	14.6%	23.3%
>12 and ≤13	15.3%	24.2%
>13 and ≤14	16.1%	25.1%
>14 and ≤15	16.9%	26.0%
>15 and ≤16	17.7%	27.0%
>16 and ≤17	18.5%	27.9%
>17 and ≤18	19.3%	28.6%
>18 and ≤19	20.1%	29.5%
>19 and ≤20	20.7%	30.9%
>20 and ≤21	21.3%	31.8%
>21 and ≤22	21.5%	32.5%
>22 and ≤23	22.3%	33.5%
>23 and ≤24	23.0%	33.8%
>24 and ≤25	23.8%	34.6%
>25 and ≤26	24.5%	34.9%
>26 and ≤27	25.3%	35.3%
>27 and ≤28	26.0%	36.0%
>28 and ≤29	26.8%	36.0%
>29	27.0%	36.0%

Appendix B – 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 (Years)</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	>=15
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 C - MOODY'S VALUATION PERCENTAGES**Valuation Percentages (where the Base Currency is US dollars)**

Instrument	Valuation Percentage
US Dollar Cash	100%
EURO Cash	94%
Sterling Cash	95%
Yen Cash	95%
US Dollar Denominated Fixed Rate Negotiable Debt issued by the US Treasury with Remaining Maturity	
≤1 year	100%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	97%
>5 and ≤7	96%
>7 and ≤10	94%
>10 and ≤20	90%
>20	88%
US Dollar Denominated Floating Rate Negotiable Debt issued by the US Treasury All Maturities	99%
US Dollar Fixed Rate US Agency Debentures with Remaining Maturity	
≤1 year	99%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	96%
>5 and ≤7	93%
>7 and ≤10	93%
>10 and ≤20	89%
>20	87%
US Dollar Denominated Floating Rate US Agency Debentures All Maturities	98%
EURO Denominated Fixed Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	90%
>5 and ≤7	89%
>7 and ≤10	88%
>10 and ≤20	84%
>20	82%
EURO Denominated Floating Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's All Maturities	93%
Sterling Denominated Fixed Rate United Kingdom Gilts with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	91%
>5 and ≤7	90%

>7 and ≤10	89%
>10 and ≤20	86%
>20	84%
Sterling Denominated Floating Rated United Kingdom Gilts All Maturities	94%
Yen Denominated Fixed Rate Japanese Government Bonds with Remaining Maturity	
≤1 year	96%
>1 and ≤2	95%
>2 and ≤3	94%
>3 and ≤5	93%
>5 and ≤7	92%
>7 and ≤10	91%
>10 and ≤20	87%
>20	86%
Yen Denominated Floating Rate Japanese Government Bonds All Maturities	95%

APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT

Category Description	Eligible Credit Support	S&P Valuation Percentage
Cash	Cash in Base Currency. Cash in an Eligible Currency other than the Base Currency.	100% 100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10
Category 1	Government issued negotiable debt obligations with an Eligible Rating and denominated in the Base Currency.	100%
	Government issued negotiable debt obligations with an Eligible Rating, denominated in an Eligible Currency and having a rating (or issued by a government with a rating) at least equal to the then current rating of the Relevant Notes.	100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.
Category 2	Any item denominated in the Base Currency or Eligible Currency and 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 the liability haircuts set out therein corresponding to the next lower rating category than the current rating of the Relevant Notes and <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.

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.

For the purposes of the above, "the applicable Table 10" means Table 10a, 10b or 10c corresponding to the rating of the Relevant Notes by S&P on the relevant Valuation Date as set out below.

Table 10a – Currency Advance Rates For Collateral With Currency Exposure For 'AAA' Rated Securities

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		92.5	92.0	94.0	95.0	92.0	92.5	92.0	92.0	92.0	91.5	95.0	98.5	96.0
Euro			90.5	94.0	90.5	92.0	96.0	94.0	94.0	94.0	91.5	93.0	92.5	91.5
Japanese yen				89.0	91.5	87.0	91.0	90.5	91.0	91.0	87.0	92.5	92.0	91.5
British pound					91.5	92.0	94.0	92.5	92.5	92.5	91.5	92.0	94.0	93.0
Canadian dollar						92.0	92.5	92.0	92.0	92.0	91.5	94.0	95.0	94.0
Australian dollar							91.5	91.0	91.0	90.0	94.5	90.0	92.0	91.0
Danish krone								95.0	95.0	96.5	91.0	92.5	92.5	92.0
Norwegian krone									94.5	94.5	91.0	92.0	92.0	92.0
Swedish krona										94.5	91.0	92.0	92.0	91.5

Swiss Franc											90.0	92.0	92.0	91.5
New Zealand dollar												89.5	91.5	90.5
Singapore dollar													95.0	94.5
Hong Kong dollar														96.0

Table 10b – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated In The 'AA' Category

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		93.5	92.5	94.5	95.5	93.0	93.5	93.0	93.0	93.0	92.5	95.5	99.0	96.5
Euro			91.5	94.5	91.5	92.5	96.5	94.5	94.5	94.5	92.5	91.5	93.5	92.5
Japanese yen				90.0	92.5	89.0	92.0	91.5	92.0	92.0	88.5	93.5	92.5	92.5
British pound					92.5	93.0	94.5	93.5	93.0	93.5	92.5	93.0	94.5	93.5
Canadian dollar						93.0	93.0	93.0	93.0	92.5	90.5	94.5	95.5	94.5
Australian dollar							92.0	92.0	92.0	91.0	95.0	91.0	93.0	92.0
Danish krone								95.5	95.5	97.0	92.0	93.0	93.5	93.0
Norwegian krone									95.0	95.0	92.0	92.5	93.0	92.5
Swedish krona										95.0	92.0	93.0	93.0	92.5

Swiss Franc											91.0	93.0	93.0	92.5
New Zealand dollar												90.5	92.5	91.5
Singapore dollar													95.5	95.0
Hong Kong dollar														96.5

Table 10c – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated 'A+' Or Lower

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		94.0	93.0	95.0	96.0	93.5	94.0	93.5	93.5	93.5	93.0	96.0	99.5	97.0
Euro			92.0	95.0	92.0	93.0	97.0	95.0	95.0	95.0	93.0	92.0	94.0	93.0
Japanese yen				90.5	93.0	89.5	92.5	92.0	92.5	92.5	89.0	94.0	93.0	93.0
British pound					93.0	93.5	95.0	94.0	93.5	94.0	93.0	93.5	95.0	94.0
Canadian dollar						93.5	93.5	93.5	93.5	93.0	91.0	95.0	96.0	95.0
Australian dollar							92.5	92.5	92.5	91.5	95.5	91.5	93.5	92.5
Danish krone								96.0	96.0	97.5	92.5	93.5	94.0	93.5
Norwegian krone									95.5	95.5	92.5	93.0	93.5	93.0
Swedish krona										95.5	92.5	93.5	93.5	93.0

Swiss Franc											91.5	93.5	93.5	93.0
New Zealand dollar												91.0	93.0	92.0
Singapore dollar													96.0	95.5
Hong Kong dollar														97.0

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.12) plc

By.....
Name:
Title:

Signed for and behalf of:

on:
by:

Citicorp Trustee Company Limited

By.....
Name:
Title:

Schedule 7

AMENDED ISDA SCHEDULE – CLASS B1B NOTES

SCHEDULE TO THE MASTER AGREEMENT

in relation to the

Class B1b Notes

(the "**Relevant Notes**")

dated as of

14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on

27 August 2014

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 12) 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: 51 Homer Road
Solihull
West Midlands

B91 3QJ

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, 13th 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 Affected Party.

"Early Redemption and Prepayment of the Notes. For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(c) (*Redemption for Taxation or Other Reasons*) or 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 the exercise of such right.

(g) **Ratings Event**

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

(a) *Replacement Options.*

This Agreement sets out four options for the definition of Initial S&P Rating Event, Subsequent S&P Rating Event and Credit Support Amount (in each case, being "**Option 1**", "**Option 2**", "**Option 3**" and "**Option 4**" respectively and each a "**Replacement Option**"). As of 27 August 2014, Option 2 shall apply to this Agreement. On or after 27 August 2014, the Replacement Option may be amended in accordance with this Part 5(g)(i)(a) (the "**S&P Substitution Provisions**").

Party A may, upon not less than one Business Days' notice to Party B and S&P, in substantially the form set out in the Exhibit A to this Schedule (a "**Replacement Option Switch Notice**"), elect that (a) Option 1, Option 2, Option 3 or Option 4 shall apply or (b) if at the time of such notice Party A has previously elected that any of Option 1, Option 2, Option 3 or Option 4 applies, (i) that another option shall apply and (ii) that any previous election shall cease to apply.

With effect from the Business Day following the date a Replacement Option Switch Notice is effective (such date, the "**Substitution Effective Date**"), the definitions of "**Initial S&P Required Rating**", "**Subsequent S&P Required Rating**" and "**Credit Support Amount**" (as defined in the Credit Support Annex) shall be deemed to be amended to the equivalent definitions set out below corresponding to the relevant Replacement Option elected.

The right of Party A to make an election pursuant to this Part 5(g)(i)(a) is subject to the following conditions being satisfied on the proposed Substitution Effective Date:

- (1) no Event of Default or Termination Event has occurred and is continuing with respect to which Party A is a Defaulting Party or an Affected Party, as the case may be;
- (2) no Subsequent S&P Rating Event would occur as a result of the election; and

- (3) the Substitution Effective Date must not occur during any extension to the Collateral Remedy Period or Non Collateral Remedy Period.

(b) *Initial S&P Rating Event*

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 Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option 4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); or
- (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) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Initial S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Initial S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 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 sub-paragraph 5(g)(b)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(b)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(c) *Subsequent S&P Rating Event*

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

- (i) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option

4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); and

- (ii) Party A shall use commercially reasonable efforts to, as soon as reasonably practicable, at its own cost:
 - (x) subject to Part 5(q) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action), as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Subsequent S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Subsequent S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 5(g)(i)(c)(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 Subsequent S&P Rating Event pursuant to sub-paragraph 5(g)(i)(c)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(c)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(d) *Additional Termination Events*

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)(b)(i) or 5(g)(i)(c)(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 applicable Collateral Remedy Period unless at such time Party A has taken one of the measures described in Parts 5(g)(i)(b)(ii) or 5(g)(i)(c)(ii), as the case may be, with Party A as the sole Affected Party and all Transactions as Affected Transactions, *provided that*, notwithstanding any other provision of this Agreement, such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days

have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

- (2) if Party A does not take the measures described in Part 5(g)(i)(c)(ii) above following a Subsequent S&P Rating Event within the Non Collateral Remedy Period 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, *provided that*, Party A has received a Firm Offer from a counterparty that would qualify as an Eligible Replacement, to enter into a replacement transaction(s) with Party B in respect of the Affected Transactions.

(e) *Definitions.*

For the purposes of this Agreement:

"Collateral Remedy Period" means the period that commences on (and excludes) the date on which an Initial S&P Rating Event or Subsequent S&P Rating Event (as applicable) occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such 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 event occurs.

"Initial S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Initial S&P Rating Event".

"Non 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) either (i) the 30th calendar day following the date on which such event occurs if Option 4 has been selected or (ii) the 60th calendar day following the date on which such event occurs if Option 1, 2 or 3 has been selected, provided that:

- (1) in the case of (i) above, if Party A has, on or before the 30th calendar day following the date on which such 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 "Non Collateral Remedy Period means the period that commences on (and excludes) the date on which such event occurs and ends on (and

includes) the 60th calendar day following the date on which such event occurs; or

- (2) in the case of (ii) above, if Party A has on or before the 60th calendar day following the date on which such 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 "Non Collateral Remedy Period" means the period that commences on (and excludes) the date on which such event occurs and ends on (and includes) the 90th calendar day following the date on which such event occurs.

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

"S&P Eligible Replacement" means either (a) an entity with the Initial S&P Required Rating or (b) an entity with the Subsequent S&P Required Rating, provided that such entity complies with the provisions of Part 5(g)(i)(b) above with respect to its own obligations under the Agreement.

"S&P Minimum Counterparty Rating" means, in respect of each of Option 1, Option 2, Option 3 or Option 4, the entity's issuer credit rating or the rating of an entity's long-term, unsecured and unsubordinated debt obligations as specified in the table below (the "S&P Rating Table") under the columns "Initial S&P Rating Event" and "Subsequent S&P Rating Event", as applicable:

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A*	BBB+	A*	A-	A*	A*	NA	A+
AA+	A*	BBB+	A*	A-	A*	A*	NA	A+
AA	A-	BBB+	A*	A-	A*	A*	NA	A+
AA-	A-	BBB**	A-	BBB+	A-	A-	NA	A*
A+	BBB+	BBB**	A-	BBB+	A-	A-	NA	A*
A	BBB+	BBB**	A-	BBB+	A-	A-	NA	At least as high as the Relevant Notes rating
A-	BBB**	BBB-	BBB+	BBB**	BBB+	BBB+	NA	At least as high as the Relevant Notes rating
BBB+	BBB**	BBB-	At least as high as the Relevant Notes	BBB**	At least as high as the Relevant Notes	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
			rating		rating			
BBB	BBB-	BB+	At least as high as the Relevant Notes rating	BBB-	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB-	At least as high as the Relevant Notes rating	BB+	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BB+ and below	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
* To meet the minimum eligible rating of "A", the entity should also have a short term rating of "A-1".								
**To meet the minimum eligible rating of "BBB", the entity should also have a short term rating of "A-2"								
*** If the Relevant Notes are downgraded by S&P because of Party A's failure to perform under this Agreement or failure to comply with the S&P Criteria with respect to swap counterparties, then the current rating will be deemed to be the rating of the Relevant Notes immediately prior to such downgrade.								

"Subsequent S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Subsequent S&P Rating Event".

- (ii) **Moody's**
- (a) *Initial Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the First Trigger Required Rating (such event, an **"Initial Moody's Rating Event"**) and so long as an Initial Moody's Rating Event is in effect, then (A) Party A shall, as soon as reasonably practicable and at its own expense, post collateral pursuant to, and subject to the terms of, the Credit Support Annex and (B) Party A may, at any time following the occurrence of an Initial Moody's Rating Event, at its own discretion and at its own expense, either:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes,

provided that, Party A is not required to comply with Part 5(g)(ii)(a)(A) if it has implemented at least one of the remedies described in Part 5(g)(ii)(a)(B).

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

(b) *Subsequent Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the Second Trigger Required Rating (a "**Subsequent Moody's Rating Event**") then Party A shall, as soon as reasonably practicable and so long as the Subsequent Moody's Rating Event is in effect, at its own expense, use commercially reasonable efforts to:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes.

(c) Not used.

(d) In relation to Part 5(g)(ii)(a)(A) 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.

(e) Not used.

(f) Not used.

(g) Not used.

(h) *Additional Termination Events*

The occurrence of any of the following events shall not be or give rise to an Event of Default but shall each constitute an Additional Termination Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions:

(i) *Initial Moody's Rating Event*

If an Initial Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the First Trigger Required Rating and Party A has (A) failed to comply with Part 5(g)(ii)(a)(A) and (B) failed to take any of the measures described in Part 5(g)(ii)(a)(B) and either (x) a Subsequent Moody's Rating Event is not continuing or (y) if a Subsequent Moody's Rating Event is continuing, less than 30 Local Business Days have elapsed since the occurrence of the relevant Subsequent Moody's Rating Event, *provided that*, notwithstanding any other provision of this Agreement, with regard to a failure to post collateral pursuant to Part 5(g)(ii)(a)(A), such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

(ii) *Subsequent Moody's Rating Event*

If (A) a Subsequent Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the Second Trigger Required Rating and (B) Party A has failed to take any of the measures described in Part 5(g)(ii)(b) above, *provided that*, at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding upon acceptance) to be the transferee of all of Party A's obligations under this Agreement.

(i) *Definitions*

For the purposes of this Agreement:

"Eligible Guarantee" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use its best endeavours to procure that Party A takes such action, (II)(A) the guarantor and Party B are resident for tax purposes in the same jurisdiction, (B) a law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under such guarantee will be subject to deduction or withholding for tax, (C) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to deduction or withholding for tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any tax) will equal the full amount Party

B would have received had no such deduction or withholding been required or (D) in the event that any payment (the "Primary Payment") under such guarantee is made net of deduction or withholding for tax, Party A is required, under this Agreement, to make such additional payment (the "Additional Payment") as is necessary to ensure that the net amount actually received by Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and the Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

"Eligible Guarantor" means an entity having a credit rating equal to at least the First Trigger Required Rating.

"First Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "A3" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "A3" or above by Moody's.

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

"Moody's Eligible Replacement" means an entity (A) with the First Trigger Required Rating or (B) whose present and future obligations owing to Party B under this Agreement are guaranteed pursuant to an Eligible Guarantee provided by an Eligible Guarantor.

"Second Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "Baa1" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "Baa1" or above by Moody's.

"Relevant Entities" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "Relevant Entity" means any one of them.

(iii) **Fitch Ratings Event**

(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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 1 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(a) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 2 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(b) until (A) a Swap Collateral Account has been

opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 3 Cure Period and (ii) the first Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement.

(d) **Fitch downgrade definitions**

In this Agreement:

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

"**Fitch Eligible Counterparty**" 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; or
- (3) who (or whose Credit Support Provider) is a Fitch Ratings Level 2 Minimum Rated Entity at that time provided that such entity has (or

does at the point of becoming a transferee or Credit Support Provider) either:

- (i) provided collateral in support of its obligations pursuant to the Credit Support Annex; or
- (ii) obtained a guarantee or other suitable credit support for its obligations from a counterparty that is a Fitch Minimum Rated Entity.

"Fitch Eligible Replacement" means an entity that is, or whose obligations are guaranteed by, a Fitch Eligible Counterparty.

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

- (1) its short term issuer default rating by Fitch is at that time at least as high as "F1" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "A+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F2" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F3" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB-" (or its equivalent) by Fitch or, if an issuer default rating is not available for such person, 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 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 Eligible Replacement; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Eligible Counterparty 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 20 July 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.

(iv) ***Definition of "Firm Offer"***

For the purposes of this Agreement "**Firm Offer**" means an offer which, when made, was capable of becoming legally binding upon acceptance.

(v) ***Definition of "Eligible Replacement"***

For the purposes of this Agreement "**Eligible Replacement**" means an entity which is (A) an S&P Eligible Replacement, (B) a Moody's Eligible Replacement and (C) a Fitch Eligible Replacement. For the avoidance of doubt, an entity must satisfy all three requirements in order to be an Eligible Replacement.

(vi) ***Definition of "Swap Collateral Account"***

For the purposes of this Agreement "**Swap Collateral Account**" means the relevant Hedge Collateral Cash Account or Hedge Collateral Securities Account, as applicable.

(p) ***Calculations***

If an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or a Tax Event Upon Merger or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

(i) The definition of "**Market Quotation**" shall be deleted in its entirety and replaced with the following:

"**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is:

- (1) made by an Eligible Replacement;
- (2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date;
- (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant

Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included; and

- (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions), as determined by Party B."
- (ii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in sub-paragraph (4) of Market Quotation, it shall do so in a commercially reasonable manner.
- (iii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

"Settlement Amount" means, with respect to any Early Termination Date:

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding, the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation;
- (2) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or
- (3) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."
- (iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is

lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).

- (v) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use reasonable efforts to do so before the Early Termination Date.
- (vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded.

(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 is an Eligible Replacement;
- (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 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.

Exhibit A

FORM OF REPLACEMENT OPTION SWITCH NOTICE

To: Standard & Poor's Rating Services
20 Canada Square
London
E14 5LH

Copy to: Paragon Mortgages (No.12) plc
51 Homer Road
Solihull
West Midlands
B91 3QJ

Attention: Swaps Administration, Finance Department
and
Citigroup Centre, 13th Floor
Canada Square
Canary Wharf
London E14 5LB

Attention: Agency & Trust

From: Barclays Bank plc
5, The North Colonnade
Canary Wharf
London, E14 4BB

[Date]

Dear Sirs

Paragon Mortgages (No.12) plc – Replacement Option Switch Notice

We refer to the ISDA Master Agreement in relation to the Class B1b Notes between Barclays Bank plc as Party A and Paragon Mortgages (No.12) plc as Party B, dated as of 14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on 27 August 2014 (the "**Agreement**").

All terms capitalised but not defined herein shall have the meaning given to such terms in the Agreement.

This is a Replacement Option Switch Notice.

As at the date hereof, Option [1/2/3/4] applies.

As of the day that is the first Business Day after the day this notice becomes effective pursuant to Section12 (*Notices*) of the Agreement, Option [1/2/3/4] shall apply until the delivery of another Replacement Option Switch Notice.

This Replacement Option Switch Notice shall form part of the Agreement as of the date it becomes effective pursuant to Section12 (*Notices*) of the Agreement.

Schedule to the Master Agreement for B1b Currency Swap

Yours faithfully

Barclays Bank plc

By:

Title:

Signed for and behalf of:
on:
by:

Barclays Bank plc

By:
Name:
Title:

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

Paragon Mortgages (No.12) plc

By:
Name:
Title:

Signed for and behalf of:
on:
by:

Citicorp Trustee Company Limited

By:
Name:
Title:

Schedule 8

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 14 July 2006, as amended and restated on 7 July 2011 and as further amended and
restated on 27 August 2014

between

- (1) **BARCLAYS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO.12) 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 Euros.
 - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: US dollars and Pounds Sterling.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency in circumstances where 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 is Fitch (but not Moody's or S&P), the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by Fitch ("**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.

- (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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(A)	cash in an Eligible Currency	As set out in Appendix C	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; the Republic of Ireland; or the U.S. Treasury	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
	Department, (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:		
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	To be agreed between Party A and Fitch
(C)	Negotiable debt obligations issued by: 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, (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:	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	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.	As set out in Appendix C	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 item of Eligible Credit Support, the lowest of the ratings and/or the Valuation Percentages, as the case may be, shall apply.

(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 any of the Moody's Threshold, Fitch Threshold or S&P Threshold is zero, in which case the Threshold for Party A shall be zero.

"Fitch Threshold" means, where a Fitch Ratings Level 1 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(iii)(a)(1) or a Fitch Ratings Level 2 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(iii)(b)(1), zero and at any other time, infinity.

"Moody's Threshold" means, where an Initial Moody's Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(ii)(a)(B), (i), (ii) or (iii), zero and at any other time, infinity.

"S&P Threshold" means, where an Initial S&P Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(i)(b)(ii) or a Subsequent S&P Rating Event and Party A has not otherwise complied with Part 5(g)(i)(c)(ii), zero and at any other time, infinity.

"Threshold" means, for Party B: Infinity

- (C) **"Minimum Transfer Amount"** means, with respect to Party A and Party B, EUR60,000; 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 EUR12,500 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:

Eligible Currency	Interest Rate
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

Account With:	BARCUS33	Barclays New York
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	050035428	
Reference:	COLLATERAL	

EUR CASH

Account With:	BARCGB22	Barclays Bank PLC
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	44295577	
Reference:	COLLATERAL	

GBP CASH

Account With:	BARCGB22	Barclays Bank PLC
Sort Code:	20-00-00	
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	50654140	
Reference:	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 set out below.

Moody's Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Moody's Threshold is infinity, zero; and
- (b) if the Moody's Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the sum of (x) the Transferee's Exposure and (y) the aggregate of the Moody's Additional Amounts in respect of such Valuation Date for all Transactions (other than the Transaction constituted by this Annex).

S&P Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the S&P Threshold is infinity, zero; and
- (b) if the S&P Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the table below corresponding to the Replacement Option in effect at such time:

Option 1	the sum of (x) Transferee's Exposure (which may be a negative number) and (y) the applicable Volatility Buffer
Option 2	<p>(A) where an Initial S&P Rating Event has occurred, Transferee's Exposure (which may be a negative number) multiplied by 1.25;</p> <p>or</p> <p>(B) where a Subsequent S&P Rating Event has occurred:</p> <p>the greater of:</p> <p>(x) the sum of (1) Transferee's Exposure (which may be a negative number) and (2) the applicable Volatility Buffer; and</p> <p>(y) Transferee's Exposure (which may be a negative</p>

	number) multiplied by 1.3
Option 3	Transferee's Exposure (which may be a negative number) multiplied by 1.25
Option 4	Zero

Fitch Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Fitch Threshold is infinity, zero; and
- (b) if the Fitch Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the following formula:

$\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]$

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 B (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) ***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."

(x) ***Exposure.***

"Exposure" has the meaning specified in Paragraph 10, except that (1) after the word "Agreement" the words "(assuming, for this purpose only, that Part 5(p) (*Calculations*) of the Schedule is deleted)" shall be inserted and (2) at the end of the definition of "Exposure", the words "without assuming that the terms of such Replacement Transactions are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

(xi) ***Definitions.***

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

"Currency Risk Group" means, on each Valuation Date, in respect of a Transaction:

- (a) pursuant to which payments are made in one currency only and such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in respect of such currency in Column 2 of the below table;
 - (ii) Currency Risk Group 2, where "2" is specified in respect of such currency in Column 2 of the below table;
 - (iii) Currency Risk Group 3, where "3" is specified in respect of such currency in Column 2 of the below table; and
 - (iv) Currency Risk Group 4, where "4" is specified in respect of such currency in Column 2 of the below table;
- (b) pursuant to which payments are made in more than one currency and each such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in Column 3 of the below table in respect of each currency in which payments are made;
 - (ii) Currency Risk Group 2, where (x) "2" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "3" or "4" are not specified in Column 3 of the below table in respect of any of the other currencies in which payments are made;
 - (iii) Currency Risk Group 3, where (x) "3" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "4" is not specified in Column 3 of the below table in

respect of any of the other currencies in which payments are made;
and

- (iv) Currency Risk Group 4, where "4" is specified in Column 3 of the below table in respect of any currency in which payments are made;

Currencies By Risk Groups*		
Column 1	Column 2	Column 3
Currency	Single currency swap	Cross-currency swap
U.S. dollar	1	1
Euro	1	1
Japanese yen	1	1
British pound	1	1
Canadian dollar	1	1
Australian dollar	1	1
Danish krone	1	1
Norwegian krone	1	1
Swedish krona	1	1
Swiss Franc	1	1
New Zealand dollar	1	1
Singapore dollar	1	1
Hong Kong dollar	2	2
New Taiwan dollar	2	2
Korean won	3	3
Mexican peso	3	4
South African rand	3	4
Russian ruble	4	4

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

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

"Moody's Additional Amount" means, for any Valuation Date:

- (a) in respect of any Transaction that is both a cross-currency hedge and an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier (Optionality) and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (b) in respect of any Transaction that is a cross-currency hedge and is not an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (c) in respect of any Transaction that is not a cross-currency hedge and is an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier (Optionality) and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date; and

- (d) in respect of any Transaction that is neither a cross-currency hedge nor an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

"Moody's Criteria" means the publication entitled "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions" published by Moody's on 12 November 2013.

"Moody's Cross Currency DV01 Multiplier" means 15.

"Moody's Cross Currency DV01 Multiplier (Optionality)" means 30.

"Moody's Cross Currency Notional Amount Higher Multiplier" means 0.09.

"Moody's Cross Currency Notional Amount Higher Multiplier (Optionality)" means 0.11.

"Moody's Cross Currency Notional Amount Lower Multiplier" means 0.06.

"Moody's Single Currency DV01 Multiplier" means 50.

"Moody's Single Currency DV01 Multiplier (Optionality)" means 65.

"Moody's Single Currency Notional Amount Multiplier" means 0.08.

"Moody's Single Currency Notional Amount Multiplier (Optionality)" means 0.10.

"Moody's WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the Moody's WAL in a commercially reasonable manner assuming default and a prepayment assumptions based on its then current internal models.

"Optionality Hedge" means any Transaction that is a cap, floor or swaption.

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

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

"S&P Criteria" means the publication entitled "Counterparty Risk Framework Methodology and Assumptions" published by S&P on 25 June 2013.

"S&P WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the S&P WAL in a commercially reasonable manner assuming no default and no voluntary prepayment.

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

"Transaction Cross Currency DV01" means, with respect to a Transaction and any date of determination, the greater of (i) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party A's payment obligations under such Transaction) on such date and (ii) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party B's payment obligations under such Transaction) on such date, in each case as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Transaction Notional Amount" means in respect of a Valuation Date (A) in respect of any Transaction that is a cross currency hedge, the Base Currency Equivalent of the Currency Amount (as defined in the Confirmation relating to the Transaction) applicable to Party A's payment obligations for the Calculation Period (as defined in the Confirmation relating to the Transaction) which includes such Valuation Date and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount (as defined in the Confirmation relating to the Transaction).

"Transaction Single Currency DV01" means, with respect to a Transaction and any date of determination, the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve on such date, as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Volatility Buffer" means on any Valuation Date, the sum for each Transaction of an amount equal to the product of:

- (a) the relevant percentage for the Currency Risk Group applicable to such Transaction, specified in the columns headed "Interest Rate Swaps" or "Cross Currency Swaps" (as applicable) in respect of swap transactions with an S&P WAL as is specified in the column headed "Swap tenor--weighted-average life (years)" in the applicable table in the S&P Criteria (provided that, for the purpose of identifying the applicable tenor in the table in the S&P Criteria the tenor of the Transaction will, where necessary, be rounded up); and

- (b) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

For purposes of the above, "the applicable table in the S&P Criteria" means:

- (a) with respect to Option 1, Table 8a, 8b or 8c corresponding to the rating of the Notes by S&P on the relevant Valuation Date; and
- (b) with respect to Option 2, Table 9a, 9b or 9c corresponding to the rating of the Notes by S&P on the relevant Valuation Date.

Appendix A – Moody's Requirements**Table A****Original Collateral Formulas - Swaps without Optionality**

Swap Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	0.50%	6.10%
>1 and ≤2	1.00%	6.30%
>2 and ≤3	1.50%	6.40%
>3 and ≤4	1.90%	6.60%
>4 and ≤5	2.40%	6.70%
>5 and ≤6	2.80%	6.80%
>6 and ≤7	3.20%	7.00%
>7 and ≤8	3.60%	7.10%
>8 and ≤9	4.00%	7.20%
>9 and ≤10	4.40%	7.30%
>10 and ≤11	4.70%	7.40%
>11 and ≤12	5.00%	7.50%
>12 and ≤13	5.40%	7.60%
>13 and ≤14	5.70%	7.70%
>14 and ≤15	6.00%	7.80%
>15 and ≤16	6.30%	7.90%
>16 and ≤17	6.60%	8.00%
>17 and ≤18	6.90%	8.10%
>18 and ≤19	7.20%	8.20%
>19 and ≤20	7.50%	8.20%
>20 and ≤21	7.80%	8.30%
>21 and ≤22	8.00%	8.40%
>22 and ≤23	8.00%	8.50%
>23 and ≤24	8.00%	8.60%
>24 and ≤25	8.00%	8.60%
>25 and ≤26	8.00%	8.70%
>26 and ≤27	8.00%	8.80%
>27 and ≤28	8.00%	8.80%
>28 and ≤29	8.00%	8.90%
>29	8.00%	9.00%

Table B**Original Collateral Formulas - Swaps with Optionality**

Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	0.65%	6.30%
>1 and ≤2	1.30%	6.60%
>2 and ≤3	1.90%	6.90%
>3 and ≤4	2.50%	7.10%
>4 and ≤5	3.10%	7.40%
>5 and ≤6	3.60%	7.70%
>6 and ≤7	4.20%	7.90%
>7 and ≤8	4.70%	8.20%
>8 and ≤9	5.20%	8.40%
>9 and ≤10	5.70%	8.60%
>10 and ≤11	6.10%	8.80%
>11 and ≤12	6.50%	9.00%
>12 and ≤13	7.00%	9.20%
>13 and ≤14	7.40%	9.40%
>14 and ≤15	7.80%	9.60%
>15 and ≤16	8.20%	9.80%
>16 and ≤17	8.60%	10.00%
>17 and ≤18	9.00%	10.10%
>18 and ≤19	9.40%	10.30%
>19 and ≤20	9.70%	10.50%
>20 and ≤21	10.00%	10.70%
>21 and ≤22	10.00%	10.80%
>22 and ≤23	10.00%	11.00%
>23 and ≤24	10.00%	11.00%
>24 and ≤25	10.00%	11.00%
>25 and ≤26	10.00%	11.00%
>26 and ≤27	10.00%	11.00%
>27 and ≤28	10.00%	11.00%
>28 and ≤29	10.00%	11.00%
>29	10.00%	11.00%

Appendix B – 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 (Years)</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	>=15
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 C - MOODY'S VALUATION PERCENTAGES**Valuation Percentages (where the Base Currency is Euros)**

Instrument	Valuation Percentage
EURO Cash	100%
Sterling Cash	97%
US Dollar Cash	94%
Yen Cash	93%
US Dollar Denominated Fixed Rate Negotiable Debt issued by the US Treasury with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	91%
>5 and ≤7	90%
>7 and ≤10	88%
>10 and ≤20	85%
>20	83%
US Dollar Denominated Floating Rate Negotiable Debt issued by the US Treasury All Maturities	93%
US Dollar Fixed Rate US Agency Debentures with Remaining Maturity	
≤1 year	93%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	90%
>5 and ≤7	89%
>7 and ≤10	87%
>10 and ≤20	84%
>20	82%
US Dollar Denominated Floating Rate US Agency Debentures All Maturities	92%
EURO Denominated Fixed Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's with Remaining Maturity	
≤1 year	100%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	96%
>5 and ≤7	95%
>7 and ≤10	94%
>10 and ≤20	89%
>20	87%
EURO Denominated Floating Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's All Maturities	99%
Sterling Denominated Fixed Rate United Kingdom Gilts with Remaining Maturity	
≤1 year	96%
>1 and ≤2	95%
>2 and ≤3	94%
>3 and ≤5	93%
>5 and ≤7	92%

>7 and \leq 10	91%
>10 and \leq 20	87%
>20	85%
Sterling Denominated Floating Rated United Kingdom Gilts All Maturities	96%
Yen Denominated Fixed Rate Japanese Government Bonds with Remaining Maturity	
\leq 1 year	95%
>1 and \leq 2	94%
>2 and \leq 3	93%
>3 and \leq 5	92%
>5 and \leq 7	91%
>7 and \leq 10	90%
>10 and \leq 20	86%
>20	84%
Yen Denominated Floating Rate Japanese Government Bonds All Maturities	95%

APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT

Category Description	Eligible Credit Support	S&P Valuation Percentage
Cash	Cash in Base Currency. Cash in an Eligible Currency other than the Base Currency.	100% 100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10
Category 1	Government issued negotiable debt obligations with an Eligible Rating and denominated in the Base Currency.	100%
	Government issued negotiable debt obligations with an Eligible Rating, denominated in an Eligible Currency and having a rating (or issued by a government with a rating) at least equal to the then current rating of the Relevant Notes.	100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.
Category 2	Any item denominated in the Base Currency or Eligible Currency and 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 the liability haircuts set out therein corresponding to the next lower rating category than the current rating of the Relevant Notes and <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.

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.

For the purposes of the above, "the applicable Table 10" means Table 10a, 10b or 10c corresponding to the rating of the Relevant Notes by S&P on the relevant Valuation Date as set out below.

Table 10a – Currency Advance Rates For Collateral With Currency Exposure For 'AAA' Rated Securities

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		92.5	92.0	94.0	95.0	92.0	92.5	92.0	92.0	92.0	91.5	95.0	98.5	96.0
Euro			90.5	94.0	90.5	92.0	96.0	94.0	94.0	94.0	91.5	93.0	92.5	91.5
Japanese yen				89.0	91.5	87.0	91.0	90.5	91.0	91.0	87.0	92.5	92.0	91.5
British pound					91.5	92.0	94.0	92.5	92.5	92.5	91.5	92.0	94.0	93.0
Canadian dollar						92.0	92.5	92.0	92.0	92.0	91.5	94.0	95.0	94.0
Australian dollar							91.5	91.0	91.0	90.0	94.5	90.0	92.0	91.0
Danish krone								95.0	95.0	96.5	91.0	92.5	92.5	92.0
Norwegian krone									94.5	94.5	91.0	92.0	92.0	92.0
Swedish krona										94.5	91.0	92.0	92.0	91.5

Swiss Franc											90.0	92.0	92.0	91.5
New Zealand dollar												89.5	91.5	90.5
Singapore dollar													95.0	94.5
Hong Kong dollar														96.0

Table 10b – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated In The 'AA' Category

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		93.5	92.5	94.5	95.5	93.0	93.5	93.0	93.0	93.0	92.5	95.5	99.0	96.5
Euro			91.5	94.5	91.5	92.5	96.5	94.5	94.5	94.5	92.5	91.5	93.5	92.5
Japanese yen				90.0	92.5	89.0	92.0	91.5	92.0	92.0	88.5	93.5	92.5	92.5
British pound					92.5	93.0	94.5	93.5	93.0	93.5	92.5	93.0	94.5	93.5
Canadian dollar						93.0	93.0	93.0	93.0	92.5	90.5	94.5	95.5	94.5
Australian dollar							92.0	92.0	92.0	91.0	95.0	91.0	93.0	92.0
Danish krone								95.5	95.5	97.0	92.0	93.0	93.5	93.0
Norwegian krone									95.0	95.0	92.0	92.5	93.0	92.5
Swedish krona										95.0	92.0	93.0	93.0	92.5

Swiss Franc											91.0	93.0	93.0	92.5
New Zealand dollar												90.5	92.5	91.5
Singapore dollar													95.5	95.0
Hong Kong dollar														96.5

Table 10c – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated 'A+' Or Lower

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		94.0	93.0	95.0	96.0	93.5	94.0	93.5	93.5	93.5	93.0	96.0	99.5	97.0
Euro			92.0	95.0	92.0	93.0	97.0	95.0	95.0	95.0	93.0	92.0	94.0	93.0
Japanese yen				90.5	93.0	89.5	92.5	92.0	92.5	92.5	89.0	94.0	93.0	93.0
British pound					93.0	93.5	95.0	94.0	93.5	94.0	93.0	93.5	95.0	94.0
Canadian dollar						93.5	93.5	93.5	93.5	93.0	91.0	95.0	96.0	95.0
Australian dollar							92.5	92.5	92.5	91.5	95.5	91.5	93.5	92.5
Danish krone								96.0	96.0	97.5	92.5	93.5	94.0	93.5
Norwegian krone									95.5	95.5	92.5	93.0	93.5	93.0
Swedish krona										95.5	92.5	93.5	93.5	93.0

Swiss Franc											91.5	93.5	93.5	93.0
New Zealand dollar												91.0	93.0	92.0
Singapore dollar													96.0	95.5
Hong Kong dollar														97.0

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.12) plc

By.....
Name:
Title:

Signed for and behalf of:

on:
by:

Citicorp Trustee Company Limited

By.....
Name:
Title:

Schedule 9

AMENDED ISDA SCHEDULE – CLASS C1B NOTES

SCHEDULE TO THE MASTER AGREEMENT

in relation to the

Class C1b Notes

(the "**Relevant Notes**")

dated as of

14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on

27 August 2014

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 12) 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: 51 Homer 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, 13th 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 Affected Party.

"Early Redemption and Prepayment of the Notes. For the avoidance of doubt, the exercise of the Issuer's rights under Condition 5(c) (*Redemption for Taxation or Other Reasons*) or 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 the exercise of such right.

(g) **Ratings Event**

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

(a) *Replacement Options.*

This Agreement sets out four options for the definition of Initial S&P Rating Event, Subsequent S&P Rating Event and Credit Support Amount (in each case, being "**Option 1**", "**Option 2**", "**Option 3**" and "**Option 4**" respectively and each a "**Replacement Option**"). As of 27 August 2014, Option 2 shall apply to this Agreement. On or after 27 August 2014, the Replacement Option may be amended in accordance with this Part 5(g)(i)(a) (the "**S&P Substitution Provisions**").

Party A may, upon not less than one Business Days' notice to Party B and S&P, in substantially the form set out in the Exhibit A to this Schedule (a "**Replacement Option Switch Notice**"), elect that (a) Option 1, Option 2, Option 3 or Option 4 shall apply or (b) if at the time of such notice Party A has previously elected that any of Option 1, Option 2, Option 3 or Option 4 applies, (i) that another option shall apply and (ii) that any previous election shall cease to apply.

With effect from the Business Day following the date a Replacement Option Switch Notice is effective (such date, the "**Substitution Effective Date**"), the definitions of "**Initial S&P Required Rating**", "**Subsequent S&P Required Rating**" and "**Credit Support Amount**" (as defined in the Credit Support Annex) shall be deemed to be amended to the equivalent definitions set out below corresponding to the relevant Replacement Option elected.

The right of Party A to make an election pursuant to this Part 5(g)(i)(a) is subject to the following conditions being satisfied on the proposed Substitution Effective Date:

- (1) no Event of Default or Termination Event has occurred and is continuing with respect to which Party A is a Defaulting Party or an Affected Party, as the case may be;
- (2) no Subsequent S&P Rating Event would occur as a result of the election; and

- (3) the Substitution Effective Date must not occur during any extension to the Collateral Remedy Period or Non Collateral Remedy Period.

(b) *Initial S&P Rating Event*

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 Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option 4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); or
- (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) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action) as notified to S&P as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Initial S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Initial S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 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 sub-paragraph 5(g)(b)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(b)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(c) *Subsequent S&P Rating Event*

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

- (i) Party A shall, within the Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex (unless Option

4 has been elected in accordance with the S&P Substitution Provisions, in which case this sub-paragraph (i) shall not apply); and

- (ii) Party A shall use commercially reasonable efforts to, as soon as reasonably practicable, at its own cost:
 - (x) subject to Part 5(q) (*Transfers*) below, transfer all of its rights and obligations with respect to this Agreement to an S&P Eligible Replacement; or
 - (y) procure, subject to confirmation by S&P, an S&P Eligible Replacement to become a co-obligor or guarantor in respect of the obligations of Party A; or
 - (z) take such other action (which may, for the avoidance of doubt, include taking no action), as will result in: (a) the rating of the Relevant Notes being maintained at, or restored to, the level it would have been but for such Subsequent S&P Rating Event and regardless of any other capacity in which Party A may act in respect of the Relevant Notes; and (b) the Relevant Notes not being placed on credit watch by S&P as a result of the Subsequent S&P Rating Event.

Without prejudice to any replacement, co-obligor or guarantor third party's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of sub-paragraphs 5(g)(i)(c)(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 Subsequent S&P Rating Event pursuant to sub-paragraph 5(g)(i)(c)(i) above following the satisfaction of the provisions in sub-paragraphs 5(g)(i)(c)(ii)(x), (y) or (z) above and the Credit Support Balance shall be transferred to Party A in accordance with the terms of the Credit Support Annex.

(d) *Additional Termination Events*

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)(b)(i) or 5(g)(i)(c)(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 applicable Collateral Remedy Period unless at such time Party A has taken one of the measures described in Parts 5(g)(i)(b)(ii) or 5(g)(i)(c)(ii), as the case may be, with Party A as the sole Affected Party and all Transactions as Affected Transactions, *provided that*, notwithstanding any other provision of this Agreement, such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days

have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

- (ii) if Party A does not take the measures described in Part 5(g)(i)(c)(ii) above following a Subsequent S&P Rating Event within the Non Collateral Remedy Period 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, *provided that*, Party A has received a Firm Offer from a counterparty that would qualify as an Eligible Replacement, to enter into a replacement transaction(s) with Party B in respect of the Affected Transactions.

(e) *Definitions.*

For the purposes of this Agreement:

"Collateral Remedy Period" means the period that commences on (and excludes) the date on which an Initial S&P Rating Event or Subsequent S&P Rating Event (as applicable) occurs and ends on (and includes) the later of (i) the 10th Business Day following the date on which such event occurs or (ii) if Party A has, on or before the 10th Business Day following the date on which such 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 event occurs.

"Initial S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Initial S&P Rating Event".

"Non 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) either (i) the 30th calendar day following the date on which such event occurs if Option 4 has been selected or (ii) the 60th calendar day following the date on which such event occurs if Option 1, 2 or 3 has been selected, provided that:

- (1) in the case of (i) above, if Party A has, on or before the 30th calendar day following the date on which such 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 "Non Collateral Remedy Period means the period that commences on (and excludes) the date on which such event occurs and ends on (and

includes) the 60th calendar day following the date on which such event occurs; or

- (2) in the case of (ii) above, if Party A has on or before the 60th calendar day following the date on which such 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 "Non Collateral Remedy Period" means the period that commences on (and excludes) the date on which such event occurs and ends on (and includes) the 90th calendar day following the date on which such event occurs.

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

"S&P Eligible Replacement" means either (a) an entity with the Initial S&P Required Rating or (b) an entity with the Subsequent S&P Required Rating, provided that such entity complies with the provisions of Part 5(g)(i)(b) above with respect to its own obligations under the Agreement.

"S&P Minimum Counterparty Rating" means, in respect of each of Option 1, Option 2, Option 3 or Option 4, the entity's issuer credit rating or the rating of an entity's long-term, unsecured and unsubordinated debt obligations as specified in the table below (the "S&P Rating Table") under the columns "Initial S&P Rating Event" and "Subsequent S&P Rating Event", as applicable:

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
AAA	A*	BBB+	A*	A-	A*	A*	NA	A+
AA+	A*	BBB+	A*	A-	A*	A*	NA	A+
AA	A-	BBB+	A*	A-	A*	A*	NA	A+
AA-	A-	BBB**	A-	BBB+	A-	A-	NA	A*
A+	BBB+	BBB**	A-	BBB+	A-	A-	NA	A*
A	BBB+	BBB**	A-	BBB+	A-	A-	NA	At least as high as the Relevant Notes rating
A-	BBB**	BBB-	BBB+	BBB**	BBB+	BBB+	NA	At least as high as the Relevant Notes rating
BBB+	BBB**	BBB-	At least as high as the Relevant Notes	BBB**	At least as high as the Relevant Notes	At least as high as the Relevant	NA	At least as high as the Relevant

	Option 1		Option 2		Option 3		Option 4	
Current rating of the Relevant Notes ***	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event	Initial S&P Rating Event	Subsequent S&P Rating Event
			rating		rating	Notes rating		Notes rating
BBB	BBB-	BB+	At least as high as the Relevant Notes rating	BBB-	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BBB-	At least as high as the Relevant Notes rating	BB+	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
BB+ and below	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	At least as high as the Relevant Notes rating	NA	At least as high as the Relevant Notes rating
* To meet the minimum eligible rating of "A", the entity should also have a short term rating of "A-1".								
**To meet the minimum eligible rating of "BBB", the entity should also have a short term rating of "A-2"								
*** If the Relevant Notes are downgraded by S&P because of Party A's failure to perform under this Agreement or failure to comply with the S&P Criteria with respect to swap counterparties, then the current rating will be deemed to be the rating of the Relevant Notes immediately prior to such downgrade.								

"Subsequent S&P Required Rating" means the issuer credit rating of an entity is at least as high as the S&P Minimum Counterparty Rating or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated at least as high as the S&P Minimum Counterparty Rating, in each case corresponding to the then current rating of the Relevant Notes and the applicable Replacement Option, as specified in the S&P Rating Table under the column "Subsequent S&P Rating Event".

(ii) **Moody's**

(a) *Initial Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the First Trigger Required Rating (such event, an **"Initial Moody's Rating Event"**) and so long as an Initial Moody's Rating Event is in effect, then (A) Party A shall, as soon as reasonably practicable and at its own expense, post collateral pursuant to, and subject to the terms of, the Credit Support Annex and (B) Party A may, at any time following the occurrence of an Initial Moody's Rating Event, at its own discretion and at its own expense, either:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes,

provided that, Party A is not required to comply with Part 5(g)(ii)(a)(A) if it has implemented at least one of the remedies described in Part 5(g)(ii)(a)(B).

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

(b) *Subsequent Moody's Rating Event*

In the event that no Relevant Entity has a credit rating at least equal to the Second Trigger Required Rating (a "**Subsequent Moody's Rating Event**") then Party A shall, as soon as reasonably practicable and so long as the Subsequent Moody's Rating Event is in effect, at its own expense, use commercially reasonable efforts to:

- (i) transfer all of its (or, if applicable, its Credit Support Provider's) rights and obligations with respect to this Agreement to a Moody's Eligible Replacement; or
- (ii) procure an Eligible Guarantee from an Eligible Guarantor; or
- (iii) take such other action (which may include no action) in respect of which Moody's confirms that there will not be an adverse impact on the then current rating of the Relevant Notes.

(c) Not used.

(d) In relation to Part 5(g)(ii)(a)(A) 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.

(e) Not used.

(f) Not used.

(g) Not used.

(h) *Additional Termination Events*

The occurrence of any of the following events shall not be or give rise to an Event of Default but shall each constitute an Additional Termination Event with Party A as the sole Affected Party and all Transactions shall be Affected Transactions:

(i) *Initial Moody's Rating Event*

If an Initial Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the First Trigger Required Rating and Party A has (A) failed to comply with Part 5(g)(ii)(a)(A) and (B) failed to take any of the measures described in Part 5(g)(ii)(a)(B) and either (x) a Subsequent Moody's Rating Event is not continuing or (y) if a Subsequent Moody's Rating Event is continuing, less than 30 Local Business Days have elapsed since the occurrence of the relevant Subsequent Moody's Rating Event, *provided that*, notwithstanding any other provision of this Agreement, with regard to a failure to post collateral pursuant to Part 5(g)(ii)(a)(A), such failure will not constitute an Additional Termination Event until (i) a Swap Collateral Account has been opened and (ii) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor.

(ii) *Subsequent Moody's Rating Event*

If (A) a Subsequent Moody's Rating Event has occurred and is continuing and 30 or more Local Business Days have elapsed since the last time any Relevant Entity maintained the Second Trigger Required Rating and (B) Party A has failed to take any of the measures described in Part 5(g)(ii)(b) above, *provided that*, at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding upon acceptance) to be the transferee of all of Party A's obligations under this Agreement.

(i) *Definitions*

For the purposes of this Agreement:

"Eligible Guarantee" means an unconditional and irrevocable guarantee that is provided by a guarantor as principal debtor rather than surety and is directly enforceable by Party B, where (I) such guarantee provides that if a guaranteed obligation cannot be performed without an action being taken by Party A, the guarantor shall use its best endeavours to procure that Party A takes such action, (II)(A) the guarantor and Party B are resident for tax purposes in the same jurisdiction, (B) a law firm has given a legal opinion confirming that none of the guarantor's payments to Party B under such guarantee will be subject to deduction or withholding for tax, (C) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to deduction or withholding for tax, such guarantor is required to pay such additional amount as is necessary to ensure that the net amount actually received by Party B (free and clear of any tax) will equal the full amount Party

B would have received had no such deduction or withholding been required or (D) in the event that any payment (the "Primary Payment") under such guarantee is made net of deduction or withholding for tax, Party A is required, under this Agreement, to make such additional payment (the "Additional Payment") as is necessary to ensure that the net amount actually received by Party B from the guarantor (free and clear of any tax) in respect of the Primary Payment and the Additional Payment will equal the full amount Party B would have received had no such deduction or withholding been required (assuming that the guarantor will be required to make a payment under such guarantee in respect of the Additional Payment) and (III) the guarantor waives any right of set-off in respect of payments under such guarantee.

"Eligible Guarantor" means an entity having a credit rating equal to at least the First Trigger Required Rating.

"First Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "A3" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "A3" or above by Moody's.

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

"Moody's Eligible Replacement" means an entity (A) with the First Trigger Required Rating or (B) whose present and future obligations owing to Party B under this Agreement are guaranteed pursuant to an Eligible Guarantee provided by an Eligible Guarantor.

"Second Trigger Required Rating" means the issuer credit rating given by Moody's in respect of an entity is "Baa1" or above or, if an issuer credit rating is not available for such entity, the long-term, unsecured and unsubordinated debt obligations of the entity are rated "Baa1" or above by Moody's.

"Relevant Entities" means Party A and any guarantor under an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement and "Relevant Entity" means any one of them.

(iii) **Fitch Ratings Event**

(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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 1 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(a) until (A) a Swap Collateral Account has been opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 2 Cure Period and (ii) the Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement, *provided that*, notwithstanding any other provision of this Agreement, an Additional Termination Event shall not occur pursuant to this Part 5(g)(iii)(b) until (A) a Swap Collateral Account has been

opened and (B) at least 10 Business Days have elapsed since the day on which Party B first notified Party A that such Swap Collateral Account has been opened and the details therefor,

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 with Party A as the sole Affected Party and all Transactions as Affected Transactions shall be deemed to have occurred on the later of (i) the first Business Day immediately following the Fitch Ratings Level 3 Cure Period and (ii) the first Business Day on which at least one Eligible Replacement has made a Firm Offer (which remains capable of becoming legally binding on acceptance) to be the transferee of all of Party A's rights and obligations under this Agreement.

(d) **Fitch downgrade definitions**

In this Agreement:

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

"**Fitch Eligible Counterparty**" 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; or
- (3) who (or whose Credit Support Provider) is a Fitch Ratings Level 2 Minimum Rated Entity at that time provided that such entity has (or

does at the point of becoming a transferee or Credit Support Provider) either:

- (i) provided collateral in support of its obligations pursuant to the Credit Support Annex; or
- (ii) obtained a guarantee or other suitable credit support for its obligations from a counterparty that is a Fitch Minimum Rated Entity.

"Fitch Eligible Replacement" means an entity that is, or whose obligations are guaranteed by, a Fitch Eligible Counterparty.

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

- (1) its short term issuer default rating by Fitch is at that time at least as high as "F1" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "A+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F2" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB+" (or its equivalent) or, if an issuer default rating is not available for such person, 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 issuer default rating by Fitch is at that time at least as high as "F3" (or its equivalent); as well as
- (2) its long-term issuer default rating by Fitch is at that time at least as high as "BBB-" (or its equivalent) by Fitch or, if an issuer default rating is not available for such person, 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 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 Eligible Replacement; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Eligible Counterparty 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 20 July 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.

(iv) ***Definition of "Firm Offer"***

For the purposes of this Agreement "**Firm Offer**" means an offer which, when made, was capable of becoming legally binding upon acceptance.

(v) ***Definition of "Eligible Replacement"***

For the purposes of this Agreement "**Eligible Replacement**" means an entity which is (A) an S&P Eligible Replacement, (B) a Moody's Eligible Replacement and (C) a Fitch Eligible Replacement. For the avoidance of doubt, an entity must satisfy all three requirements in order to be an Eligible Replacement.

(vi) ***Definition of "Swap Collateral Account"***

For the purposes of this Agreement "**Swap Collateral Account**" means the relevant Hedge Collateral Cash Account or Hedge Collateral Securities Account, as applicable.

(p) ***Calculations***

If an Early Termination Date is designated at a time when Party A is (A) the Affected Party in respect of an Additional Termination Event or a Tax Event Upon Merger or (B) the Defaulting Party in respect of any Event of Default, paragraphs (i) to (vi) below shall apply:

(i) The definition of "**Market Quotation**" shall be deleted in its entirety and replaced with the following:

"**Market Quotation**" means, with respect to one or more Terminated Transactions, a Firm Offer which is:

- (1) made by an Eligible Replacement;
- (2) for an amount that would be paid to Party B (expressed as a negative number) or by Party B (expressed as a positive number) in consideration of an agreement between Party B and such Eligible Replacement to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for Party B the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under this Agreement in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date;
- (3) made on the basis that Unpaid Amounts in respect of the Terminated Transaction or group of Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant

Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included; and

- (4) made in respect of a Replacement Transaction with terms that are, in all material respects, no less beneficial for Party B than those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions), as determined by Party B."
- (ii) If Party B elects to determine whether or not a Firm Offer satisfies the condition in sub-paragraph (4) of Market Quotation, it shall do so in a commercially reasonable manner.
- (iii) The definition of "Settlement Amount" shall be deleted in its entirety and replaced with the following:

"Settlement Amount" means, with respect to any Early Termination Date:

- (1) if, on or prior to such Early Termination Date, a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding, the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation;
- (2) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and one or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value); or
- (3) if, on such Early Termination Date, no Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions has been accepted by Party B so as to become legally binding and no Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B's Loss (whether positive or negative and without reference to any Unpaid Amounts) for the relevant Terminated Transaction or group of Terminated Transactions."
- (iv) At any time on or before the Early Termination Date at which two or more Market Quotations have been communicated to Party B and remain capable of becoming legally binding upon acceptance by Party B, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, (i) a Market Quotation expressed as a negative number is

lower than a Market Quotation expressed as a positive number and (ii) the lower of two Market Quotations expressed as negative numbers is the one with the largest absolute value).

- (v) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use reasonable efforts to do so before the Early Termination Date.
- (vi) For the purpose of determining Unpaid Amounts, any payment or delivery obligation which was (or would have been but for Section 2(a)(iii)) required to be performed pursuant to paragraph 2 of the Credit Support Annex shall be disregarded.

(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 is an Eligible Replacement;
- (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 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.

Exhibit A

FORM OF REPLACEMENT OPTION SWITCH NOTICE

To: Standard & Poor's Rating Services
20 Canada Square
London
E14 5LH

Copy to: Paragon Mortgages (No.12) plc
51 Homer Road
Solihull
West Midlands
B91 3QJ

Attention: Swaps Administration, Finance Department

and

Citigroup Centre, 13th Floor
Canada Square
Canary Wharf
London E14 5LB

Attention: Agency & Trust

From: Barclays Bank plc
5, The North Colonnade
Canary Wharf
London, E14 4BB

[Date]

Dear Sirs

Paragon Mortgages (No.12) plc – Replacement Option Switch Notice

We refer to the ISDA Master Agreement in relation to the Class C1b Notes between Barclays Bank plc as Party A and Paragon Mortgages (No.12) plc as Party B, dated as of 14 July 2006, as amended and restated on 7 July 2011 and as further amended and restated on 27 August 2014 (the "**Agreement**").

All terms capitalised but not defined herein shall have the meaning given to such terms in the Agreement.

This is a Replacement Option Switch Notice.

As at the date hereof, Option [1/2/3/4] applies.

As of the day that is the first Business Day after the day this notice becomes effective pursuant to Section12 (*Notices*) of the Agreement, Option [1/2/3/4] shall apply until the delivery of another Replacement Option Switch Notice.

This Replacement Option Switch Notice shall form part of the Agreement as of the date it becomes effective pursuant to Section12 (*Notices*) of the Agreement.

Yours faithfully

Barclays Bank plc

By:

Title:

Signed for and behalf of:

on:

by:

Barclays Bank plc

By:

Name:

Title:

Signed for and behalf of:

on:

by:

Paragon Mortgages (No.12) plc

By:

Name:

Title:

Signed for and behalf of:

on:

by:

Citicorp Trustee Company Limited

By:

Name:

Title:

Schedule 10

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 14 July 2006, as amended and restated on 7 July 2011 and as further amended and
restated on 27 August 2014

between

- (1) **BARCLAYS BANK PLC ("Party A");**
- (2) **PARAGON MORTGAGES (NO.12) 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 Euros.
 - (ii) "**Eligible Currency**" means the Base Currency and each other currency specified here: US dollars and Pounds Sterling.

It is agreed by the parties that where the Credit Support Amount is transferred in a currency other than the Base Currency in circumstances where 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 is Fitch (but not Moody's or S&P), the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by Fitch ("**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.

- (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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(A)	cash in an Eligible Currency	As set out in Appendix C	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; the Republic of Ireland; or the U.S. Treasury	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
	Department, (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:		
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	To be agreed between Party A and Fitch
(C)	Negotiable debt obligations issued by: 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, (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:	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:

	Collateral Type	Valuation Percentages in respect of Moody's	Valuation Percentages in respect of Fitch
(i)	not more than one year;	As set out in Appendix C	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out in Appendix C	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C	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.	As set out in Appendix C	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 item of Eligible Credit Support, the lowest of the ratings and/or the Valuation Percentages, as the case may be, shall apply.

(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 any of the Moody's Threshold, Fitch Threshold or S&P Threshold is zero, in which case the Threshold for Party A shall be zero.

"Fitch Threshold" means, where a Fitch Ratings Level 1 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 1 Cure Event has occurred pursuant to Part 5(g)(iii)(a)(1) or a Fitch Ratings Level 2 Event has occurred and Party A has not otherwise complied with the requirement to procure that limb (2) of a Fitch Ratings Level 2 Cure Event has occurred pursuant to Part 5(g)(iii)(b)(1), zero and at any other time, infinity.

"Moody's Threshold" means, where an Initial Moody's Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(ii)(a)(B), (i), (ii) or (iii), zero and at any other time, infinity.

"S&P Threshold" means, where an Initial S&P Rating Event has occurred and Party A has not otherwise complied with Part 5(g)(i)(b)(ii) or a Subsequent S&P Rating Event and Party A has not otherwise complied with Part 5(g)(i)(c)(ii), zero and at any other time, infinity.

"Threshold" means, for Party B: Infinity

- (C) **"Minimum Transfer Amount"** means, with respect to Party A and Party B, EUR60,000; 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 EUR12,500 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:

Eligible Currency	Interest Rate
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

Account With:	BARCUS33	Barclays New York
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	050035428	
Reference:	COLLATERAL	

EUR CASH

Account With:	BARCGB22	Barclays Bank PLC
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	44295577	
Reference:	COLLATERAL	

GBP CASH

Account With:	BARCGB22	Barclays Bank PLC
Sort Code:	20-00-00	
Beneficiary:	BARCGB33	Barclays Capital London
Account No:	50654140	
Reference:	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 set out below.

Moody's Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Moody's Threshold is infinity, zero; and
- (b) if the Moody's Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the sum of (x) the Transferee's Exposure and (y) the aggregate of the Moody's Additional Amounts in respect of such Valuation Date for all Transactions (other than the Transaction constituted by this Annex).

S&P Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the S&P Threshold is infinity, zero; and
- (b) if the S&P Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the table below corresponding to the Replacement Option in effect at such time:

Option 1	the sum of (x) Transferee's Exposure (which may be a negative number) and (y) the applicable Volatility Buffer
Option 2	<p>(A) where an Initial S&P Rating Event has occurred, Transferee's Exposure (which may be a negative number) multiplied by 1.25;</p> <p>or</p> <p>(B) where a Subsequent S&P Rating Event has occurred:</p> <p>the greater of:</p> <p>(x) the sum of (1) Transferee's Exposure (which may be a negative number) and (2) the applicable Volatility Buffer; and</p> <p>(y) Transferee's Exposure (which may be a negative</p>

	number) multiplied by 1.3
Option 3	Transferee's Exposure (which may be a negative number) multiplied by 1.25
Option 4	Zero

Fitch Requirements.

"**Credit Support Amount**" means, with respect to a Transferor on a Valuation Date:

- (a) if the Fitch Threshold is infinity, zero; and
- (b) if the Fitch Threshold is zero, the greater of:
 - (i) zero; and
 - (ii) the amount determined in accordance with the following formula:

$\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]$

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 B (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) ***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."

(x) ***Exposure.***

"Exposure" has the meaning specified in Paragraph 10, except that (1) after the word "Agreement" the words "(assuming, for this purpose only, that Part 5(p) (*Calculations*) of the Schedule is deleted)" shall be inserted and (2) at the end of the definition of "Exposure", the words "without assuming that the terms of such Replacement Transactions are materially less beneficial for the Transferee than the terms of this Agreement" shall be added.

(xi) ***Definitions.***

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

"Currency Risk Group" means, on each Valuation Date, in respect of a Transaction:

- (a) pursuant to which payments are made in one currency only and such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in respect of such currency in Column 2 of the below table;
 - (ii) Currency Risk Group 2, where "2" is specified in respect of such currency in Column 2 of the below table;
 - (iii) Currency Risk Group 3, where "3" is specified in respect of such currency in Column 2 of the below table; and
 - (iv) Currency Risk Group 4, where "4" is specified in respect of such currency in Column 2 of the below table;
- (b) pursuant to which payments are made in more than one currency and each such currency is listed in Column 1 of the below table:
 - (i) Currency Risk Group 1, where "1" is specified in Column 3 of the below table in respect of each currency in which payments are made;
 - (ii) Currency Risk Group 2, where (x) "2" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "3" or "4" are not specified in Column 3 of the below table in respect of any of the other currencies in which payments are made;
 - (iii) Currency Risk Group 3, where (x) "3" is specified in Column 3 of the below table in respect of one currency in which payments are made; and (y) "4" is not specified in Column 3 of the below table in

respect of any of the other currencies in which payments are made;
and

- (iv) Currency Risk Group 4, where "4" is specified in Column 3 of the below table in respect of any currency in which payments are made;

Currencies By Risk Groups*		
Column 1	Column 2	Column 3
Currency	Single currency swap	Cross-currency swap
U.S. dollar	1	1
Euro	1	1
Japanese yen	1	1
British pound	1	1
Canadian dollar	1	1
Australian dollar	1	1
Danish krone	1	1
Norwegian krone	1	1
Swedish krona	1	1
Swiss Franc	1	1
New Zealand dollar	1	1
Singapore dollar	1	1
Hong Kong dollar	2	2
New Taiwan dollar	2	2
Korean won	3	3
Mexican peso	3	4
South African rand	3	4
Russian ruble	4	4

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

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

"Moody's Additional Amount" means, for any Valuation Date:

- (a) in respect of any Transaction that is both a cross-currency hedge and an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier (Optionality) and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (b) in respect of any Transaction that is a cross-currency hedge and is not an Optionality Hedge, the least of (x) the sum of (1) the product of Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and the Moody's Cross Currency Notional Amount Lower Multiplier and (2) the product of the Moody's Cross Currency DV01 Multiplier and the Transaction Cross Currency DV01 for such Transaction, (y) the product of the Moody's Cross Currency Notional Amount Higher Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date;
- (c) in respect of any Transaction that is not a cross-currency hedge and is an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier (Optionality) and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier (Optionality) and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table B of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date; and

- (d) in respect of any Transaction that is neither a cross-currency hedge nor an Optionality Hedge, the least of (x) the product of the Moody's Single Currency DV01 Multiplier and the Transaction Single Currency DV01 for such Transaction, (y) the product of the Moody's Single Currency Notional Amount Multiplier and the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date and (z) the product of (1) the relevant percentage as set out in Appendix A, Table A of this Annex in respect of the Moody's WAL (as specified in the column headed "Swap Tenor (years)" of the same table) applicable to the relevant Transaction and (2) the Transaction Notional Amount for such Transaction for the Calculation Period which includes such Valuation Date.

"Moody's Criteria" means the publication entitled "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions" published by Moody's on 12 November 2013.

"Moody's Cross Currency DV01 Multiplier" means 15.

"Moody's Cross Currency DV01 Multiplier (Optionality)" means 30.

"Moody's Cross Currency Notional Amount Higher Multiplier" means 0.09.

"Moody's Cross Currency Notional Amount Higher Multiplier (Optionality)" means 0.11.

"Moody's Cross Currency Notional Amount Lower Multiplier" means 0.06.

"Moody's Single Currency DV01 Multiplier" means 50.

"Moody's Single Currency DV01 Multiplier (Optionality)" means 65.

"Moody's Single Currency Notional Amount Multiplier" means 0.08.

"Moody's Single Currency Notional Amount Multiplier (Optionality)" means 0.10.

"Moody's WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the Moody's WAL in a commercially reasonable manner assuming default and a prepayment assumptions based on its then current internal models.

"Optionality Hedge" means any Transaction that is a cap, floor or swaption.

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

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

"S&P Criteria" means the publication entitled "Counterparty Risk Framework Methodology and Assumptions" published by S&P on 25 June 2013.

"S&P WAL" means the weighted average life of the Transaction. The Valuation Agent will calculate the S&P WAL in a commercially reasonable manner assuming no default and no voluntary prepayment.

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

"Transaction Cross Currency DV01" means, with respect to a Transaction and any date of determination, the greater of (i) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party A's payment obligations under such Transaction) on such date and (ii) the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve (denominated in the currency of Party B's payment obligations under such Transaction) on such date, in each case as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Transaction Notional Amount" means in respect of a Valuation Date (A) in respect of any Transaction that is a cross currency hedge, the Base Currency Equivalent of the Currency Amount (as defined in the Confirmation relating to the Transaction) applicable to Party A's payment obligations for the Calculation Period (as defined in the Confirmation relating to the Transaction) which includes such Valuation Date and (B) in respect of any other Transaction, the Base Currency Equivalent of the Notional Amount (as defined in the Confirmation relating to the Transaction).

"Transaction Single Currency DV01" means, with respect to a Transaction and any date of determination, the estimated absolute change in the Base Currency Equivalent of the mid-market value with respect to such Transaction that would result from a one basis point change in the relevant swap curve on such date, as determined by the Valuation Agent in good faith and in a commercially reasonable manner in accordance with the relevant methodology customarily used by the Valuation Agent.

"Volatility Buffer" means on any Valuation Date, the sum for each Transaction of an amount equal to the product of:

- (a) the relevant percentage for the Currency Risk Group applicable to such Transaction, specified in the columns headed "Interest Rate Swaps" or "Cross Currency Swaps" (as applicable) in respect of swap transactions with an S&P WAL as is specified in the column headed "Swap tenor--weighted-average life (years)" in the applicable table in the S&P Criteria (provided that, for the purpose of identifying the applicable tenor in the table in the S&P Criteria the tenor of the Transaction will, where necessary, be rounded up); and

- (b) the Notional Amount of the relevant Transaction (as that term is defined in the Confirmation forming part of this Agreement).

For purposes of the above, "the applicable table in the S&P Criteria" means:

- (a) with respect to Option 1, Table 8a, 8b or 8c corresponding to the rating of the Notes by S&P on the relevant Valuation Date; and
- (b) with respect to Option 2, Table 9a, 9b or 9c corresponding to the rating of the Notes by S&P on the relevant Valuation Date.

Appendix A – Moody's Requirements**Table A****Original Collateral Formulas - Swaps without Optionality**

Swap Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	0.50%	6.10%
>1 and ≤2	1.00%	6.30%
>2 and ≤3	1.50%	6.40%
>3 and ≤4	1.90%	6.60%
>4 and ≤5	2.40%	6.70%
>5 and ≤6	2.80%	6.80%
>6 and ≤7	3.20%	7.00%
>7 and ≤8	3.60%	7.10%
>8 and ≤9	4.00%	7.20%
>9 and ≤10	4.40%	7.30%
>10 and ≤11	4.70%	7.40%
>11 and ≤12	5.00%	7.50%
>12 and ≤13	5.40%	7.60%
>13 and ≤14	5.70%	7.70%
>14 and ≤15	6.00%	7.80%
>15 and ≤16	6.30%	7.90%
>16 and ≤17	6.60%	8.00%
>17 and ≤18	6.90%	8.10%
>18 and ≤19	7.20%	8.20%
>19 and ≤20	7.50%	8.20%
>20 and ≤21	7.80%	8.30%
>21 and ≤22	8.00%	8.40%
>22 and ≤23	8.00%	8.50%
>23 and ≤24	8.00%	8.60%
>24 and ≤25	8.00%	8.60%
>25 and ≤26	8.00%	8.70%
>26 and ≤27	8.00%	8.80%
>27 and ≤28	8.00%	8.80%
>28 and ≤29	8.00%	8.90%
>29	8.00%	9.00%

Table B**Original Collateral Formulas - Swaps with Optionality**

Tenor (years)	Single Currency Swaps	Cross Currency Swaps
≤1	0.65%	6.30%
>1 and ≤2	1.30%	6.60%
>2 and ≤3	1.90%	6.90%
>3 and ≤4	2.50%	7.10%
>4 and ≤5	3.10%	7.40%
>5 and ≤6	3.60%	7.70%
>6 and ≤7	4.20%	7.90%
>7 and ≤8	4.70%	8.20%
>8 and ≤9	5.20%	8.40%
>9 and ≤10	5.70%	8.60%
>10 and ≤11	6.10%	8.80%
>11 and ≤12	6.50%	9.00%
>12 and ≤13	7.00%	9.20%
>13 and ≤14	7.40%	9.40%
>14 and ≤15	7.80%	9.60%
>15 and ≤16	8.20%	9.80%
>16 and ≤17	8.60%	10.00%
>17 and ≤18	9.00%	10.10%
>18 and ≤19	9.40%	10.30%
>19 and ≤20	9.70%	10.50%
>20 and ≤21	10.00%	10.70%
>21 and ≤22	10.00%	10.80%
>22 and ≤23	10.00%	11.00%
>23 and ≤24	10.00%	11.00%
>24 and ≤25	10.00%	11.00%
>25 and ≤26	10.00%	11.00%
>26 and ≤27	10.00%	11.00%
>27 and ≤28	10.00%	11.00%
>28 and ≤29	10.00%	11.00%
>29	10.00%	11.00%

Appendix B – 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 (Years)</i>	1	2	3	4	5	6	7	8	9	10	11	12	13	14	>=15
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 C - MOODY'S VALUATION PERCENTAGES**Valuation Percentages (where the Base Currency is Euros)**

Instrument	Valuation Percentage
EURO Cash	100%
Sterling Cash	97%
US Dollar Cash	94%
Yen Cash	93%
US Dollar Denominated Fixed Rate Negotiable Debt issued by the US Treasury with Remaining Maturity	
≤1 year	94%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	91%
>5 and ≤7	90%
>7 and ≤10	88%
>10 and ≤20	85%
>20	83%
US Dollar Denominated Floating Rate Negotiable Debt issued by the US Treasury All Maturities	93%
US Dollar Fixed Rate US Agency Debentures with Remaining Maturity	
≤1 year	93%
>1 and ≤2	93%
>2 and ≤3	92%
>3 and ≤5	90%
>5 and ≤7	89%
>7 and ≤10	87%
>10 and ≤20	84%
>20	82%
US Dollar Denominated Floating Rate US Agency Debentures All Maturities	92%
EURO Denominated Fixed Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's with Remaining Maturity	
≤1 year	100%
>1 and ≤2	99%
>2 and ≤3	98%
>3 and ≤5	96%
>5 and ≤7	95%
>7 and ≤10	94%
>10 and ≤20	89%
>20	87%
EURO Denominated Floating Rate Eurozone Government Bonds Rated Aa3 or Above by Moody's All Maturities	99%
Sterling Denominated Fixed Rate United Kingdom Gilts with Remaining Maturity	
≤1 year	96%
>1 and ≤2	95%
>2 and ≤3	94%
>3 and ≤5	93%
>5 and ≤7	92%

>7 and ≤10	91%
>10 and ≤20	87%
>20	85%
Sterling Denominated Floating Rated United Kingdom Gilts All Maturities	96%
Yen Denominated Fixed Rate Japanese Government Bonds with Remaining Maturity	
≤1 year	95%
>1 and ≤2	94%
>2 and ≤3	93%
>3 and ≤5	92%
>5 and ≤7	91%
>7 and ≤10	90%
>10 and ≤20	86%
>20	84%
Yen Denominated Floating Rate Japanese Government Bonds All Maturities	95%

APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT

<i>Category Description</i>	<i>Eligible Credit Support</i>	<i>S&P Valuation Percentage</i>
Cash	Cash in Base Currency. Cash in an Eligible Currency other than the Base Currency.	100% 100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10
Category 1	Government issued negotiable debt obligations with an Eligible Rating and denominated in the Base Currency.	100%
	Government issued negotiable debt obligations with an Eligible Rating, denominated in an Eligible Currency and having a rating (or issued by a government with a rating) at least equal to the then current rating of the Relevant Notes.	100% <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.
Category 2	Any item denominated in the Base Currency or Eligible Currency and 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 the liability haircuts set out therein corresponding to the next lower rating category than the current rating of the Relevant Notes and <i>multiplied by</i> the relevant percentage specified for such Eligible Currency with respect to the Base Currency in the applicable Table 10.

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.

For the purposes of the above, "the applicable Table 10" means Table 10a, 10b or 10c corresponding to the rating of the Relevant Notes by S&P on the relevant Valuation Date as set out below.

Table 10a – Currency Advance Rates For Collateral With Currency Exposure For 'AAA' Rated Securities

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		92.5	92.0	94.0	95.0	92.0	92.5	92.0	92.0	92.0	91.5	95.0	98.5	96.0
Euro			90.5	94.0	90.5	92.0	96.0	94.0	94.0	94.0	91.5	93.0	92.5	91.5
Japanese yen				89.0	91.5	87.0	91.0	90.5	91.0	91.0	87.0	92.5	92.0	91.5
British pound					91.5	92.0	94.0	92.5	92.5	92.5	91.5	92.0	94.0	93.0
Canadian dollar						92.0	92.5	92.0	92.0	92.0	91.5	94.0	95.0	94.0
Australian dollar							91.5	91.0	91.0	90.0	94.5	90.0	92.0	91.0
Danish krone								95.0	95.0	96.5	91.0	92.5	92.5	92.0
Norwegian krone									94.5	94.5	91.0	92.0	92.0	92.0
Swedish krona										94.5	91.0	92.0	92.0	91.5

Swiss Franc											90.0	92.0	92.0	91.5
New Zealand dollar												89.5	91.5	90.5
Singapore dollar													95.0	94.5
Hong Kong dollar														96.0

Table 10b – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated In The 'AA' Category

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		93.5	92.5	94.5	95.5	93.0	93.5	93.0	93.0	93.0	92.5	95.5	99.0	96.5
Euro			91.5	94.5	91.5	92.5	96.5	94.5	94.5	94.5	92.5	91.5	93.5	92.5
Japanese yen				90.0	92.5	89.0	92.0	91.5	92.0	92.0	88.5	93.5	92.5	92.5
British pound					92.5	93.0	94.5	93.5	93.0	93.5	92.5	93.0	94.5	93.5
Canadian dollar						93.0	93.0	93.0	93.0	92.5	90.5	94.5	95.5	94.5
Australian dollar							92.0	92.0	92.0	91.0	95.0	91.0	93.0	92.0
Danish krone								95.5	95.5	97.0	92.0	93.0	93.5	93.0
Norwegian krone									95.0	95.0	92.0	92.5	93.0	92.5
Swedish krona										95.0	92.0	93.0	93.0	92.5

Swiss Franc											91.0	93.0	93.0	92.5
New Zealand dollar												90.5	92.5	91.5
Singapore dollar													95.5	95.0
Hong Kong dollar														96.5

Table 10c – Currency Advance Rates For Collateral With Currency Exposure For Securities Rated 'A+' Or Lower

	U.S. dollar	Euro	Japanese yen	British pound	Canadian dollar	Australian dollar	Danish krone	Norwegian krone	Swedish krona	Swiss Franc	New Zealand dollar	Singapore dollar	Hong Kong dollar	New Taiwan dollar
U.S. dollar		94.0	93.0	95.0	96.0	93.5	94.0	93.5	93.5	93.5	93.0	96.0	99.5	97.0
Euro			92.0	95.0	92.0	93.0	97.0	95.0	95.0	95.0	93.0	92.0	94.0	93.0
Japanese yen				90.5	93.0	89.5	92.5	92.0	92.5	92.5	89.0	94.0	93.0	93.0
British pound					93.0	93.5	95.0	94.0	93.5	94.0	93.0	93.5	95.0	94.0
Canadian dollar						93.5	93.5	93.5	93.5	93.0	91.0	95.0	96.0	95.0
Australian dollar							92.5	92.5	92.5	91.5	95.5	91.5	93.5	92.5
Danish krone								96.0	96.0	97.5	92.5	93.5	94.0	93.5
Norwegian krone									95.5	95.5	92.5	93.0	93.5	93.0
Swedish krona										95.5	92.5	93.5	93.5	93.0

Swiss Franc											91.5	93.5	93.5	93.0
New Zealand dollar												91.0	93.0	92.0
Singapore dollar													96.0	95.5
Hong Kong dollar														97.0

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.12) plc

By.....
Name:
Title:

Signed for and behalf of:

on:
by:

Citicorp Trustee Company Limited

By.....
Name:
Title:

SIGNATORIES

Party A

BARCLAYS BANK PLC

By: *Andrew Kellner*

Party B

PARAGON MORTGAGES (NO.12) PLC

By:

Trustee

CITICORP TRUSTEE COMPANY LIMITED

By:

SIGNATORIES

Party A

BARCLAYS BANK PLC

By:

Party B

PARAGON MORTGAGES (NO.12) PLC

By: RICHARD SHULTON

Handwritten signature in black ink, appearing to read "R. O. C." with a long horizontal flourish underneath.

Trustee

CITICORP TRUSTEE COMPANY LIMITED

By:

SIGNATORIES

Party A

BARCLAYS BANK PLC

By:

Party B

PARAGON MORTGAGES (NO.12) PLC

By:

Trustee

CITICORP TRUSTEE COMPANY LIMITED

By:



Viola Japaul
Director