

EXECUTION COPY

7 July 2011

BARCLAYS BANK PLC

PARAGON MORTGAGES (NO.15) PLC

and

CITICORP TRUSTEE COMPANY LIMITED (as Trustee)

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AMENDMENT AND RESTATEMENT AGREEMENT

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

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

- (1) **BARCLAYS BANK PLC**, a public company with limited liability, incorporated under the laws of England and Wales, with its registered office at 1 Churchill Place, London, E14 5HP ("**Party A**");
- (2) **PARAGON MORTGAGES (NO.15) PLC**, a public company with limited liability, incorporated under the laws of England and Wales with registered number 6212267, whose registered office is at St. Catherine's Court, Herbert Road, Solihull, West Midlands, B91 3QE ("**Party B**"); and
- (3) **CITICORP TRUSTEE COMPANY LIMITED**, of Citigroup Centre, 1 Canada Square, Canary Wharf, London- E14 5LB, United Kingdom (the "**Trustee**").

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

**WHEREAS:**

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

**IT IS AGREED** as follows:

**1. DEFINITIONS AND INTERPRETATION**

**1.1 Definitions**

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

In addition, in this Agreement:

**"Original Class A1 Agreement"** means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class A1 Notes entered into between the Parties dated 19 July 2007.

**"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 19 July 2007.

**"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 19 July 2007.

**"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 19 July 2007.

**"Originals Class C1b Agreement"** means the ISDA Master Agreement (including the Schedule, Credit Support Annex and Confirmation thereto) in relation to the Class C1b Notes entered into between the Parties dated 19 July 2007

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

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

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

**"Amended Class A2c Agreement"** means the Original Class A2c Agreement as amended and restated hereby, as set out in Schedule 5 (*Amended ISDA Schedule – Class A2c Notes*) and Schedule 6 (*Amended Credit Support Annex – Class A2c Notes*) hereto.

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

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

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

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

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

## 1.2 **Clauses**

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

## 1.3 **Third party rights**

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

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

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

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

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

4. **AMENDMENT AND RESTATEMENT OF THE CLASS A2C NOTES**

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 CLASS B1B NOTES**

With effect from the Effective Date, the Schedule to the Original Class B1b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 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 CLASS C1B NOTES**

With effect from the Effective Date, the Schedule to the Original Class C1b Agreement shall be amended and restated to be read and construed for all purposes as set out in Schedule 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 Clause 2 of this Agreement.

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

10. **FEES, COSTS AND EXPENSES**

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

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

19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 15) 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 B and will apply to Party A. Where applicable, the following shall apply with respect to Section 5(a)(vi):

- (i) "**Specified Indebtedness**" shall have the meaning specified in Section 14, except that indebtedness or obligation in respect of deposits received in the ordinary course of the banking business of such party shall not constitute Specified Indebtedness.
- (ii) "**Threshold Amount**" means, in relation to Party A, an amount equal to 3% of Party A's shareholders' equity (determined in accordance with generally accepted accounting principles in Party A's jurisdiction of incorporation or organization) as at the end of Party A's most recently completed fiscal year.
- (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

Email: BGSOperations@barcap.com

Address for notices or communications to Party B:

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

Attention: Swaps Administration, Finance Department

Facsimile No: 0121 712 2699

Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

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

Attention: Agency & Trust

Facsimile No: 020 7500 5248

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

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

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

- (f) **Credit Support Document**

Details of any Credit Support Document:

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

In respect of Party B: None.

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

- (g) **Credit Support Provider**

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

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

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

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

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

## **Part 5 Other Provisions**

### **(a) *No Set-Off***

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 or this Schedule.
- (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)(4) will not apply to Party B to the extent that it refers to proceedings or petitions instituted or presented by Party A or any of its Affiliates.

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) *Amendment of certain Termination Events***

- (i) With respect to the "Tax Event Upon Merger" provisions of Section 5(b)(iii), Party A may not designate an Early Termination Date under Section 6(b)(iv) in respect of a Tax Event Upon Merger if it is an Affected Party, or if there are no Withholding Compensation Amounts due but unpaid to Party A.
- (ii) Section 5(b)(ii) shall apply, provided that if a Tax Event occurs the Affected Party may designate a day as an Early Termination Date under Section 6(b)(iv) in respect of all Affected Transactions which is no earlier than the later of: (a) 15 June 2012; and (b) the date that is two years following the date that Party A notifies Party B that a Tax Event has occurred and only if such Tax Event is continuing; and (c) the date 5 days after any Withholding Compensation Amounts remain due but unpaid to Party A.

### **(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) 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:

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

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

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

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



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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(A)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

- (B) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
  - (1) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (2) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant

guarantee criteria, in respect of the obligations of Party A; or

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(B)(2), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(B)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(B)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

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

- (C) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:

- (1) if Party A does not take the measures described in Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (2) if Party A does not take the measures described in Part 5(g)(i)(B)(2) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (3) If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(ii) **Moody's Ratings Events**

Each of the following shall constitute an Additional Termination Event with Party A as Affected Party:

- (A) **Moody's First Rating Trigger Collateral.** Party A has failed to comply with or perform any obligation to be complied with or performed by Party A in accordance with the Credit Support Annex to this Schedule and either (1) the Moody's Second Rating Trigger Requirements do not apply or (2) less than 30 Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply.
- (B) **Second Rating Trigger Replacement.** (1) The Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply and (2)(i) 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 or substantially all of Party A's rights and obligations under this

Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A's rights and obligations under this Agreement) and/or (ii) at least one entity with the Moody's First Trigger Required Ratings and/or Moody's Second Trigger Required Ratings has made a Firm Offer (which remains capable of becoming legally binding upon acceptance by the offeree) to provide an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement.

For the purpose 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 either (A) 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 withholding for Tax or (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to 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 withholding tax) will equal the full amount Party B would have received had no such withholding been required.

**"Eligible Replacement"** means an entity (A) with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) whose present and future obligations owing to Party B are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings.

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

**"Moody's Short-term Rating"** means a rating assigned by Moody's under its short-term rating scale in respect of an entity's short-term, unsecured and unsubordinated debt obligations.

**"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.

An entity shall have the **"Moody's First Trigger Required Ratings"** (A) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where such entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

The **"Moody's Second Rating Trigger Requirements"** shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.

An entity shall have the “**Moody's Second Trigger Required Ratings**” (A) where such entity is the subject of a Moody’s Short-term Rating, if such rating is “Prime-2” or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s and (B) where such entity is not the subject of a Moody’s Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

For so long as the Moody's Second Rating Trigger Requirements apply, Party A will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) an Eligible Guarantee in respect of all of Party A’s present and future obligations under this Agreement to be provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement of all or substantially all of its rights and obligations under this Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A’s rights and obligations under this Agreement).

Notwithstanding Sections 5(a)(i) and 5(a)(iii), any failure by Party A to comply with or perform any obligation to be complied with or performed by Party A under the Credit Support Annex entered into between Party A and Party B in relation to this Agreement, shall not be an Event of Default unless (A) Moody's Second Rating Trigger Requirements apply and at least 30 Local Business Days have elapsed since the last time Moody's Second Rating Trigger Requirements did not apply and (B) such failure is not remedied on or before the third Local Business Day after notice of such failure is given to Party A.

(iii) **Fitch downgrade scheme**

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

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

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

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

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

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

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or



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

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

- (1) **Transfer:** Subject to Part 5(q), Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

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

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

"(a) ***No Agency.*** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.

(b) ***Pari Passu.*** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."

(c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:

- (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
- (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
- (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent

establishment and will continue so to treat the relevant Transaction".

- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

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

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

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

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

**"15. Relationship between the Parties**

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

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

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their

entirety and the words "but only where Party A is X" will be inserted in substitution therefor.

- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") which are, following any withholding or deduction made by Party B pursuant to Section 2(d) in respect of such payment, 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 in respect of such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount in respect of any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean 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, in respect of each Interest Payment Date, an amount equal to any withholding or deduction Party B is required by any applicable law (as modified by the practice of any governmental revenue authority) to make for or on account of any Tax from any amounts payable by it under this Agreement on such Interest Payment Date, in accordance with Section 2(d) of this Agreement.

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

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

set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;

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

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

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

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

- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (other than pursuant to Section 6) (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 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 19 July 2007 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

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

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

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

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

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

(p) *Calculations*

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

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing which Party B is able to release without breaching any contractual obligations or the provisions of any law applicable to Party B.
- (ii) 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 a Reference Market-maker that is 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 Reference Market-maker to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for such party 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 Section 2(a)(i) in respect of such Terminated Transactions 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 substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions)."

- (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, an amount (as determined by Party B) equal to:

- (a) If a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding on or before the day falling ten Local Business Days after the day on which the Early Termination Date is designated (or such later day as Party B may specify in writing to Party A, which in any event will not be later than the Early Termination Date) (such day, the "**Latest Settlement Amount Determination Day**"), the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation; or
- (b) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any of such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value); or
- (c) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal 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) For the purpose of paragraph (4) of the definition of Market Quotation, Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether a Firm Offer is made in respect of a Replacement Transaction with commercial terms substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions).
- (v) Party B undertakes to use its reasonable efforts to obtain at least one Market Quotation before the Latest Settlement Amount Determination Day.
- (vi) Party B will be deemed to have discharged its obligations under (v) above if it requests Party A to obtain Market Quotations, where such request is made in



writing within two Local Business Days after the day on which the Early Termination Date is designated.

- (vii) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Latest Settlement Amount Determination Day.
- (viii) At any time on or before the Latest Settlement Amount Determination Day at which two or more Market Quotations remain capable of becoming legally binding upon acceptance, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value).
- (ix) If the Settlement Amount is a negative number, Section 6(e)(i)(3) of this Agreement shall be deleted in its entirety and replaced with the following:

*"Second Method and Market Quotation.* If Second Method and Market Quotation apply, (1) Party B shall pay to Party A an amount equal to the absolute value of the Settlement Amount in respect of the Terminated Transactions, (2) Party B shall pay to Party A the Termination Currency Equivalent of the Unpaid Amounts owing to Party A and (3) Party A shall pay to Party B the Termination Currency Equivalent of the Unpaid Amounts owing to Party B, Provided that, (i) the amounts payable under (2) and (3) shall be subject to netting in accordance with Section 2(c) of this Agreement and (ii) notwithstanding any other provision of this Agreement, any amount payable by Party A under (3) shall not be netted-off against any amount payable by Party B under (1)."

(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) (A) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than the Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then

rated not less than "A+" by Fitch and (B) the Transferee is an Eligible Replacement (as defined in Part 5(g)(v));

- (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 (unless the Transferee is required to pay an additional amount in respect of such Tax pursuant to Section 2(d)(i)(4));
- (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 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 or this Schedule, 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.

(aa) ***Transfer or Restructuring to avoid a Termination Event***

Section 6(b)(ii) shall be replaced by the following:

"If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs, the Affected Party (in the case of an Illegality or a Tax Event) or the Burdened Party (in the case of a Tax Event Upon Merger) will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), within 20 days after it gives notice under Section 6(b)(i), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to (A) transfer all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist, or (B) replace the Affected Transaction(s) with one or more economically equivalent transactions so that such Termination Event ceases to exist.

If the Affected Party or the Burdened Party (as the case may be) is not able to cause such a transfer or restructuring it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer or cause such a restructuring within 30 days after the notice is given under Section 6(b)(i).

Any transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed. Any restructuring by a party under this Section 6(b)(ii) will be subject to and conditional upon the receipt of notification from each of the Rating Agencies that such restructuring will not adversely affect the then current rating of the class of Notes to which this Agreement relates and the prior written consent of the other party, which consent shall not be unreasonably withheld. In respect of a restructuring proposed due to a Tax Event or

Tax Event Upon Merger Party B may withhold consent to any such restructuring for so long as it has paid to Party A all Withholding Compensation Amounts then due and payable.

(bb) ***Moody's Notifications***

Notwithstanding any other provision of this Agreement, this Agreement shall not be amended and no transfer of any rights or obligations under this Agreement shall be made (other than a transfer of all of Party A's rights and obligations with respect to this Agreement in accordance with Part 5(q) and Part 5(aa) above) unless Moody's has been given prior written notice of such amendment or transfer.

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

**Barclays Bank PLC**

By: .....  
Name:  
Title:

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

**Paragon Mortgages (No.15) PLC**

By: .....  
Name:  
Title:

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

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

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

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



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

**CREDIT SUPPORT ANNEX**

to the

**Schedule to the ISDA Master Agreement**

in relation to the

Class A1 Notes

dated as of 19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.15) 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, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency (other than Moody's) ("**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, as amended (I) by deleting the words "upon a demand made by the Transferee on or

promptly following a Valuation Date" and inserting in lieu thereof the words "not later than the close of business on each Valuation Date" (II) by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the greatest of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date exceeds (b) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date);
- (2) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date); and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date."

Provided that, in respect of any Valuation Date, the Value of Eligible Credit Support to be transferred under Paragraph 2(a) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the greatest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(i) and provider further that if, in respect of any Valuation Date, the Delivery Amount is greater than the Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following

such transfer, none of the amounts calculated under (1), (2) and (3) of this Paragraph 11(b)(i)(i) shall be greater than zero.

- (B) "**Return Amount**" has the meaning as specified in Paragraph 2(b) as amended by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Return Amount" applicable to the Transferee for any Valuation Date will equal the least of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date, provided that, if any of Part 5(g)(vi)(A) or Part 5(g)(vi)(B) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the Fitch Requirements shall be determined on the basis that the Threshold applicable to Party A is infinity;
- (2) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date; and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date, provided that, if any of Part 5(g)(i)(A)(2)(x), (y) or (z) or Part 5(g)(i)(B)(2)(x), (y) or (z) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the S&P Requirements shall be

determined on the basis that the Threshold applicable to Party A is infinity."

Provided that, in respect of any Valuation Date, the Value of the Eligible Credit Support to be transferred under Paragraph 2(b) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the lowest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(ii) and provided further that, in no event shall the Transferee be required to transfer any Equivalent Credit Support under Paragraph 2(b) if, immediately following such transfer, any of the amounts calculated under (1), (2) and (3) of Paragraph 11(b)(i)(i) (*Delivery Amount*) would be greater than the Minimum Transfer Amount.

(C) "**Credit Support Amount**" has the meaning specified under the relevant definition of Ratings Agency Requirement.

(ii) **Eligible Credit Support.** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	As set out in Appendix C-1	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by S&amp;P, AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	As set out Appendix C-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out Appendix C-1	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out Appendix C-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out Appendix C-1	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	than AA- by S&P, 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-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C-1	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-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C-1	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than A-1+ by S&P, 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-1	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.	Zero or such higher percentage in respect of which Moody's has provided a written ratings affirmation.	To be agreed between Party A and Fitch

(iii) **Thresholds.**

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

"**Threshold**" means with respect to Party A: infinity, provided that for so long as either:

(1) no Relevant Entity has the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings and either (i) no Relevant Entity has had the Initial S&P Required Rating, the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings since this Annex was executed or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings; or

(2) the S&P Threshold is zero,

the Threshold with respect to Party A shall be zero.

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

(B) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP100,000; 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.

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

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means, Party A in all circumstances.

(ii) "**Valuation Date**" means each Local Business Day.

(iii) "**Valuation Time**" means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

(iv) "**Notification Time**" means by 2:00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).

(e) **Dispute Resolution.**

- (i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.
- (ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:
- (A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;
- (B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and
- (C) with respect to any Eligible Credit Support or Equivalent Credit Support other than Securities and Cash, the Base Currency Equivalent of the fair market value thereof on such date, as determined in any reasonable manner chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage.
- (iii) **"Alternative"** The provisions of Paragraph 4 will apply.

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

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

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S.



Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.

EUR The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.

GBP "SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

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

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

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

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

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

- (v) **"Distributions"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would have received from time to time.
- (vi) **"Distribution Date"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support would have received Distributions or, if that date is not a Local Business Day, the next following Local Business Day.
- (g) **Addresses for Transfers.**

**Party A:****USD CASH**

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

**EUR CASH**

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

**GBP CASH**

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

**Party B:** To be advised

- (h) **Other Provisions.**

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

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

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the

Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

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

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

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

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

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

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

- (ii) **Early Termination.**

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

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

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

- (iv) **Cumulative Rights.**

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or

concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

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

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

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

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

**Moody's Requirements**

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date the greater of the Moody's First Trigger Credit Support Amount and the Moody's Second Trigger Credit Support Amount.

"**Moody's First Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (I) (A) for any Valuation Date on which (I) the Moody's Second Rating Trigger Requirements do not apply or (II) less than 30 Local Business Days have elapsed since the occurrence of a Moody's Second Rating Event, an amount equal to the greater of (a) zero and (b) the sum of the Transferee's aggregate Exposure for all Transactions and the aggregate of Moody's Additional Collateralized Amounts for all Transactions.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean the product of the applicable Moody's First Trigger Factor set forth in **Appendix C-2** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other Valuation Date, zero, *over*

- (II) the Threshold for Party A for such Valuation Date.

"**Moody's Second Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (III) (A) for any Valuation Date on which Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did

not apply, an amount equal to the greatest of (a) zero, (b) the aggregate amount of the Next Payments for all Next Payment Dates and (c) the sum of the Transferee's aggregate Exposure and the aggregate of Moody's Additional Collateralized Amounts for each Transaction.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean:

- (4) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-3** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or
- (5) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-4** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other valuation Date, zero, *over*

- (IV) the Threshold for Party A for such Valuation Date.

"**Next Payment**" means, in respect of each Next Payment Date, the greater of (i) the amount of any payments (excluding Final Exchange Amounts) due to be made by Party A under Section 2 (a) on such Next Payment Date less any payments due to be made by Party B under Section 2(a) on such Next Payment Date (in each case, after giving effect to any applicable netting under Section 2(c) and excluding exchanges of principal, and (ii) zero.

"**Next Payment Date**" means each date on which the next scheduled payment under any Transaction is due to be paid.

"**Transaction-Specific Hedge**" means any Transaction that is a cap, floor or swaption, or a Transaction in respect of which (x) the notional amount of the swap is "balance guaranteed" or (y) the notional amount of the swap for any Calculation Period otherwise is not a specific dollar amount that is fixed at the inception of the Transaction.

***S&P Requirements.***

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

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

(II) if the S&P Threshold is infinity, zero.

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

***Fitch Requirements.***

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

$(\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]) - \text{Threshold}$   
for Party A for such Valuation Date

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) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

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

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

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

(xi) **Definitions.**

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

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

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

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

**"Fitch Minimum Required Ratings"** means at any time a person satisfies both of the following:

(1) its short-term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as

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

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

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

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

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

**"Party A Currency Amount"** has the meaning specified in the Confirmation;

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

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

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

**"S&P Required Rating"** has the meaning specified in the Schedule;

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

- (x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(A)(2) or 5(g)(i)(B)(2) of the Schedule to this Agreement, zero; and
- (y) at all other times, infinity.

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

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



**Appendix A – S&P Volatility Buffers**

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

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

### Appendix 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-1 VALUATION PERCENTAGES

## Valuation Percentage

Where Rated Liabilities are U.S. DOLLAR Denominated

INSTRUMENT	FIRST TRIGGER Business Days Risk: = 2BDs + Posting Frequency;		SECOND TRIGGER = 32 BDs + Posting Frequency	
	Daily	Weekly	Daily	Weekly
EURO Cash	100%	100%	100%	100%
Sterling Cash	98%	97%	94%	93%
U.S. Dollar Cash	98%	97%	95%	94%
Fixed-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department with Remaining Maturity				
< 1 year	100%	100%	100%	100%
1 to 2 years	100%	100%	99%	99%
2 to 3 years	100%	100%	98%	98%
3 to 5 years	100%	100%	97%	97%
5 to 7 years	100%	100%	96%	95%
7 to 10 years	100%	100%	94%	94%
10 to 20 years	100%	100%	90%	89%
> 20 years	100%	100%	88%	87%
Floating-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department				
All Maturities	100%	100%		
Fixed-Rate U.S. Agency Debentures with Remaining Maturity				
< 1 year	100%	100%	99%	99%
1 to 2 years	100%	100%	99%	98%
2 to 3 years	100%	100%	98%	97%
3 to 5 years	100%	100%	96%	96%
5 to 7 years	100%	100%	93%	94%
7 to 10 years	100%	100%	93%	93%
10 to 20 years	100%	100%	89%	88%
> 20 years	100%	100%	87%	86%
Floating-Rate U.S. Agency Debentures				
All Maturities	100%	100%	98%	98%
Fixed-Rate Euro-Zone Government Bonds Rated Aa3 or Above with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	90%	89%
5 to 7 years	98%	97%	89%	87%
7 to 10 years	98%	97%	88%	86%
10 to 20 years	98%	97%	84%	82%
> 20 years	98%	97%	82%	80%

Floating Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above				
All Maturities	98%	97%	93%	92%
Fixed-Rate United Kingdom Gilts with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	91%	90%
5 to 7 years	98%	97%	90%	89%
7 to 10 years	98%	97%	89%	88%
10 to 20 years	98%	97%	86%	84%
> 20 years	98%	97%	84%	82%
Floating-Rate United Kingdom Gilts				
All Maturities	98%	97%	94%	93%

## APPENDIX C-2 (Moody's TABLE 4A-2)

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.15%	1.10%
More than 1 but less than 2	0.30%	1.20%
More 2 but less than 3	0.40%	1.30%
More than 3 but less than 4	0.60%	1.40%
More than 4 but less than 5	0.70%	1.50%
More than 5 but less than 6	0.80%	1.60%
More than 6 but less than 7	1.00%	1.60%
More than 7 but less than 8	1.10%	1.70%
More than 8 but less than 9	1.20%	1.80%
More than 9 but less than 10	1.30%	1.90%
More than 10 but less than 11	1.40%	1.90%
More than 11 but less than 12	1.50%	2.00%
More than 12 but less than 13	1.60%	2.10%
More than 13 but less than 14	1.70%	2.10%
More than 14 but less than 15	1.80%	2.20%
More than 15 but less than 16	1.90%	2.30%
More than 16 but less than 17	2.00%	2.30%
More than 17 but less than 18	2.00%	2.40%
More than 18 but less than 19	2.00%	2.40%
More than 19 but less than 20	2.00%	2.50%
More than 20 but less than 21	2.00%	2.50%
More than 21 but less than 22	2.00%	2.50%
More than 22 but less than 23	2.00%	2.50%
More than 23 but less than 24	2.00%	2.50%
More than 24 but less than 25	2.00%	2.50%
More than 25 but less than 26	2.00%	2.50%
More than 26 but less than 27	2.00%	2.50%
More than 27 but less than 28	2.00%	2.50%
More than 28 but less than 29	2.00%	2.50%
More than 29 but less than 30	2.00%	2.50%
30 or more	2.00%	2.50%

## APPENDIX C-3 (Moody's Table 4B-2)

## Potential Increase of Mid-Market Valuation of Swaps

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.50%	6.10%
More than 1 but less than 2	1.00%	6.30%
More than 2 but less than 3	1.50%	6.40%
More than 3 but less than 4	1.90%	6.60%
More than 4 but less than 5	2.40%	6.70%
More than 5 but less than 6	2.80%	6.80%
More than 6 but less than 7	3.20%	7.00%
More than 7 but less than 8	3.60%	7.10%
More than 8 but less than 9	4.00%	7.20%
More than 9 but less than 10	4.40%	7.30%
More than 10 but less than 11	4.70%	7.40%
More than 11 but less than 12	5.00%	7.50%
More than 12 but less than 13	5.40%	7.60%
More than 13 but less than 14	5.70%	7.70%
More than 14 but less than 15	6.00%	7.80%
More than 15 but less than 16	6.30%	7.90%
More than 16 but less than 17	6.60%	8.00%
More than 17 but less than 18	6.90%	8.10%
More than 18 but less than 19	7.20%	8.20%
More than 19 but less than 20	7.50%	8.20%
More than 20 but less than 21	7.80%	8.30%
More than 21 but less than 22	8.00%	8.40%
More than 22 but less than 23	8.00%	8.50%
More than 23 but less than 24	8.00%	8.60%
More than 24 but less than 25	8.00%	8.60%
More than 25 but less than 26	8.00%	8.70%
More than 26 but less than 27	8.00%	8.80%
More than 27 but less than 28	8.00%	8.80%
More than 28 but less than 29	8.00%	8.90%
More than 29 but less than 30	8.00%	9.00%
30 or more	8.00%	9.00%

## APPENDIX C-4 (Moody's Table 4B-3)

## Potential Increase of Mid-Market Valuation of Transaction Specific Hedges

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.65%	6.30%
More than 1 but less than 2	1.30%	6.60%
More than 2 but less than 3	1.90%	6.90%
More than 3 but less than 4	2.50%	7.10%
More than 4 but less than 5	3.10%	7.40%
More than 5 but less than 6	3.60%	7.70%
More than 6 but less than 7	4.20%	7.90%
More than 7 but less than 8	4.70%	8.20%
More than 8 but less than 9	5.20%	8.40%
More than 9 but less than 10	5.70%	8.60%
More than 10 but less than 11	6.10%	8.80%
More than 11 but less than 12	6.50%	9.00%
More than 12 but less than 13	7.00%	9.20%
More than 13 but less than 14	7.40%	9.40%
More than 14 but less than 15	7.80%	9.60%
More than 15 but less than 16	8.20%	9.80%
More than 16 but less than 17	8.60%	10.00%
More than 17 but less than 18	9.00%	10.10%
More than 18 but less than 19	9.40%	10.30%
More than 19 but less than 20	9.70%	10.50%
More than 20 but less than 21	10.00%	10.70%
More than 21 but less than 22	10.00%	10.80%
More than 22 but less than 23	10.00%	11.00%
More than 23 but less than 24	10.00%	11.00%
More than 24 but less than 25	10.00%	11.00%
More than 25 but less than 26	10.00%	11.00%
More than 26 but less than 27	10.00%	11.00%
More than 27 but less than 28	10.00%	11.00%
More than 28 but less than 29	10.00%	11.00%
More than 29 but less than 30	10.00%	11.00%
30 or more	10.00%	11.00%



**APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT**

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

For the purposes of the above:

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

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

**Signed for and behalf of:**

**Barclays Bank PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Paragon Mortgages (No.15) PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Citicorp Trustee Company Limited**

on:

by:

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

19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 15) 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 B and will apply to Party A. Where applicable, the following shall apply with respect to Section 5(a)(vi):

- (i) "**Specified Indebtedness**" shall have the meaning specified in Section 14, except that indebtedness or obligation in respect of deposits received in the ordinary course of the banking business of such party shall not constitute Specified Indebtedness.
- (ii) "**Threshold Amount**" means, in relation to Party A, an amount equal to 3% of Party A's shareholders' equity (determined in accordance with generally accepted accounting principles in Party A's jurisdiction of incorporation or organization) as at the end of Party A's most recently completed fiscal year.
- (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

Email: BGSOperations@barcap.com

Address for notices or communications to Party B:

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

Attention: Swaps Administration, Finance Department

Facsimile No: 0121 712 2699

Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

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

Attention: Agency & Trust

Facsimile No: 020 7500 5248

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

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.



- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

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

- (f) **Credit Support Document**

Details of any Credit Support Document:

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

In respect of Party B: None.

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

- (g) **Credit Support Provider**

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

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

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

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

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

## **Part 5 Other Provisions**

### **(a) *No Set-Off***

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 or this Schedule.
- (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)(4) will not apply to Party B to the extent that it refers to proceedings or petitions instituted or presented by Party A or any of its Affiliates.

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) *Amendment of certain Termination Events***

- (i) With respect to the "Tax Event Upon Merger" provisions of Section 5(b)(iii), Party A may not designate an Early Termination Date under Section 6(b)(iv) in respect of a Tax Event Upon Merger if it is an Affected Party, or if there are no Withholding Compensation Amounts due but unpaid to Party A.
- (ii) Section 5(b)(ii) shall apply, provided that if a Tax Event occurs the Affected Party may designate a day as an Early Termination Date under Section 6(b)(iv) in respect of all Affected Transactions which is no earlier than the later of: (a) 15 June 2012; and (b) the date that is two years following the date that Party A notifies Party B that a Tax Event has occurred and only if such Tax Event is continuing; and (c) the date 5 days after any Withholding Compensation Amounts remain due but unpaid to Party A.

### **(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) 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:

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

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

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

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

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(A)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

- (B) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
  - (1) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (2) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant

guarantee criteria, in respect of the obligations of Party A; or

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(B)(2), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(B)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(B)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

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

- (C) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:

- (1) if Party A does not take the measures described in Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (2) if Party A does not take the measures described in Part 5(g)(i)(B)(2) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (3) If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(ii) **Moody's Ratings Events**

Each of the following shall constitute an Additional Termination Event with Party A as Affected Party:

- (A) **Moody's First Rating Trigger Collateral.** Party A has failed to comply with or perform any obligation to be complied with or performed by Party A in accordance with the Credit Support Annex to this Schedule and either (1) the Moody's Second Rating Trigger Requirements do not apply or (2) less than 30 Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply.
- (B) **Second Rating Trigger Replacement.** (1) The Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply and (2)(i) 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 or substantially all of Party A's rights and obligations under this

Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A's rights and obligations under this Agreement) and/or (ii) at least one entity with the Moody's First Trigger Required Ratings and/or Moody's Second Trigger Required Ratings has made a Firm Offer (which remains capable of becoming legally binding upon acceptance by the offeree) to provide an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement.

For the purpose 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 either (A) 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 withholding for Tax or (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to 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 withholding tax) will equal the full amount Party B would have received had no such withholding been required.

**"Eligible Replacement"** means an entity (A) with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) whose present and future obligations owing to Party B are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings.

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

**"Moody's Short-term Rating"** means a rating assigned by Moody's under its short-term rating scale in respect of an entity's short-term, unsecured and unsubordinated debt obligations.

**"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.

An entity shall have the **"Moody's First Trigger Required Ratings"** (A) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where such entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

The **"Moody's Second Rating Trigger Requirements"** shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.

An entity shall have the “**Moody's Second Trigger Required Ratings**” (A) where such entity is the subject of a Moody’s Short-term Rating, if such rating is “Prime-2” or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s and (B) where such entity is not the subject of a Moody’s Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

For so long as the Moody's Second Rating Trigger Requirements apply, Party A will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) an Eligible Guarantee in respect of all of Party A’s present and future obligations under this Agreement to be provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement of all or substantially all of its rights and obligations under this Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A’s rights and obligations under this Agreement).

Notwithstanding Sections 5(a)(i) and 5(a)(iii), any failure by Party A to comply with or perform any obligation to be complied with or performed by Party A under the Credit Support Annex entered into between Party A and Party B in relation to this Agreement, shall not be an Event of Default unless (A) Moody's Second Rating Trigger Requirements apply and at least 30 Local Business Days have elapsed since the last time Moody's Second Rating Trigger Requirements did not apply and (B) such failure is not remedied on or before the third Local Business Day after notice of such failure is given to Party A.

(iii) **Fitch downgrade scheme**

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

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

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



Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

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

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

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

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

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

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or

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

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

- (1) **Transfer:** Subject to Part 5(q), Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

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

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

"(a) **No Agency.** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.

(b) **Pari Passu.** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."

(c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:

- (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
- (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
- (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent

establishment and will continue so to treat the relevant Transaction".

- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

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

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

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

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

**"15. Relationship between the Parties**

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

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

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their

entirety and the words "but only where Party A is X" will be inserted in substitution therefor.

- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") which are, following any withholding or deduction made by Party B pursuant to Section 2(d) in respect of such payment, 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 in respect of such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount in respect of any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean 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, in respect of each Interest Payment Date, an amount equal to any withholding or deduction Party B is required by any applicable law (as modified by the practice of any governmental revenue authority) to make for or on account of any Tax from any amounts payable by it under this Agreement on such Interest Payment Date, in accordance with Section 2(d) of this Agreement.

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

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

set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;

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

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

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

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

- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (other than pursuant to Section 6) (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 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 19 July 2007 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

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

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

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

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

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

(p) *Calculations*

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

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing which Party B is able to release without breaching any contractual obligations or the provisions of any law applicable to Party B.
- (ii) 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 a Reference Market-maker that is 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 Reference Market-maker to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for such party 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 Section 2(a)(i) in respect of such Terminated Transactions 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 substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions)."

- (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, an amount (as determined by Party B) equal to:

- (a) If a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding on or before the day falling ten Local Business Days after the day on which the Early Termination Date is designated (or such later day as Party B may specify in writing to Party A, which in any event will not be later than the Early Termination Date) (such day, the "**Latest Settlement Amount Determination Day**"), the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation; or
- (b) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any of such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value); or
- (c) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal 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) For the purpose of paragraph (4) of the definition of Market Quotation, Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether a Firm Offer is made in respect of a Replacement Transaction with commercial terms substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions).
- (v) Party B undertakes to use its reasonable efforts to obtain at least one Market Quotation before the Latest Settlement Amount Determination Day.
- (vi) Party B will be deemed to have discharged its obligations under (v) above if it requests Party A to obtain Market Quotations, where such request is made in

writing within two Local Business Days after the day on which the Early Termination Date is designated.

- (vii) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Latest Settlement Amount Determination Day.
- (viii) At any time on or before the Latest Settlement Amount Determination Day at which two or more Market Quotations remain capable of becoming legally binding upon acceptance, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value).
- (ix) If the Settlement Amount is a negative number, Section 6(e)(i)(3) of this Agreement shall be deleted in its entirety and replaced with the following:

*"Second Method and Market Quotation.* If Second Method and Market Quotation apply, (1) Party B shall pay to Party A an amount equal to the absolute value of the Settlement Amount in respect of the Terminated Transactions, (2) Party B shall pay to Party A the Termination Currency Equivalent of the Unpaid Amounts owing to Party A and (3) Party A shall pay to Party B the Termination Currency Equivalent of the Unpaid Amounts owing to Party B, Provided that, (i) the amounts payable under (2) and (3) shall be subject to netting in accordance with Section 2(c) of this Agreement and (ii) notwithstanding any other provision of this Agreement, any amount payable by Party A under (3) shall not be netted-off against any amount payable by Party B under (1)."

(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) (A) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than the Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then

rated not less than "A+" by Fitch and (B) the Transferee is an Eligible Replacement (as defined in Part 5(g)(v));

- (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 (unless the Transferee is required to pay an additional amount in respect of such Tax pursuant to Section 2(d)(i)(4));
- (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 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 or this Schedule, 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.

(aa) ***Transfer or Restructuring to avoid a Termination Event***

Section 6(b)(ii) shall be replaced by the following:

"If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs, the Affected Party (in the case of an Illegality or a Tax Event) or the Burdened Party (in the case of a Tax Event Upon Merger) will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), within 20 days after it gives notice under Section 6(b)(i), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to (A) transfer all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist, or (B) replace the Affected Transaction(s) with one or more economically equivalent transactions so that such Termination Event ceases to exist.

If the Affected Party or the Burdened Party (as the case may be) is not able to cause such a transfer or restructuring it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer or cause such a restructuring within 30 days after the notice is given under Section 6(b)(i).

Any transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed. Any restructuring by a party under this Section 6(b)(ii) will be subject to and conditional upon the receipt of notification from each of the Rating Agencies that such restructuring will not adversely affect the then current rating of the class of Notes to which this Agreement relates and the prior written consent of the other party, which consent shall not be unreasonably withheld. In respect of a restructuring proposed due to a Tax Event or

Tax Event Upon Merger Party B may withhold consent to any such restructuring for so long as it has paid to Party A all Withholding Compensation Amounts then due and payable.

(bb) ***Moody's Notifications***

Notwithstanding any other provision of this Agreement, this Agreement shall not be amended and no transfer of any rights or obligations under this Agreement shall be made (other than a transfer of all of Party A's rights and obligations with respect to this Agreement in accordance with Part 5(q) and Part 5(aa) above) unless Moody's has been given prior written notice of such amendment or transfer.



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

**Barclays Bank PLC**

By: .....  
Name:  
Title:

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

**Paragon Mortgages (No.15) PLC**

By: .....  
Name:  
Title:

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

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

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

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

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

**CREDIT SUPPORT ANNEX**

to the

**Schedule to the ISDA Master Agreement**

in relation to the

Class A2b Notes

dated as of 19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.15) 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, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency (other than Moody's) ("**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, as amended (I) by deleting the words "upon a demand made by the Transferee on or

promptly following a Valuation Date" and inserting in lieu thereof the words "not later than the close of business on each Valuation Date" (II) by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the greatest of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date exceeds (b) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date);
- (2) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date); and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date."

Provided that, in respect of any Valuation Date, the Value of Eligible Credit Support to be transferred under Paragraph 2(a) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the greatest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(i) and provider further that if, in respect of any Valuation Date, the Delivery Amount is greater than the Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following

such transfer, none of the amounts calculated under (1), (2) and (3) of this Paragraph 11(b)(i)(i) shall be greater than zero.

- (B) "**Return Amount**" has the meaning as specified in Paragraph 2(b) as amended by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Return Amount" applicable to the Transferee for any Valuation Date will equal the least of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date, provided that, if any of Part 5(g)(vi)(A) or Part 5(g)(vi)(B) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the Fitch Requirements shall be determined on the basis that the Threshold applicable to Party A is infinity;
- (2) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date; and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date, provided that, if any of Part 5(g)(i)(A)(2)(x), (y) or (z) or Part 5(g)(i)(B)(2)(x), (y) or (z) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the S&P Requirements shall be

determined on the basis that the Threshold applicable to Party A is infinity."

Provided that, in respect of any Valuation Date, the Value of the Eligible Credit Support to be transferred under Paragraph 2(b) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the lowest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(ii) and provided further that, in no event shall the Transferee be required to transfer any Equivalent Credit Support under Paragraph 2(b) if, immediately following such transfer, any of the amounts calculated under (1), (2) and (3) of Paragraph 11(b)(i)(i) (*Delivery Amount*) would be greater than the Minimum Transfer Amount.

(C) "*Credit Support Amount*" has the meaning specified under the relevant definition of Ratings Agency Requirement.

(ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	As set out in Appendix C-1	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by S&amp;P, AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	As set out Appendix C-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out Appendix C-1	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out Appendix C-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out Appendix C-1	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:



	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	than AA- by S&P, 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-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C-1	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-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C-1	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than A-1+ by S&P, 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-1	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.	Zero or such higher percentage in respect of which Moody's has provided a written ratings affirmation.	To be agreed between Party A and Fitch

(iii) **Thresholds.**

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

"**Threshold**" means with respect to Party A: infinity, provided that for so long as either:

(1) no Relevant Entity has the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings and either (i) no Relevant Entity has had the Initial S&P Required Rating, the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings since this Annex was executed or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings; or

(2) the S&P Threshold is zero,

the Threshold with respect to Party A shall be zero.

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

(B) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP100,000; 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.

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

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means, Party A in all circumstances.

(ii) "**Valuation Date**" means each Local Business Day.

(iii) "**Valuation Time**" means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

(iv) "**Notification Time**" means by 2:00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).

(e) **Dispute Resolution.**

(i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.

(ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

(A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;

(B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

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

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

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

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

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S.

Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.

EUR The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.

GBP "SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

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

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

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

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

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

- (v) **"Distributions"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would have received from time to time.
- (vi) **"Distribution Date"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support would have received Distributions or, if that date is not a Local Business Day, the next following Local Business Day.
- (g) **Addresses for Transfers.**

**Party A:****USD CASH**

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

**EUR CASH**

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

**GBP CASH**

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

**Party B:** To be advised

- (h) **Other Provisions.**

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

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

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the

Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

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

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

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

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

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

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

- (ii) **Early Termination.**

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

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

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

- (iv) **Cumulative Rights.**

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or

concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

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

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

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

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

**Moody's Requirements**

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date the greater of the Moody's First Trigger Credit Support Amount and the Moody's Second Trigger Credit Support Amount.

"**Moody's First Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (I) (A) for any Valuation Date on which (I) the Moody's Second Rating Trigger Requirements do not apply or (II) less than 30 Local Business Days have elapsed since the occurrence of a Moody's Second Rating Event, an amount equal to the greater of (a) zero and (b) the sum of the Transferee's aggregate Exposure for all Transactions and the aggregate of Moody's Additional Collateralized Amounts for all Transactions.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean the product of the applicable Moody's First Trigger Factor set forth in **Appendix C-2** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other Valuation Date, zero, *over*

- (II) the Threshold for Party A for such Valuation Date.

"**Moody's Second Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (III) (A) for any Valuation Date on which Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did

not apply, an amount equal to the greatest of (a) zero, (b) the aggregate amount of the Next Payments for all Next Payment Dates and (c) the sum of the Transferee's aggregate Exposure and the aggregate of Moody's Additional Collateralized Amounts for each Transaction.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean:

- (4) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-3** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or
- (5) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-4** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other valuation Date, zero, *over*

- (IV) the Threshold for Party A for such Valuation Date.

"**Next Payment**" means, in respect of each Next Payment Date, the greater of (i) the amount of any payments (excluding Final Exchange Amounts) due to be made by Party A under Section 2 (a) on such Next Payment Date less any payments due to be made by Party B under Section 2(a) on such Next Payment Date (in each case, after giving effect to any applicable netting under Section 2(c) and excluding exchanges of principal, and (ii) zero.

"**Next Payment Date**" means each date on which the next scheduled payment under any Transaction is due to be paid.

"**Transaction-Specific Hedge**" means any Transaction that is a cap, floor or swaption, or a Transaction in respect of which (x) the notional amount of the swap is "balance guaranteed" or (y) the notional amount of the swap for any Calculation Period otherwise is not a specific dollar amount that is fixed at the inception of the Transaction.

***S&P Requirements.***

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

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



(II) if the S&P Threshold is infinity, zero.

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

***Fitch Requirements.***

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

$(\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]) - \text{Threshold}$   
for Party A for such Valuation Date

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) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

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

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

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

(xi) **Definitions.**

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

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

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

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

**"Fitch Minimum Required Ratings"** means at any time a person satisfies both of the following:

(1) its short-term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as

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

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

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

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

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

**"Party A Currency Amount"** has the meaning specified in the Confirmation;

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

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

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

**"S&P Required Rating"** has the meaning specified in the Schedule;

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

- (x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(A)(2) or 5(g)(i)(B)(2) of the Schedule to this Agreement, zero; and
- (y) at all other times, infinity.

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

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

**Appendix A – S&P Volatility Buffers**

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

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

**Appendix 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-1 VALUATION PERCENTAGES****Valuation Percentage**

Where Rated Liabilities are U.S. DOLLAR Denominated

INSTRUMENT	FIRST TRIGGER Business Days Risk: = 2BDs + Posting Frequency;		SECOND TRIGGER = 32 BDs + Posting Frequency	
	Daily	Weekly	Daily	Weekly
EURO Cash	100%	100%	100%	100%
Sterling Cash	98%	97%	94%	93%
U.S. Dollar Cash	98%	97%	95%	94%
Fixed-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department with Remaining Maturity				
< 1 year	100%	100%	100%	100%
1 to 2 years	100%	100%	99%	99%
2 to 3 years	100%	100%	98%	98%
3 to 5 years	100%	100%	97%	97%
5 to 7 years	100%	100%	96%	95%
7 to 10 years	100%	100%	94%	94%
10 to 20 years	100%	100%	90%	89%
> 20 years	100%	100%	88%	87%
Floating-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department				
All Maturities	100%	100%		
Fixed-Rate U.S. Agency Debentures with Remaining Maturity				
< 1 year	100%	100%	99%	99%
1 to 2 years	100%	100%	99%	98%
2 to 3 years	100%	100%	98%	97%
3 to 5 years	100%	100%	96%	96%
5 to 7 years	100%	100%	93%	94%
7 to 10 years	100%	100%	93%	93%
10 to 20 years	100%	100%	89%	88%
> 20 years	100%	100%	87%	86%
Floating-Rate U.S. Agency Debentures				
All Maturities	100%	100%	98%	98%
Fixed-Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	90%	89%
5 to 7 years	98%	97%	89%	87%
7 to 10 years	98%	97%	88%	86%
10 to 20 years	98%	97%	84%	82%
> 20 years	98%	97%	82%	80%

Floating Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above				
All Maturities	98%	97%	93%	92%
Fixed-Rate United Kingdom Gilts with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	91%	90%
5 to 7 years	98%	97%	90%	89%
7 to 10 years	98%	97%	89%	88%
10 to 20 years	98%	97%	86%	84%
> 20 years	98%	97%	84%	82%
Floating-Rate United Kingdom Gilts				
All Maturities	98%	97%	94%	93%



## APPENDIX C-2 (Moody's TABLE 4A-2)

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.15%	1.10%
More than 1 but less than 2	0.30%	1.20%
More 2 but less than 3	0.40%	1.30%
More than 3 but less than 4	0.60%	1.40%
More than 4 but less than 5	0.70%	1.50%
More than 5 but less than 6	0.80%	1.60%
More than 6 but less than 7	1.00%	1.60%
More than 7 but less than 8	1.10%	1.70%
More than 8 but less than 9	1.20%	1.80%
More than 9 but less than 10	1.30%	1.90%
More than 10 but less than 11	1.40%	1.90%
More than 11 but less than 12	1.50%	2.00%
More than 12 but less than 13	1.60%	2.10%
More than 13 but less than 14	1.70%	2.10%
More than 14 but less than 15	1.80%	2.20%
More than 15 but less than 16	1.90%	2.30%
More than 16 but less than 17	2.00%	2.30%
More than 17 but less than 18	2.00%	2.40%
More than 18 but less than 19	2.00%	2.40%
More than 19 but less than 20	2.00%	2.50%
More than 20 but less than 21	2.00%	2.50%
More than 21 but less than 22	2.00%	2.50%
More than 22 but less than 23	2.00%	2.50%
More than 23 but less than 24	2.00%	2.50%
More than 24 but less than 25	2.00%	2.50%
More than 25 but less than 26	2.00%	2.50%
More than 26 but less than 27	2.00%	2.50%
More than 27 but less than 28	2.00%	2.50%
More than 28 but less than 29	2.00%	2.50%
More than 29 but less than 30	2.00%	2.50%
30 or more	2.00%	2.50%

## APPENDIX C-3 (Moody's Table 4B-2)

## Potential Increase of Mid-Market Valuation of Swaps

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.50%	6.10%
More than 1 but less than 2	1.00%	6.30%
More than 2 but less than 3	1.50%	6.40%
More than 3 but less than 4	1.90%	6.60%
More than 4 but less than 5	2.40%	6.70%
More than 5 but less than 6	2.80%	6.80%
More than 6 but less than 7	3.20%	7.00%
More than 7 but less than 8	3.60%	7.10%
More than 8 but less than 9	4.00%	7.20%
More than 9 but less than 10	4.40%	7.30%
More than 10 but less than 11	4.70%	7.40%
More than 11 but less than 12	5.00%	7.50%
More than 12 but less than 13	5.40%	7.60%
More than 13 but less than 14	5.70%	7.70%
More than 14 but less than 15	6.00%	7.80%
More than 15 but less than 16	6.30%	7.90%
More than 16 but less than 17	6.60%	8.00%
More than 17 but less than 18	6.90%	8.10%
More than 18 but less than 19	7.20%	8.20%
More than 19 but less than 20	7.50%	8.20%
More than 20 but less than 21	7.80%	8.30%
More than 21 but less than 22	8.00%	8.40%
More than 22 but less than 23	8.00%	8.50%
More than 23 but less than 24	8.00%	8.60%
More than 24 but less than 25	8.00%	8.60%
More than 25 but less than 26	8.00%	8.70%
More than 26 but less than 27	8.00%	8.80%
More than 27 but less than 28	8.00%	8.80%
More than 28 but less than 29	8.00%	8.90%
More than 29 but less than 30	8.00%	9.00%
30 or more	8.00%	9.00%

## APPENDIX C-4 (Moody's Table 4B-3)

## Potential Increase of Mid-Market Valuation of Transaction Specific Hedges

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.65%	6.30%
More than 1 but less than 2	1.30%	6.60%
More than 2 but less than 3	1.90%	6.90%
More than 3 but less than 4	2.50%	7.10%
More than 4 but less than 5	3.10%	7.40%
More than 5 but less than 6	3.60%	7.70%
More than 6 but less than 7	4.20%	7.90%
More than 7 but less than 8	4.70%	8.20%
More than 8 but less than 9	5.20%	8.40%
More than 9 but less than 10	5.70%	8.60%
More than 10 but less than 11	6.10%	8.80%
More than 11 but less than 12	6.50%	9.00%
More than 12 but less than 13	7.00%	9.20%
More than 13 but less than 14	7.40%	9.40%
More than 14 but less than 15	7.80%	9.60%
More than 15 but less than 16	8.20%	9.80%
More than 16 but less than 17	8.60%	10.00%
More than 17 but less than 18	9.00%	10.10%
More than 18 but less than 19	9.40%	10.30%
More than 19 but less than 20	9.70%	10.50%
More than 20 but less than 21	10.00%	10.70%
More than 21 but less than 22	10.00%	10.80%
More than 22 but less than 23	10.00%	11.00%
More than 23 but less than 24	10.00%	11.00%
More than 24 but less than 25	10.00%	11.00%
More than 25 but less than 26	10.00%	11.00%
More than 26 but less than 27	10.00%	11.00%
More than 27 but less than 28	10.00%	11.00%
More than 28 but less than 29	10.00%	11.00%
More than 29 but less than 30	10.00%	11.00%
30 or more	10.00%	11.00%

**APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT**

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

For the purposes of the above:

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

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

**Signed for and behalf of:**

**Barclays Bank PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Paragon Mortgages (No.15) PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Citicorp Trustee Company Limited**

on:

by:

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

19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 15) 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 B and will apply to Party A. Where applicable, the following shall apply with respect to Section 5(a)(vi):

- (i) "**Specified Indebtedness**" shall have the meaning specified in Section 14, except that indebtedness or obligation in respect of deposits received in the ordinary course of the banking business of such party shall not constitute Specified Indebtedness.
- (ii) "**Threshold Amount**" means, in relation to Party A, an amount equal to 3% of Party A's shareholders' equity (determined in accordance with generally accepted accounting principles in Party A's jurisdiction of incorporation or organization) as at the end of Party A's most recently completed fiscal year.
- (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

Email: BGSOperations@barcap.com

Address for notices or communications to Party B:

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

Attention: Swaps Administration, Finance Department

Facsimile No: 0121 712 2699

Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

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

Attention: Agency & Trust

Facsimile No: 020 7500 5248

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

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

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

- (f) **Credit Support Document**

Details of any Credit Support Document:

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

In respect of Party B: None.

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

- (g) **Credit Support Provider**

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

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

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

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

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

## **Part 5 Other Provisions**

### **(a) *No Set-Off***

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 or this Schedule.
- (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)(4) will not apply to Party B to the extent that it refers to proceedings or petitions instituted or presented by Party A or any of its Affiliates.

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) *Amendment of certain Termination Events***

- (i) With respect to the "Tax Event Upon Merger" provisions of Section 5(b)(iii), Party A may not designate an Early Termination Date under Section 6(b)(iv) in respect of a Tax Event Upon Merger if it is an Affected Party, or if there are no Withholding Compensation Amounts due but unpaid to Party A.
- (ii) Section 5(b)(ii) shall apply, provided that if a Tax Event occurs the Affected Party may designate a day as an Early Termination Date under Section 6(b)(iv) in respect of all Affected Transactions which is no earlier than the later of: (a) 15 June 2012; and (b) the date that is two years following the date that Party A notifies Party B that a Tax Event has occurred and only if such Tax Event is continuing; and (c) the date 5 days after any Withholding Compensation Amounts remain due but unpaid to Party A.

### **(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) 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:

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

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

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

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

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(A)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

- (B) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
  - (1) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (2) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant

guarantee criteria, in respect of the obligations of Party A; or

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(B)(2), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(B)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(B)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

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

- (C) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:



- (1) if Party A does not take the measures described in Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (2) if Party A does not take the measures described in Part 5(g)(i)(B)(2) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (3) If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(ii) **Moody's Ratings Events**

Each of the following shall constitute an Additional Termination Event with Party A as Affected Party:

- (A) **Moody's First Rating Trigger Collateral.** Party A has failed to comply with or perform any obligation to be complied with or performed by Party A in accordance with the Credit Support Annex to this Schedule and either (1) the Moody's Second Rating Trigger Requirements do not apply or (2) less than 30 Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply.
- (B) **Second Rating Trigger Replacement.** (1) The Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply and (2)(i) 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 or substantially all of Party A's rights and obligations under this

Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A's rights and obligations under this Agreement) and/or (ii) at least one entity with the Moody's First Trigger Required Ratings and/or Moody's Second Trigger Required Ratings has made a Firm Offer (which remains capable of becoming legally binding upon acceptance by the offeree) to provide an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement.

For the purpose 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 either (A) 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 withholding for Tax or (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to 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 withholding tax) will equal the full amount Party B would have received had no such withholding been required.

**"Eligible Replacement"** means an entity (A) with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) whose present and future obligations owing to Party B are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings.

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

**"Moody's Short-term Rating"** means a rating assigned by Moody's under its short-term rating scale in respect of an entity's short-term, unsecured and unsubordinated debt obligations.

**"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.

An entity shall have the **"Moody's First Trigger Required Ratings"** (A) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where such entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

The **"Moody's Second Rating Trigger Requirements"** shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.

An entity shall have the “**Moody's Second Trigger Required Ratings**” (A) where such entity is the subject of a Moody’s Short-term Rating, if such rating is “Prime-2” or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s and (B) where such entity is not the subject of a Moody’s Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

For so long as the Moody's Second Rating Trigger Requirements apply, Party A will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) an Eligible Guarantee in respect of all of Party A’s present and future obligations under this Agreement to be provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement of all or substantially all of its rights and obligations under this Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A’s rights and obligations under this Agreement).

Notwithstanding Sections 5(a)(i) and 5(a)(iii), any failure by Party A to comply with or perform any obligation to be complied with or performed by Party A under the Credit Support Annex entered into between Party A and Party B in relation to this Agreement, shall not be an Event of Default unless (A) Moody's Second Rating Trigger Requirements apply and at least 30 Local Business Days have elapsed since the last time Moody's Second Rating Trigger Requirements did not apply and (B) such failure is not remedied on or before the third Local Business Day after notice of such failure is given to Party A.

(iii) **Fitch downgrade scheme**

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

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

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

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

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

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

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or

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

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

- (1) **Transfer:** Subject to Part 5(q), Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

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

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

"(a) ***No Agency.*** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.

(b) ***Pari Passu.*** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."

(c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:

- (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
- (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
- (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent

establishment and will continue so to treat the relevant Transaction".

- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

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

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

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

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

**"15. Relationship between the Parties**

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

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

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their



entirety and the words "but only where Party A is X" will be inserted in substitution therefor.

- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") which are, following any withholding or deduction made by Party B pursuant to Section 2(d) in respect of such payment, 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 in respect of such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount in respect of any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean 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, in respect of each Interest Payment Date, an amount equal to any withholding or deduction Party B is required by any applicable law (as modified by the practice of any governmental revenue authority) to make for or on account of any Tax from any amounts payable by it under this Agreement on such Interest Payment Date, in accordance with Section 2(d) of this Agreement.

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

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

set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;

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

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

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

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

- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (other than pursuant to Section 6) (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 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 19 July 2007 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

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

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

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

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

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

(p) *Calculations*

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

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing which Party B is able to release without breaching any contractual obligations or the provisions of any law applicable to Party B.
- (ii) 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 a Reference Market-maker that is 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 Reference Market-maker to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for such party 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 Section 2(a)(i) in respect of such Terminated Transactions 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 substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions)."

- (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, an amount (as determined by Party B) equal to:

- (a) If a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding on or before the day falling ten Local Business Days after the day on which the Early Termination Date is designated (or such later day as Party B may specify in writing to Party A, which in any event will not be later than the Early Termination Date) (such day, the "**Latest Settlement Amount Determination Day**"), the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation; or
- (b) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any of such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value); or
- (c) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal 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) For the purpose of paragraph (4) of the definition of Market Quotation, Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether a Firm Offer is made in respect of a Replacement Transaction with commercial terms substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions).
- (v) Party B undertakes to use its reasonable efforts to obtain at least one Market Quotation before the Latest Settlement Amount Determination Day.
- (vi) Party B will be deemed to have discharged its obligations under (v) above if it requests Party A to obtain Market Quotations, where such request is made in

writing within two Local Business Days after the day on which the Early Termination Date is designated.

- (vii) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Latest Settlement Amount Determination Day.
- (viii) At any time on or before the Latest Settlement Amount Determination Day at which two or more Market Quotations remain capable of becoming legally binding upon acceptance, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value).
- (ix) If the Settlement Amount is a negative number, Section 6(e)(i)(3) of this Agreement shall be deleted in its entirety and replaced with the following:

**"Second Method and Market Quotation.** If Second Method and Market Quotation apply, (1) Party B shall pay to Party A an amount equal to the absolute value of the Settlement Amount in respect of the Terminated Transactions, (2) Party B shall pay to Party A the Termination Currency Equivalent of the Unpaid Amounts owing to Party A and (3) Party A shall pay to Party B the Termination Currency Equivalent of the Unpaid Amounts owing to Party B, Provided that, (i) the amounts payable under (2) and (3) shall be subject to netting in accordance with Section 2(c) of this Agreement and (ii) notwithstanding any other provision of this Agreement, any amount payable by Party A under (3) shall not be netted-off against any amount payable by Party B under (1)."

(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) (A) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than the Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then

rated not less than "A+" by Fitch and (B) the Transferee is an Eligible Replacement (as defined in Part 5(g)(v));

- (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 (unless the Transferee is required to pay an additional amount in respect of such Tax pursuant to Section 2(d)(i)(4));
- (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 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 or this Schedule, 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.

(aa) ***Transfer or Restructuring to avoid a Termination Event***

Section 6(b)(ii) shall be replaced by the following:

"If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs, the Affected Party (in the case of an Illegality or a Tax Event) or the Burdened Party (in the case of a Tax Event Upon Merger) will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), within 20 days after it gives notice under Section 6(b)(i), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to (A) transfer all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist, or (B) replace the Affected Transaction(s) with one or more economically equivalent transactions so that such Termination Event ceases to exist.

If the Affected Party or the Burdened Party (as the case may be) is not able to cause such a transfer or restructuring it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer or cause such a restructuring within 30 days after the notice is given under Section 6(b)(i).

Any transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed. Any restructuring by a party under this Section 6(b)(ii) will be subject to and conditional upon the receipt of notification from each of the Rating Agencies that such restructuring will not adversely affect the then current rating of the class of Notes to which this Agreement relates and the prior written consent of the other party, which consent shall not be unreasonably withheld. In respect of a restructuring proposed due to a Tax Event or

Tax Event Upon Merger Party B may withhold consent to any such restructuring for so long as it has paid to Party A all Withholding Compensation Amounts then due and payable.

(bb) ***Moody's Notifications***

Notwithstanding any other provision of this Agreement, this Agreement shall not be amended and no transfer of any rights or obligations under this Agreement shall be made (other than a transfer of all of Party A's rights and obligations with respect to this Agreement in accordance with Part 5(q) and Part 5(aa) above) unless Moody's has been given prior written notice of such amendment or transfer.

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

**Barclays Bank PLC**

By: .....  
Name:  
Title:

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

**Paragon Mortgages (No.15) PLC**

By: .....  
Name:  
Title:

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

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

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

**SCHEDULE 6**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS A2C NOTES**

**ISDA<sup>®</sup>**  
**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 19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.15) 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, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency (other than Moody's) ("**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, as amended (I) by deleting the words "upon a demand made by the Transferee on or

promptly following a Valuation Date" and inserting in lieu thereof the words "not later than the close of business on each Valuation Date" (II) by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the greatest of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date exceeds (b) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date);
- (2) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date); and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date."

Provided that, in respect of any Valuation Date, the Value of Eligible Credit Support to be transferred under Paragraph 2(a) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the greatest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(i) and provider further that if, in respect of any Valuation Date, the Delivery Amount is greater than the Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following



such transfer, none of the amounts calculated under (1), (2) and (3) of this Paragraph 11(b)(i)(i) shall be greater than zero.

- (B) "**Return Amount**" has the meaning as specified in Paragraph 2(b) as amended by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Return Amount" applicable to the Transferee for any Valuation Date will equal the least of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date, provided that, if any of Part 5(g)(vi)(A) or Part 5(g)(vi)(B) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the Fitch Requirements shall be determined on the basis that the Threshold applicable to Party A is infinity;
- (2) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date; and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date, provided that, if any of Part 5(g)(i)(A)(2)(x), (y) or (z) or Part 5(g)(i)(B)(2)(x), (y) or (z) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the S&P Requirements shall be

determined on the basis that the Threshold applicable to Party A is infinity."

Provided that, in respect of any Valuation Date, the Value of the Eligible Credit Support to be transferred under Paragraph 2(b) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the lowest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(ii) and provided further that, in no event shall the Transferee be required to transfer any Equivalent Credit Support under Paragraph 2(b) if, immediately following such transfer, any of the amounts calculated under (1), (2) and (3) of Paragraph 11(b)(i)(i) (*Delivery Amount*) would be greater than the Minimum Transfer Amount.

(C) "*Credit Support Amount*" has the meaning specified under the relevant definition of Ratings Agency Requirement.

(ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	As set out in Appendix C-1	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by S&amp;P, AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	As set out Appendix C-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out Appendix C-1	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out Appendix C-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out Appendix C-1	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	than AA- by S&P, 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-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C-1	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-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C-1	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than A-1+ by S&P, 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-1	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.	Zero or such higher percentage in respect of which Moody's has provided a written ratings affirmation.	To be agreed between Party A and Fitch

(iii) **Thresholds.**

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

"**Threshold**" means with respect to Party A: infinity, provided that for so long as either:

(1) no Relevant Entity has the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings and either (i) no Relevant Entity has had the Initial S&P Required Rating, the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings since this Annex was executed or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings; or

(2) the S&P Threshold is zero,

the Threshold with respect to Party A shall be zero.

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

(B) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP100,000; 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.

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

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means, Party A in all circumstances.

(ii) "**Valuation Date**" means each Local Business Day.

(iii) "**Valuation Time**" means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

(iv) "**Notification Time**" means by 2:00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).

(e) **Dispute Resolution.**

(i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.

(ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

(A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;

(B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

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

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

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

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

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S.

Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.

EUR The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.

GBP "SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

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

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

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

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

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

- (v) **"Distributions"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would have received from time to time.
- (vi) **"Distribution Date"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support would have received Distributions or, if that date is not a Local Business Day, the next following Local Business Day.
- (g) **Addresses for Transfers.**

**Party A:****USD CASH**

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

**EUR CASH**

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

**GBP CASH**

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

**Party B:** To be advised

- (h) **Other Provisions.**

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

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

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the



Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

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

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

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

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

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

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

- (ii) **Early Termination.**

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

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

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

- (iv) **Cumulative Rights.**

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or

concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

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

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

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

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

**Moody's Requirements**

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date the greater of the Moody's First Trigger Credit Support Amount and the Moody's Second Trigger Credit Support Amount.

"**Moody's First Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (I) (A) for any Valuation Date on which (I) the Moody's Second Rating Trigger Requirements do not apply or (II) less than 30 Local Business Days have elapsed since the occurrence of a Moody's Second Rating Event, an amount equal to the greater of (a) zero and (b) the sum of the Transferee's aggregate Exposure for all Transactions and the aggregate of Moody's Additional Collateralized Amounts for all Transactions.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean the product of the applicable Moody's First Trigger Factor set forth in **Appendix C-2** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other Valuation Date, zero, *over*

- (II) the Threshold for Party A for such Valuation Date.

"**Moody's Second Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (III) (A) for any Valuation Date on which Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did

not apply, an amount equal to the greatest of (a) zero, (b) the aggregate amount of the Next Payments for all Next Payment Dates and (c) the sum of the Transferee's aggregate Exposure and the aggregate of Moody's Additional Collateralized Amounts for each Transaction.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean:

- (4) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-3** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or
- (5) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-4** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other valuation Date, zero, *over*

- (IV) the Threshold for Party A for such Valuation Date.

"**Next Payment**" means, in respect of each Next Payment Date, the greater of (i) the amount of any payments (excluding Final Exchange Amounts) due to be made by Party A under Section 2 (a) on such Next Payment Date less any payments due to be made by Party B under Section 2(a) on such Next Payment Date (in each case, after giving effect to any applicable netting under Section 2(c) and excluding exchanges of principal, and (ii) zero.

"**Next Payment Date**" means each date on which the next scheduled payment under any Transaction is due to be paid.

"**Transaction-Specific Hedge**" means any Transaction that is a cap, floor or swaption, or a Transaction in respect of which (x) the notional amount of the swap is "balance guaranteed" or (y) the notional amount of the swap for any Calculation Period otherwise is not a specific dollar amount that is fixed at the inception of the Transaction.

***S&P Requirements.***

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

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

(II) if the S&P Threshold is infinity, zero.

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

***Fitch Requirements.***

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

$(\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]) - \text{Threshold}$   
for Party A for such Valuation Date

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) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

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

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

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

(xi) **Definitions.**

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

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

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

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

**"Fitch Minimum Required Ratings"** means at any time a person satisfies both of the following:

(1) its short-term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as

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

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

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

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

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

**"Party A Currency Amount"** has the meaning specified in the Confirmation;

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

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

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

**"S&P Required Rating"** has the meaning specified in the Schedule;

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

- (x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(A)(2) or 5(g)(i)(B)(2) of the Schedule to this Agreement, zero; and
- (y) at all other times, infinity.

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

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

**Appendix A – S&P Volatility Buffers**

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

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

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

**APPENDIX C-1 VALUATION PERCENTAGES****Valuation Percentage**

Where Rated Liabilities are U.S. DOLLAR Denominated

INSTRUMENT	FIRST TRIGGER Business Days Risk: = 2BDs + Posting Frequency;		SECOND TRIGGER = 32 BDs + Posting Frequency	
	Daily	Weekly	Daily	Weekly
EURO Cash	100%	100%	100%	100%
Sterling Cash	98%	97%	94%	93%
U.S. Dollar Cash	98%	97%	95%	94%
Fixed-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department with Remaining Maturity				
< 1 year	100%	100%	100%	100%
1 to 2 years	100%	100%	99%	99%
2 to 3 years	100%	100%	98%	98%
3 to 5 years	100%	100%	97%	97%
5 to 7 years	100%	100%	96%	95%
7 to 10 years	100%	100%	94%	94%
10 to 20 years	100%	100%	90%	89%
> 20 years	100%	100%	88%	87%
Floating-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department				
All Maturities	100%	100%		
Fixed-Rate U.S. Agency Debentures with Remaining Maturity				
< 1 year	100%	100%	99%	99%
1 to 2 years	100%	100%	99%	98%
2 to 3 years	100%	100%	98%	97%
3 to 5 years	100%	100%	96%	96%
5 to 7 years	100%	100%	93%	94%
7 to 10 years	100%	100%	93%	93%
10 to 20 years	100%	100%	89%	88%
> 20 years	100%	100%	87%	86%
Floating-Rate U.S. Agency Debentures				
All Maturities	100%	100%	98%	98%
Fixed-Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	90%	89%
5 to 7 years	98%	97%	89%	87%
7 to 10 years	98%	97%	88%	86%
10 to 20 years	98%	97%	84%	82%
> 20 years	98%	97%	82%	80%

Floating Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above				
All Maturities	98%	97%	93%	92%
Fixed-Rate United Kingdom Gilts with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	91%	90%
5 to 7 years	98%	97%	90%	89%
7 to 10 years	98%	97%	89%	88%
10 to 20 years	98%	97%	86%	84%
> 20 years	98%	97%	84%	82%
Floating-Rate United Kingdom Gilts				
All Maturities	98%	97%	94%	93%

## APPENDIX C-2 (Moody's TABLE 4A-2)

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.15%	1.10%
More than 1 but less than 2	0.30%	1.20%
More 2 but less than 3	0.40%	1.30%
More than 3 but less than 4	0.60%	1.40%
More than 4 but less than 5	0.70%	1.50%
More than 5 but less than 6	0.80%	1.60%
More than 6 but less than 7	1.00%	1.60%
More than 7 but less than 8	1.10%	1.70%
More than 8 but less than 9	1.20%	1.80%
More than 9 but less than 10	1.30%	1.90%
More than 10 but less than 11	1.40%	1.90%
More than 11 but less than 12	1.50%	2.00%
More than 12 but less than 13	1.60%	2.10%
More than 13 but less than 14	1.70%	2.10%
More than 14 but less than 15	1.80%	2.20%
More than 15 but less than 16	1.90%	2.30%
More than 16 but less than 17	2.00%	2.30%
More than 17 but less than 18	2.00%	2.40%
More than 18 but less than 19	2.00%	2.40%
More than 19 but less than 20	2.00%	2.50%
More than 20 but less than 21	2.00%	2.50%
More than 21 but less than 22	2.00%	2.50%
More than 22 but less than 23	2.00%	2.50%
More than 23 but less than 24	2.00%	2.50%
More than 24 but less than 25	2.00%	2.50%
More than 25 but less than 26	2.00%	2.50%
More than 26 but less than 27	2.00%	2.50%
More than 27 but less than 28	2.00%	2.50%
More than 28 but less than 29	2.00%	2.50%
More than 29 but less than 30	2.00%	2.50%
30 or more	2.00%	2.50%

## APPENDIX C-3 (Moody's Table 4B-2)

## Potential Increase of Mid-Market Valuation of Swaps

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.50%	6.10%
More than 1 but less than 2	1.00%	6.30%
More than 2 but less than 3	1.50%	6.40%
More than 3 but less than 4	1.90%	6.60%
More than 4 but less than 5	2.40%	6.70%
More than 5 but less than 6	2.80%	6.80%
More than 6 but less than 7	3.20%	7.00%
More than 7 but less than 8	3.60%	7.10%
More than 8 but less than 9	4.00%	7.20%
More than 9 but less than 10	4.40%	7.30%
More than 10 but less than 11	4.70%	7.40%
More than 11 but less than 12	5.00%	7.50%
More than 12 but less than 13	5.40%	7.60%
More than 13 but less than 14	5.70%	7.70%
More than 14 but less than 15	6.00%	7.80%
More than 15 but less than 16	6.30%	7.90%
More than 16 but less than 17	6.60%	8.00%
More than 17 but less than 18	6.90%	8.10%
More than 18 but less than 19	7.20%	8.20%
More than 19 but less than 20	7.50%	8.20%
More than 20 but less than 21	7.80%	8.30%
More than 21 but less than 22	8.00%	8.40%
More than 22 but less than 23	8.00%	8.50%
More than 23 but less than 24	8.00%	8.60%
More than 24 but less than 25	8.00%	8.60%
More than 25 but less than 26	8.00%	8.70%
More than 26 but less than 27	8.00%	8.80%
More than 27 but less than 28	8.00%	8.80%
More than 28 but less than 29	8.00%	8.90%
More than 29 but less than 30	8.00%	9.00%
30 or more	8.00%	9.00%

## APPENDIX C-4 (Moody's Table 4B-3)

## Potential Increase of Mid-Market Valuation of Transaction Specific Hedges

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.65%	6.30%
More than 1 but less than 2	1.30%	6.60%
More than 2 but less than 3	1.90%	6.90%
More than 3 but less than 4	2.50%	7.10%
More than 4 but less than 5	3.10%	7.40%
More than 5 but less than 6	3.60%	7.70%
More than 6 but less than 7	4.20%	7.90%
More than 7 but less than 8	4.70%	8.20%
More than 8 but less than 9	5.20%	8.40%
More than 9 but less than 10	5.70%	8.60%
More than 10 but less than 11	6.10%	8.80%
More than 11 but less than 12	6.50%	9.00%
More than 12 but less than 13	7.00%	9.20%
More than 13 but less than 14	7.40%	9.40%
More than 14 but less than 15	7.80%	9.60%
More than 15 but less than 16	8.20%	9.80%
More than 16 but less than 17	8.60%	10.00%
More than 17 but less than 18	9.00%	10.10%
More than 18 but less than 19	9.40%	10.30%
More than 19 but less than 20	9.70%	10.50%
More than 20 but less than 21	10.00%	10.70%
More than 21 but less than 22	10.00%	10.80%
More than 22 but less than 23	10.00%	11.00%
More than 23 but less than 24	10.00%	11.00%
More than 24 but less than 25	10.00%	11.00%
More than 25 but less than 26	10.00%	11.00%
More than 26 but less than 27	10.00%	11.00%
More than 27 but less than 28	10.00%	11.00%
More than 28 but less than 29	10.00%	11.00%
More than 29 but less than 30	10.00%	11.00%
30 or more	10.00%	11.00%

**APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT**

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

For the purposes of the above:

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

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

**Signed for and behalf of:**

**Barclays Bank PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Paragon Mortgages (No.15) PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Citicorp Trustee Company Limited**

on:

by:

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

19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 15) 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 B and will apply to Party A. Where applicable, the following shall apply with respect to Section 5(a)(vi):

- (i) "**Specified Indebtedness**" shall have the meaning specified in Section 14, except that indebtedness or obligation in respect of deposits received in the ordinary course of the banking business of such party shall not constitute Specified Indebtedness.
- (ii) "**Threshold Amount**" means, in relation to Party A, an amount equal to 3% of Party A's shareholders' equity (determined in accordance with generally accepted accounting principles in Party A's jurisdiction of incorporation or organization) as at the end of Party A's most recently completed fiscal year.
- (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

Email: BGSOperations@barcap.com

Address for notices or communications to Party B:

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

Attention: Swaps Administration, Finance Department

Facsimile No: 0121 712 2699

Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

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

Attention: Agency & Trust

Facsimile No: 020 7500 5248

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

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

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

- (f) **Credit Support Document**

Details of any Credit Support Document:

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

In respect of Party B: None.

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

- (g) **Credit Support Provider**

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

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

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

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

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

## **Part 5 Other Provisions**

### **(a) *No Set-Off***

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 or this Schedule.
- (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)(4) will not apply to Party B to the extent that it refers to proceedings or petitions instituted or presented by Party A or any of its Affiliates.

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) *Amendment of certain Termination Events***

- (i) With respect to the "Tax Event Upon Merger" provisions of Section 5(b)(iii), Party A may not designate an Early Termination Date under Section 6(b)(iv) in respect of a Tax Event Upon Merger if it is an Affected Party, or if there are no Withholding Compensation Amounts due but unpaid to Party A.
- (ii) Section 5(b)(ii) shall apply, provided that if a Tax Event occurs the Affected Party may designate a day as an Early Termination Date under Section 6(b)(iv) in respect of all Affected Transactions which is no earlier than the later of: (a) 15 June 2012; and (b) the date that is two years following the date that Party A notifies Party B that a Tax Event has occurred and only if such Tax Event is continuing; and (c) the date 5 days after any Withholding Compensation Amounts remain due but unpaid to Party A.

### **(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) 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:

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

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

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

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

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(A)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

- (B) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
  - (1) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (2) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant

guarantee criteria, in respect of the obligations of Party A; or

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(B)(2), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(B)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(B)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

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

- (C) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:

- (1) if Party A does not take the measures described in Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (2) if Party A does not take the measures described in Part 5(g)(i)(B)(2) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (3) If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(ii) **Moody's Ratings Events**

Each of the following shall constitute an Additional Termination Event with Party A as Affected Party:

- (A) **Moody's First Rating Trigger Collateral.** Party A has failed to comply with or perform any obligation to be complied with or performed by Party A in accordance with the Credit Support Annex to this Schedule and either (1) the Moody's Second Rating Trigger Requirements do not apply or (2) less than 30 Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply.
- (B) **Second Rating Trigger Replacement.** (1) The Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply and (2)(i) 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 or substantially all of Party A's rights and obligations under this

Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A's rights and obligations under this Agreement) and/or (ii) at least one entity with the Moody's First Trigger Required Ratings and/or Moody's Second Trigger Required Ratings has made a Firm Offer (which remains capable of becoming legally binding upon acceptance by the offeree) to provide an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement.

For the purpose 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 either (A) 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 withholding for Tax or (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to 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 withholding tax) will equal the full amount Party B would have received had no such withholding been required.

**"Eligible Replacement"** means an entity (A) with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) whose present and future obligations owing to Party B are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings.

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

**"Moody's Short-term Rating"** means a rating assigned by Moody's under its short-term rating scale in respect of an entity's short-term, unsecured and unsubordinated debt obligations.

**"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.

An entity shall have the **"Moody's First Trigger Required Ratings"** (A) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where such entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

The **"Moody's Second Rating Trigger Requirements"** shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.

An entity shall have the “**Moody's Second Trigger Required Ratings**” (A) where such entity is the subject of a Moody’s Short-term Rating, if such rating is “Prime-2” or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s and (B) where such entity is not the subject of a Moody’s Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

For so long as the Moody's Second Rating Trigger Requirements apply, Party A will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) an Eligible Guarantee in respect of all of Party A’s present and future obligations under this Agreement to be provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement of all or substantially all of its rights and obligations under this Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A’s rights and obligations under this Agreement).

Notwithstanding Sections 5(a)(i) and 5(a)(iii), any failure by Party A to comply with or perform any obligation to be complied with or performed by Party A under the Credit Support Annex entered into between Party A and Party B in relation to this Agreement, shall not be an Event of Default unless (A) Moody's Second Rating Trigger Requirements apply and at least 30 Local Business Days have elapsed since the last time Moody's Second Rating Trigger Requirements did not apply and (B) such failure is not remedied on or before the third Local Business Day after notice of such failure is given to Party A.

(iii) **Fitch downgrade scheme**

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

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

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

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

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

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

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or

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

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

- (1) **Transfer:** Subject to Part 5(q), Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

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

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

"(a) ***No Agency.*** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.

(b) ***Pari Passu.*** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."

(c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:

- (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
- (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
- (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent

establishment and will continue so to treat the relevant Transaction".

- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

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

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

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

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

**"15. Relationship between the Parties**

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

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

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their

entirety and the words "but only where Party A is X" will be inserted in substitution therefor.

- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") which are, following any withholding or deduction made by Party B pursuant to Section 2(d) in respect of such payment, 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 in respect of such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount in respect of any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean 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, in respect of each Interest Payment Date, an amount equal to any withholding or deduction Party B is required by any applicable law (as modified by the practice of any governmental revenue authority) to make for or on account of any Tax from any amounts payable by it under this Agreement on such Interest Payment Date, in accordance with Section 2(d) of this Agreement.

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

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

set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;

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

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

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

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

- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (other than pursuant to Section 6) (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 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 19 July 2007 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

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

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

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

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

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

(p) *Calculations*

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

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing which Party B is able to release without breaching any contractual obligations or the provisions of any law applicable to Party B.
- (ii) 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 a Reference Market-maker that is 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 Reference Market-maker to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for such party 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 Section 2(a)(i) in respect of such Terminated Transactions 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 substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions)."



- (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, an amount (as determined by Party B) equal to:

- (a) If a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding on or before the day falling ten Local Business Days after the day on which the Early Termination Date is designated (or such later day as Party B may specify in writing to Party A, which in any event will not be later than the Early Termination Date) (such day, the **"Latest Settlement Amount Determination Day"**), the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation; or
- (b) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any of such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value); or
- (c) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal 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) For the purpose of paragraph (4) of the definition of Market Quotation, Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether a Firm Offer is made in respect of a Replacement Transaction with commercial terms substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions).
- (v) Party B undertakes to use its reasonable efforts to obtain at least one Market Quotation before the Latest Settlement Amount Determination Day.
- (vi) Party B will be deemed to have discharged its obligations under (v) above if it requests Party A to obtain Market Quotations, where such request is made in

writing within two Local Business Days after the day on which the Early Termination Date is designated.

- (vii) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Latest Settlement Amount Determination Day.
- (viii) At any time on or before the Latest Settlement Amount Determination Day at which two or more Market Quotations remain capable of becoming legally binding upon acceptance, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value).
- (ix) If the Settlement Amount is a negative number, Section 6(e)(i)(3) of this Agreement shall be deleted in its entirety and replaced with the following:

*"Second Method and Market Quotation.* If Second Method and Market Quotation apply, (1) Party B shall pay to Party A an amount equal to the absolute value of the Settlement Amount in respect of the Terminated Transactions, (2) Party B shall pay to Party A the Termination Currency Equivalent of the Unpaid Amounts owing to Party A and (3) Party A shall pay to Party B the Termination Currency Equivalent of the Unpaid Amounts owing to Party B, Provided that, (i) the amounts payable under (2) and (3) shall be subject to netting in accordance with Section 2(c) of this Agreement and (ii) notwithstanding any other provision of this Agreement, any amount payable by Party A under (3) shall not be netted-off against any amount payable by Party B under (1)."

(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) (A) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than the Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then

rated not less than "A+" by Fitch and (B) the Transferee is an Eligible Replacement (as defined in Part 5(g)(v));

- (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 (unless the Transferee is required to pay an additional amount in respect of such Tax pursuant to Section 2(d)(i)(4));
- (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 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 or this Schedule, 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.

(aa) ***Transfer or Restructuring to avoid a Termination Event***

Section 6(b)(ii) shall be replaced by the following:

"If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs, the Affected Party (in the case of an Illegality or a Tax Event) or the Burdened Party (in the case of a Tax Event Upon Merger) will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), within 20 days after it gives notice under Section 6(b)(i), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to (A) transfer all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist, or (B) replace the Affected Transaction(s) with one or more economically equivalent transactions so that such Termination Event ceases to exist.

If the Affected Party or the Burdened Party (as the case may be) is not able to cause such a transfer or restructuring it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer or cause such a restructuring within 30 days after the notice is given under Section 6(b)(i).

Any transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed. Any restructuring by a party under this Section 6(b)(ii) will be subject to and conditional upon the receipt of notification from each of the Rating Agencies that such restructuring will not adversely affect the then current rating of the class of Notes to which this Agreement relates and the prior written consent of the other party, which consent shall not be unreasonably withheld. In respect of a restructuring proposed due to a Tax Event or

Tax Event Upon Merger Party B may withhold consent to any such restructuring for so long as it has paid to Party A all Withholding Compensation Amounts then due and payable.

(bb) ***Moody's Notifications***

Notwithstanding any other provision of this Agreement, this Agreement shall not be amended and no transfer of any rights or obligations under this Agreement shall be made (other than a transfer of all of Party A's rights and obligations with respect to this Agreement in accordance with Part 5(q) and Part 5(aa) above) unless Moody's has been given prior written notice of such amendment or transfer.

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

**Barclays Bank PLC**

By: .....  
Name:  
Title:

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

**Paragon Mortgages (No.15) PLC**

By: .....  
Name:  
Title:

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

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

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



**SCHEDULE 8**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS 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 19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.15) 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, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency (other than Moody's) ("**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, as amended (I) by deleting the words "upon a demand made by the Transferee on or

promptly following a Valuation Date" and inserting in lieu thereof the words "not later than the close of business on each Valuation Date" (II) by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the greatest of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date exceeds (b) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date);
- (2) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date); and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date."

Provided that, in respect of any Valuation Date, the Value of Eligible Credit Support to be transferred under Paragraph 2(a) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the greatest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(i) and provider further that if, in respect of any Valuation Date, the Delivery Amount is greater than the Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following

such transfer, none of the amounts calculated under (1), (2) and (3) of this Paragraph 11(b)(i)(i) shall be greater than zero.

- (B) "**Return Amount**" has the meaning as specified in Paragraph 2(b) as amended by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Return Amount" applicable to the Transferee for any Valuation Date will equal the least of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date, provided that, if any of Part 5(g)(vi)(A) or Part 5(g)(vi)(B) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the Fitch Requirements shall be determined on the basis that the Threshold applicable to Party A is infinity;
- (2) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date; and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date, provided that, if any of Part 5(g)(i)(A)(2)(x), (y) or (z) or Part 5(g)(i)(B)(2)(x), (y) or (z) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the S&P Requirements shall be

determined on the basis that the Threshold applicable to Party A is infinity."

Provided that, in respect of any Valuation Date, the Value of the Eligible Credit Support to be transferred under Paragraph 2(b) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the lowest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(ii) and provided further that, in no event shall the Transferee be required to transfer any Equivalent Credit Support under Paragraph 2(b) if, immediately following such transfer, any of the amounts calculated under (1), (2) and (3) of Paragraph 11(b)(i)(i) (*Delivery Amount*) would be greater than the Minimum Transfer Amount.

(C) "*Credit Support Amount*" has the meaning specified under the relevant definition of Ratings Agency Requirement.

(ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	As set out in Appendix C-1	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by S&amp;P, AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	As set out Appendix C-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out Appendix C-1	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out Appendix C-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out Appendix C-1	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	than AA- by S&P, 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-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C-1	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-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C-1	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than A-1+ by S&P, 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-1	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.	Zero or such higher percentage in respect of which Moody's has provided a written ratings affirmation.	To be agreed between Party A and Fitch

(iii) **Thresholds.**

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

"**Threshold**" means with respect to Party A: infinity, provided that for so long as either:

(1) no Relevant Entity has the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings and either (i) no Relevant Entity has had the Initial S&P Required Rating, the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings since this Annex was executed or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings; or

(2) the S&P Threshold is zero,

the Threshold with respect to Party A shall be zero.

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

(B) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP100,000; 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.

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

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means, Party A in all circumstances.

(ii) "**Valuation Date**" means each Local Business Day.

(iii) "**Valuation Time**" means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

(iv) "**Notification Time**" means by 2:00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).



(e) **Dispute Resolution.**

(i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.

(ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

(A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;

(B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

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

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

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

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

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S.

Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.

EUR The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.

GBP "SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

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

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

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

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

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

- (v) **"Distributions"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would have received from time to time.
- (vi) **"Distribution Date"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support would have received Distributions or, if that date is not a Local Business Day, the next following Local Business Day.
- (g) **Addresses for Transfers.**

**Party A:****USD CASH**

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

**EUR CASH**

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

**GBP CASH**

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

**Party B:** To be advised

- (h) **Other Provisions.**

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

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

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the

Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

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

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

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

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

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

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

- (ii) **Early Termination.**

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

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

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

- (iv) **Cumulative Rights.**

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or

concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

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

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

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

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

**Moody's Requirements**

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date the greater of the Moody's First Trigger Credit Support Amount and the Moody's Second Trigger Credit Support Amount.

"**Moody's First Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (I) (A) for any Valuation Date on which (I) the Moody's Second Rating Trigger Requirements do not apply or (II) less than 30 Local Business Days have elapsed since the occurrence of a Moody's Second Rating Event, an amount equal to the greater of (a) zero and (b) the sum of the Transferee's aggregate Exposure for all Transactions and the aggregate of Moody's Additional Collateralized Amounts for all Transactions.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean the product of the applicable Moody's First Trigger Factor set forth in **Appendix C-2** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other Valuation Date, zero, *over*

- (II) the Threshold for Party A for such Valuation Date.

"**Moody's Second Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (III) (A) for any Valuation Date on which Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did

not apply, an amount equal to the greatest of (a) zero, (b) the aggregate amount of the Next Payments for all Next Payment Dates and (c) the sum of the Transferee's aggregate Exposure and the aggregate of Moody's Additional Collateralized Amounts for each Transaction.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean:

- (4) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-3** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or
- (5) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-4** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other valuation Date, zero, *over*

- (IV) the Threshold for Party A for such Valuation Date.

"**Next Payment**" means, in respect of each Next Payment Date, the greater of (i) the amount of any payments (excluding Final Exchange Amounts) due to be made by Party A under Section 2 (a) on such Next Payment Date less any payments due to be made by Party B under Section 2(a) on such Next Payment Date (in each case, after giving effect to any applicable netting under Section 2(c) and excluding exchanges of principal, and (ii) zero.

"**Next Payment Date**" means each date on which the next scheduled payment under any Transaction is due to be paid.

"**Transaction-Specific Hedge**" means any Transaction that is a cap, floor or swaption, or a Transaction in respect of which (x) the notional amount of the swap is "balance guaranteed" or (y) the notional amount of the swap for any Calculation Period otherwise is not a specific dollar amount that is fixed at the inception of the Transaction.

***S&P Requirements.***

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

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

(II) if the S&P Threshold is infinity, zero.

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

***Fitch Requirements.***

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

$(\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]) - \text{Threshold}$   
for Party A for such Valuation Date

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) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

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

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

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

(xi) **Definitions.**

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

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

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

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

**"Fitch Minimum Required Ratings"** means at any time a person satisfies both of the following:

(1) its short-term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as

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



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

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

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

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

**"Party A Currency Amount"** has the meaning specified in the Confirmation;

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

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

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

**"S&P Required Rating"** has the meaning specified in the Schedule;

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

- (x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(A)(2) or 5(g)(i)(B)(2) of the Schedule to this Agreement, zero; and
- (y) at all other times, infinity.

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

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

**Appendix A – S&P Volatility Buffers**

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

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

**Appendix 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-1 VALUATION PERCENTAGES****Valuation Percentage**

Where Rated Liabilities are U.S. DOLLAR Denominated

INSTRUMENT	FIRST TRIGGER Business Days Risk: = 2BDs + Posting Frequency;		SECOND TRIGGER = 32 BDs + Posting Frequency	
	Daily	Weekly	Daily	Weekly
EURO Cash	100%	100%	100%	100%
Sterling Cash	98%	97%	94%	93%
U.S. Dollar Cash	98%	97%	95%	94%
Fixed-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department with Remaining Maturity				
< 1 year	100%	100%	100%	100%
1 to 2 years	100%	100%	99%	99%
2 to 3 years	100%	100%	98%	98%
3 to 5 years	100%	100%	97%	97%
5 to 7 years	100%	100%	96%	95%
7 to 10 years	100%	100%	94%	94%
10 to 20 years	100%	100%	90%	89%
> 20 years	100%	100%	88%	87%
Floating-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department				
All Maturities	100%	100%		
Fixed-Rate U.S. Agency Debentures with Remaining Maturity				
< 1 year	100%	100%	99%	99%
1 to 2 years	100%	100%	99%	98%
2 to 3 years	100%	100%	98%	97%
3 to 5 years	100%	100%	96%	96%
5 to 7 years	100%	100%	93%	94%
7 to 10 years	100%	100%	93%	93%
10 to 20 years	100%	100%	89%	88%
> 20 years	100%	100%	87%	86%
Floating-Rate U.S. Agency Debentures				
All Maturities	100%	100%	98%	98%
Fixed-Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	90%	89%
5 to 7 years	98%	97%	89%	87%
7 to 10 years	98%	97%	88%	86%
10 to 20 years	98%	97%	84%	82%
> 20 years	98%	97%	82%	80%

Floating Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above				
All Maturities	98%	97%	93%	92%
Fixed-Rate United Kingdom Gilts with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	91%	90%
5 to 7 years	98%	97%	90%	89%
7 to 10 years	98%	97%	89%	88%
10 to 20 years	98%	97%	86%	84%
> 20 years	98%	97%	84%	82%
Floating-Rate United Kingdom Gilts				
All Maturities	98%	97%	94%	93%

## APPENDIX C-2 (Moody's TABLE 4A-2)

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.15%	1.10%
More than 1 but less than 2	0.30%	1.20%
More 2 but less than 3	0.40%	1.30%
More than 3 but less than 4	0.60%	1.40%
More than 4 but less than 5	0.70%	1.50%
More than 5 but less than 6	0.80%	1.60%
More than 6 but less than 7	1.00%	1.60%
More than 7 but less than 8	1.10%	1.70%
More than 8 but less than 9	1.20%	1.80%
More than 9 but less than 10	1.30%	1.90%
More than 10 but less than 11	1.40%	1.90%
More than 11 but less than 12	1.50%	2.00%
More than 12 but less than 13	1.60%	2.10%
More than 13 but less than 14	1.70%	2.10%
More than 14 but less than 15	1.80%	2.20%
More than 15 but less than 16	1.90%	2.30%
More than 16 but less than 17	2.00%	2.30%
More than 17 but less than 18	2.00%	2.40%
More than 18 but less than 19	2.00%	2.40%
More than 19 but less than 20	2.00%	2.50%
More than 20 but less than 21	2.00%	2.50%
More than 21 but less than 22	2.00%	2.50%
More than 22 but less than 23	2.00%	2.50%
More than 23 but less than 24	2.00%	2.50%
More than 24 but less than 25	2.00%	2.50%
More than 25 but less than 26	2.00%	2.50%
More than 26 but less than 27	2.00%	2.50%
More than 27 but less than 28	2.00%	2.50%
More than 28 but less than 29	2.00%	2.50%
More than 29 but less than 30	2.00%	2.50%
30 or more	2.00%	2.50%

## APPENDIX C-3 (Moody's Table 4B-2)

## Potential Increase of Mid-Market Valuation of Swaps

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.50%	6.10%
More than 1 but less than 2	1.00%	6.30%
More than 2 but less than 3	1.50%	6.40%
More than 3 but less than 4	1.90%	6.60%
More than 4 but less than 5	2.40%	6.70%
More than 5 but less than 6	2.80%	6.80%
More than 6 but less than 7	3.20%	7.00%
More than 7 but less than 8	3.60%	7.10%
More than 8 but less than 9	4.00%	7.20%
More than 9 but less than 10	4.40%	7.30%
More than 10 but less than 11	4.70%	7.40%
More than 11 but less than 12	5.00%	7.50%
More than 12 but less than 13	5.40%	7.60%
More than 13 but less than 14	5.70%	7.70%
More than 14 but less than 15	6.00%	7.80%
More than 15 but less than 16	6.30%	7.90%
More than 16 but less than 17	6.60%	8.00%
More than 17 but less than 18	6.90%	8.10%
More than 18 but less than 19	7.20%	8.20%
More than 19 but less than 20	7.50%	8.20%
More than 20 but less than 21	7.80%	8.30%
More than 21 but less than 22	8.00%	8.40%
More than 22 but less than 23	8.00%	8.50%
More than 23 but less than 24	8.00%	8.60%
More than 24 but less than 25	8.00%	8.60%
More than 25 but less than 26	8.00%	8.70%
More than 26 but less than 27	8.00%	8.80%
More than 27 but less than 28	8.00%	8.80%
More than 28 but less than 29	8.00%	8.90%
More than 29 but less than 30	8.00%	9.00%
30 or more	8.00%	9.00%



## APPENDIX C-4 (Moody's Table 4B-3)

## Potential Increase of Mid-Market Valuation of Transaction Specific Hedges

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.65%	6.30%
More than 1 but less than 2	1.30%	6.60%
More than 2 but less than 3	1.90%	6.90%
More than 3 but less than 4	2.50%	7.10%
More than 4 but less than 5	3.10%	7.40%
More than 5 but less than 6	3.60%	7.70%
More than 6 but less than 7	4.20%	7.90%
More than 7 but less than 8	4.70%	8.20%
More than 8 but less than 9	5.20%	8.40%
More than 9 but less than 10	5.70%	8.60%
More than 10 but less than 11	6.10%	8.80%
More than 11 but less than 12	6.50%	9.00%
More than 12 but less than 13	7.00%	9.20%
More than 13 but less than 14	7.40%	9.40%
More than 14 but less than 15	7.80%	9.60%
More than 15 but less than 16	8.20%	9.80%
More than 16 but less than 17	8.60%	10.00%
More than 17 but less than 18	9.00%	10.10%
More than 18 but less than 19	9.40%	10.30%
More than 19 but less than 20	9.70%	10.50%
More than 20 but less than 21	10.00%	10.70%
More than 21 but less than 22	10.00%	10.80%
More than 22 but less than 23	10.00%	11.00%
More than 23 but less than 24	10.00%	11.00%
More than 24 but less than 25	10.00%	11.00%
More than 25 but less than 26	10.00%	11.00%
More than 26 but less than 27	10.00%	11.00%
More than 27 but less than 28	10.00%	11.00%
More than 28 but less than 29	10.00%	11.00%
More than 29 but less than 30	10.00%	11.00%
30 or more	10.00%	11.00%

**APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT**

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

For the purposes of the above:

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

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

**Signed for and behalf of:**

**Barclays Bank PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Paragon Mortgages (No.15) PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Citicorp Trustee Company Limited**

on:

by:

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

19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC** ("**Party A**");
- (2) **PARAGON MORTGAGES (NO. 15) 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 B and will apply to Party A. Where applicable, the following shall apply with respect to Section 5(a)(vi):

- (i) "**Specified Indebtedness**" shall have the meaning specified in Section 14, except that indebtedness or obligation in respect of deposits received in the ordinary course of the banking business of such party shall not constitute Specified Indebtedness.
- (ii) "**Threshold Amount**" means, in relation to Party A, an amount equal to 3% of Party A's shareholders' equity (determined in accordance with generally accepted accounting principles in Party A's jurisdiction of incorporation or organization) as at the end of Party A's most recently completed fiscal year.
- (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

Email: BGSOperations@barcap.com

Address for notices or communications to Party B:

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

Attention: Swaps Administration, Finance Department

Facsimile No: 0121 712 2699

Email Address: Company\_Secretary@Paragon-group.co.uk

With a copy to the Trustee:

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

Attention: Agency & Trust

Facsimile No: 020 7500 5248

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

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: Not applicable.

- (c) **Offices.** The provisions of Section 10(a) will apply to this Agreement.
- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

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

- (f) **Credit Support Document**

Details of any Credit Support Document:

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

In respect of Party B: None.

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

- (g) **Credit Support Provider**

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

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

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

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

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

## **Part 5 Other Provisions**

### **(a) *No Set-Off***

- (i) All payments under this Agreement shall be made without set-off or counterclaim, except as expressly provided for in Section 6 or this Schedule.
- (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)(4) will not apply to Party B to the extent that it refers to proceedings or petitions instituted or presented by Party A or any of its Affiliates.

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) *Amendment of certain Termination Events***

- (i) With respect to the "Tax Event Upon Merger" provisions of Section 5(b)(iii), Party A may not designate an Early Termination Date under Section 6(b)(iv) in respect of a Tax Event Upon Merger if it is an Affected Party, or if there are no Withholding Compensation Amounts due but unpaid to Party A.
- (ii) Section 5(b)(ii) shall apply, provided that if a Tax Event occurs the Affected Party may designate a day as an Early Termination Date under Section 6(b)(iv) in respect of all Affected Transactions which is no earlier than the later of: (a) 15 June 2012; and (b) the date that is two years following the date that Party A notifies Party B that a Tax Event has occurred and only if such Tax Event is continuing; and (c) the date 5 days after any Withholding Compensation Amounts remain due but unpaid to Party A.

### **(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) 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:

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

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

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

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

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(A)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(A)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

- (B) In the event that neither Party A nor any Credit Support Provider from time to time of Party A have the Subsequent S&P Required Rating (an **"Subsequent S&P Rating Event"**), then:
  - (1) Party A shall, within the Subsequent Collateral Remedy Period, post collateral in accordance with the terms of the Credit Support Annex; and
  - (2) Party A shall, within the Subsequent Remedy Period, at its own cost:
    - (x) subject to Part 5(q) below, transfer all of its rights and obligations with respect to this Agreement to a replacement third party, provided that the entity has at least the Subsequent S&P Required Rating; or
    - (y) procure another person with the Subsequent S&P Required Rating to become a co-obligor or guarantor, with any guarantee complying with S&P's relevant

guarantee criteria, in respect of the obligations of Party A; or

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

Without prejudice to any replacement third party, co-obligor or guarantor's obligations to post collateral or take other action if it does not have the Initial S&P Required Rating, if any of subparagraphs 5(g)(i)(B)(2), (x), (y) or (z) above are satisfied at any time, Party A will not be required to transfer any collateral in respect of such Initial S&P Rating Event pursuant to subparagraph 5(g)(i)(B)(1) above following the satisfaction of the provisions in subparagraphs 5(g)(i)(B)(2)(x), (y) or (z) above.

For the purposes of the above:

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

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

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

- (C) Without prejudice to the consequences of Party A failing to post collateral under the Credit Support Annex or take any other action, in each case, in accordance with the criteria of any rating agency other than S&P:

- (1) if Party A does not take the measures described in Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above as required, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Initial Remedy Period or Subsequent Collateral Remedy Period (as applicable), with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (2) if Party A does not take the measures described in Part 5(g)(i)(B)(2) as required (irrespective of whether Party A has used commercially reasonable efforts to do so and notwithstanding Party A continuing to post collateral as required by Parts 5(g)(i)(A)(1) or 5(g)(i)(B)(1) above, and notwithstanding Section 5(a)(ii)) such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A on the Business Day following the last day of the Subsequent Remedy Period, with Party A as the sole Affected Party and all Transactions as Affected Transactions.
- (3) If paragraph 11(h)(x) (*S&P External Marks*) of the Credit Support Annex is applicable, if Party A does not obtain the External Mark Statement (as defined in the Credit Support Annex) by the date specified in the Credit Support Annex in accordance with the provisions of the Credit Support Annex, such failure will not be or give rise to an Event of Default but will constitute an Additional Termination Event with respect to Party A with Party A as the sole Affected Party and all Transactions as Affected Transactions.

(ii) **Moody's Ratings Events**

Each of the following shall constitute an Additional Termination Event with Party A as Affected Party:

- (A) **Moody's First Rating Trigger Collateral.** Party A has failed to comply with or perform any obligation to be complied with or performed by Party A in accordance with the Credit Support Annex to this Schedule and either (1) the Moody's Second Rating Trigger Requirements do not apply or (2) less than 30 Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply.
- (B) **Second Rating Trigger Replacement.** (1) The Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did not apply and (2)(i) 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 or substantially all of Party A's rights and obligations under this

Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A's rights and obligations under this Agreement) and/or (ii) at least one entity with the Moody's First Trigger Required Ratings and/or Moody's Second Trigger Required Ratings has made a Firm Offer (which remains capable of becoming legally binding upon acceptance by the offeree) to provide an Eligible Guarantee in respect of all of Party A's present and future obligations under this Agreement.

For the purpose 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 either (A) 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 withholding for Tax or (B) such guarantee provides that, in the event that any of such guarantor's payments to Party B are subject to 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 withholding tax) will equal the full amount Party B would have received had no such withholding been required.

**"Eligible Replacement"** means an entity (A) with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) whose present and future obligations owing to Party B are guaranteed pursuant to an Eligible Guarantee provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings.

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

**"Moody's Short-term Rating"** means a rating assigned by Moody's under its short-term rating scale in respect of an entity's short-term, unsecured and unsubordinated debt obligations.

**"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.

An entity shall have the **"Moody's First Trigger Required Ratings"** (A) where such entity is the subject of a Moody's Short-term Rating, if such rating is "Prime-1" and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A2" or above by Moody's and (B) where such entity is not the subject of a Moody's Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated "A1" or above by Moody's.

The **"Moody's Second Rating Trigger Requirements"** shall apply so long as no Relevant Entity has the Moody's Second Trigger Required Ratings.



An entity shall have the “**Moody's Second Trigger Required Ratings**” (A) where such entity is the subject of a Moody’s Short-term Rating, if such rating is “Prime-2” or above and its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s and (B) where such entity is not the subject of a Moody’s Short-term Rating, if its long-term, unsecured and unsubordinated debt or counterparty obligations are rated “A3” or above by Moody’s.

For so long as the Moody's Second Rating Trigger Requirements apply, Party A will at its own cost use commercially reasonable efforts to, as soon as reasonably practicable, procure either (A) an Eligible Guarantee in respect of all of Party A’s present and future obligations under this Agreement to be provided by a guarantor with the Moody's First Trigger Required Ratings and/or the Moody's Second Trigger Required Ratings or (B) a transfer to an Eligible Replacement of all or substantially all of its rights and obligations under this Agreement (provided that Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether or not a transfer relates to all or substantially all of Party A’s rights and obligations under this Agreement).

Notwithstanding Sections 5(a)(i) and 5(a)(iii), any failure by Party A to comply with or perform any obligation to be complied with or performed by Party A under the Credit Support Annex entered into between Party A and Party B in relation to this Agreement, shall not be an Event of Default unless (A) Moody's Second Rating Trigger Requirements apply and at least 30 Local Business Days have elapsed since the last time Moody's Second Rating Trigger Requirements did not apply and (B) such failure is not remedied on or before the third Local Business Day after notice of such failure is given to Party A.

(iii) **Fitch downgrade scheme**

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions;

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

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

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

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

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

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

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

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

Cure Period with Party A as the sole Affected Party and all Transactions shall be Affected Transactions.

(D) **Fitch downgrade definitions**

In this Agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (1) who (or whose Credit Support Provider) is a Fitch Minimum Rated Entity at that time; or

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

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

- (1) **Transfer:** Subject to Part 5(q), Party A transfers all of its rights and obligations with respect to this Agreement to a replacement third party which is a Fitch Ratings Non-Collateral Cure Entity; or
- (2) **Co-obligor or guarantor:** Party A procures another person which is a Fitch Ratings Non-Collateral Cure Entity to become co-obligor or guarantor in respect of the obligations of Party A under this Agreement; or
- (3) **Other agreed action:** Party A takes such other action as Party A may agree with Fitch as will result in the then rating by Fitch of the Relevant Notes then outstanding being maintained.

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

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

"(a) ***No Agency.*** Party A and Party B represent, warrant and undertake that it is entering into this Agreement and each Transaction as principal and not as agent of any person.

(b) ***Pari Passu.*** Party A represents, warrants and undertakes to Party B that Party A's obligations under this Agreement rank pari passu with all of its other unsecured, unsubordinated obligations except those obligations preferred by operation of law."

(c) Party A represents, warrants and undertakes (which representation, warranty and undertaking will be deemed to be repeated at all times until the termination of this Agreement) that in relation to each Transaction, it is not acting as agent or nominee for any other person or persons and that:

- (a) it is resident in the United Kingdom for United Kingdom tax purposes; or
- (b) it is resident in a jurisdiction that has a double taxation convention or treaty with the United Kingdom under which provision, whether for relief or otherwise, in relation to interest (as defined in the relevant convention or treaty) is made; or
- (c) it has entered into the relevant Transaction solely for the purposes of a trade or part of a trade carried on by it in the United Kingdom through a branch or agency or permanent

establishment and will continue so to treat the relevant Transaction".

- (ii) Section 3(a)(v) shall be amended by the addition of the words "(with the exception of the payment of Stamp Tax as provided for in Section 11)" after the words "this Agreement".
- (iii) The representations set out in Section 3 (as amended as aforesaid) shall (in addition to the repetitions for which provision is made in Section 3) be deemed to be repeated by each party on each day on which a payment or delivery is required to be made under Section 2(a)(i).

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

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

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

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

**"15. Relationship between the Parties**

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

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

(k) ***Tax***

- (i) In Section 2(d)(i)(4) of the Agreement the words in the first line of that paragraph "if such Tax is an Indemnifiable Tax" shall be deleted in their

entirety and the words "but only where Party A is X" will be inserted in substitution therefor.

- (ii) Party B will, on each Interest Payment Date (as defined in the Terms and Conditions relating to the Notes), subject to and in accordance with the order of priority of payments, as further agreed between Party A and Party B pursuant to the Deed of Charge, pay to Party A an amount or amounts ("**Withholding Compensation Amounts**") which are, following any withholding or deduction made by Party B pursuant to Section 2(d) in respect of such payment, 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 in respect of such Interest Payment Date, together with, to the extent not paid on any previous Interest Payment Date, an amount equal to any Withheld Amount in respect of any previous Interest Payment Date.

"**Additional Amounts**" in Part 5(k) shall mean 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, in respect of each Interest Payment Date, an amount equal to any withholding or deduction Party B is required by any applicable law (as modified by the practice of any governmental revenue authority) to make for or on account of any Tax from any amounts payable by it under this Agreement on such Interest Payment Date, in accordance with Section 2(d) of this Agreement.

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

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

set-off and, in the case of a repayment, shall be the amount of the repayment together, in either case, with any related interest or similar payment obtained by it and shall be taken to be received, in the case of a Tax credit, allowance or set-off, on the date when Party A becomes entitled to the Tax credit, allowance or set-off if Party A has made a provision for the additional amount of Tax otherwise payable which provision is able to be released on that date or on the date when the additional amount of Tax would have been payable if no such provision has been made and, in the case of a repayment, on the date when the repayment is made;

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

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

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

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



- (ii) In relation to all sums due and payable by Party B to Party A, Party A agrees that it shall have recourse only to funds available for the purpose pursuant and subject to the order of priority of payments set out in the Deed of Charge.
- (iii) Notwithstanding the provisions of Section 6 of this Agreement, any notice given by Party A designating an Early Termination Date, which date shall be no earlier than ten Business Days following the giving of notice, shall be given to the Trustee in respect of the Deed of Charge, with a copy to Party B. In the event that service of an Enforcement Notice occurs following the date of giving of such notice but prior to the date which would otherwise have been the Early Termination Date, the effective date of such Enforcement Notice shall be the Early Termination Date.
- (iv) If, on any date, Party B does not pay the full amount it would otherwise owe under any Transaction (other than pursuant to Section 6) (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 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 19 July 2007 between, among others, Party A, Party B and the Trustee.

(iii) ***Definitions***

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

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

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

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

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

(p) *Calculations*

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

- (i) For the purposes of Section 6(d)(i), Party B's obligation with respect to the extent of information to be provided with its calculations is limited to information Party B has already received in writing which Party B is able to release without breaching any contractual obligations or the provisions of any law applicable to Party B.
- (ii) 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 a Reference Market-maker that is 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 Reference Market-maker to enter into a transaction (the "**Replacement Transaction**") that would have the effect of preserving for such party 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 Section 2(a)(i) in respect of such Terminated Transactions 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 substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions)."

- (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, an amount (as determined by Party B) equal to:

- (a) If a Market Quotation for the relevant Terminated Transaction or group of Terminated Transactions is accepted by Party B so as to become legally binding on or before the day falling ten Local Business Days after the day on which the Early Termination Date is designated (or such later day as Party B may specify in writing to Party A, which in any event will not be later than the Early Termination Date) (such day, the **"Latest Settlement Amount Determination Day"**), the Termination Currency Equivalent of the amount (whether positive or negative) of such Market Quotation; or
- (b) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal the Termination Currency Equivalent of the amount (whether positive or negative) of the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any of such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value); or
- (c) If, on the Latest Settlement Amount Determination Day, 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 made that remain capable of becoming legally binding upon acceptance, the Settlement Amount shall equal 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) For the purpose of paragraph (4) of the definition of Market Quotation, Party B shall determine in its sole discretion, acting in a commercially reasonable manner, whether a Firm Offer is made in respect of a Replacement Transaction with commercial terms substantially the same as those of this Agreement (save for the exclusion of provisions relating to Transactions that are not Terminated Transactions).
- (v) Party B undertakes to use its reasonable efforts to obtain at least one Market Quotation before the Latest Settlement Amount Determination Day.
- (vi) Party B will be deemed to have discharged its obligations under (v) above if it requests Party A to obtain Market Quotations, where such request is made in

writing within two Local Business Days after the day on which the Early Termination Date is designated.

- (vii) If Party B requests Party A in writing to obtain Market Quotations, Party A shall use its reasonable efforts to do so before the Latest Settlement Amount Determination Day.
- (viii) At any time on or before the Latest Settlement Amount Determination Day at which two or more Market Quotations remain capable of becoming legally binding upon acceptance, Party B shall be entitled to accept only the lowest of such Market Quotations (for the avoidance of doubt, the lowest of such Market Quotations shall be the lowest Market Quotation of such Market Quotations expressed as a positive number or, if any such Market Quotations is expressed as a negative number, the Market Quotation expressed as a negative number with the largest absolute value).
- (ix) If the Settlement Amount is a negative number, Section 6(e)(i)(3) of this Agreement shall be deleted in its entirety and replaced with the following:

*"Second Method and Market Quotation.* If Second Method and Market Quotation apply, (1) Party B shall pay to Party A an amount equal to the absolute value of the Settlement Amount in respect of the Terminated Transactions, (2) Party B shall pay to Party A the Termination Currency Equivalent of the Unpaid Amounts owing to Party A and (3) Party A shall pay to Party B the Termination Currency Equivalent of the Unpaid Amounts owing to Party B, Provided that, (i) the amounts payable under (2) and (3) shall be subject to netting in accordance with Section 2(c) of this Agreement and (ii) notwithstanding any other provision of this Agreement, any amount payable by Party A under (3) shall not be netted-off against any amount payable by Party B under (1)."

(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) (A) the Transferee's short-term unsecured and unsubordinated debt obligations are then rated not less than "F1" by Fitch and not less than the Subsequent S&P Required Rating by S&P (or its equivalent by any substitute rating agency) or such Transferee's obligations under this Agreement are guaranteed by an entity whose long-term, unsecured and unsubordinated debt obligations are then rated not less than the Subsequent S&P Required Rating by S&P and whose long-term, unsecured and unsubordinated debt obligations are then

rated not less than "A+" by Fitch and (B) the Transferee is an Eligible Replacement (as defined in Part 5(g)(v));

- (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 (unless the Transferee is required to pay an additional amount in respect of such Tax pursuant to Section 2(d)(i)(4));
- (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 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 or this Schedule, 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.

(aa) ***Transfer or Restructuring to avoid a Termination Event***

Section 6(b)(ii) shall be replaced by the following:

"If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs, the Affected Party (in the case of an Illegality or a Tax Event) or the Burdened Party (in the case of a Tax Event Upon Merger) will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), within 20 days after it gives notice under Section 6(b)(i), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to (A) transfer all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist, or (B) replace the Affected Transaction(s) with one or more economically equivalent transactions so that such Termination Event ceases to exist.

If the Affected Party or the Burdened Party (as the case may be) is not able to cause such a transfer or restructuring it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer or cause such a restructuring within 30 days after the notice is given under Section 6(b)(i).

Any transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed. Any restructuring by a party under this Section 6(b)(ii) will be subject to and conditional upon the receipt of notification from each of the Rating Agencies that such restructuring will not adversely affect the then current rating of the class of Notes to which this Agreement relates and the prior written consent of the other party, which consent shall not be unreasonably withheld. In respect of a restructuring proposed due to a Tax Event or



Tax Event Upon Merger Party B may withhold consent to any such restructuring for so long as it has paid to Party A all Withholding Compensation Amounts then due and payable.

(bb) ***Moody's Notifications***

Notwithstanding any other provision of this Agreement, this Agreement shall not be amended and no transfer of any rights or obligations under this Agreement shall be made (other than a transfer of all of Party A's rights and obligations with respect to this Agreement in accordance with Part 5(q) and Part 5(aa) above) unless Moody's has been given prior written notice of such amendment or transfer.

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

**Barclays Bank PLC**

By: .....  
Name:  
Title:

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

**Paragon Mortgages (No.15) PLC**

By: .....  
Name:  
Title:

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

**Citicorp Trustee Company Limited**

By: .....  
Name:  
Title:

## APPENDIX 1

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

**SCHEDULE 10**  
**AMENDED CREDIT SUPPORT ANNEX – CLASS C1B NOTES**

**ISDA<sup>®</sup>**  
**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 19 July 2007, as amended and restated on 7 July 2011

between

- (1) **BARCLAYS BANK PLC ("Party A")**;
- (2) **PARAGON MORTGAGES (NO.15) 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, the Valuation Percentage specified in Paragraph 11(b)(ii) shall be reduced by a percentage agreed by the parties and approved by the relevant rating agency (other than Moody's) ("**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, as amended (I) by deleting the words "upon a demand made by the Transferee on or

promptly following a Valuation Date" and inserting in lieu thereof the words "not later than the close of business on each Valuation Date" (II) by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the greatest of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date exceeds (b) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date);
- (2) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date); and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date exceeds (b) the Value (determined using the applicable S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date."

Provided that, in respect of any Valuation Date, the Value of Eligible Credit Support to be transferred under Paragraph 2(a) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the greatest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(i) and provider further that if, in respect of any Valuation Date, the Delivery Amount is greater than the Minimum Transfer Amount, the Transferor will transfer to the Transferee sufficient Eligible Credit Support to ensure that, immediately following

such transfer, none of the amounts calculated under (1), (2) and (3) of this Paragraph 11(b)(i)(i) shall be greater than zero.

- (B) "**Return Amount**" has the meaning as specified in Paragraph 2(b) as amended by deleting in its entirety the sentence beginning "Unless otherwise specified in Paragraph 11(b)" and inserting in lieu thereof the following:

"The "Return Amount" applicable to the Transferee for any Valuation Date will equal the least of:

- (1) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Fitch Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the Fitch Requirements) for such Valuation Date, provided that, if any of Part 5(g)(vi)(A) or Part 5(g)(vi)(B) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the Fitch Requirements shall be determined on the basis that the Threshold applicable to Party A is infinity;
- (2) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the Moody's Valuation Percentages in Paragraph 11(b)(ii)) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to Moody's Requirements) for such Valuation Date; and
- (3) the greater of (i) zero and (ii) the amount by which (a) the Value (determined using the S&P Valuation Percentages in Appendix D) as of such Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in each case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date) exceeds (b) the Credit Support Amount (calculated according to the S&P Requirements) for such Valuation Date, provided that, if any of Part 5(g)(i)(A)(2)(x), (y) or (z) or Part 5(g)(i)(B)(2)(x), (y) or (z) of the Agreement are satisfied at any time, the Return Amount for the purposes of satisfying the S&P Requirements shall be

determined on the basis that the Threshold applicable to Party A is infinity."

Provided that, in respect of any Valuation Date, the Value of the Eligible Credit Support to be transferred under Paragraph 2(b) shall be calculated using the applicable Valuation Percentages for the rating agency whose criteria have resulted in the lowest amount under (1), (2) and (3) of this Paragraph 11(b)(i)(ii) and provided further that, in no event shall the Transferee be required to transfer any Equivalent Credit Support under Paragraph 2(b) if, immediately following such transfer, any of the amounts calculated under (1), (2) and (3) of Paragraph 11(b)(i)(i) (*Delivery Amount*) would be greater than the Minimum Transfer Amount.

(C) "*Credit Support Amount*" has the meaning specified under the relevant definition of Ratings Agency Requirement.

(ii) ***Eligible Credit Support.*** The following items will qualify as "Eligible Credit Support" for Party A:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
(A)	cash in an Eligible Currency	As set out in Appendix C-1	100%
(B)	Negotiable debt obligations denominated in an Eligible Currency issued by:  the Government of the United Kingdom; the Federal Republic of Germany; the Republic of France; Italy; the Netherlands; Sweden; Belgium; Austria; Finland; Luxembourg; Portugal; Spain;	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:



	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	<p>the Republic of Ireland; or the U.S. Treasury Department,</p> <p>(with local and foreign currency issuer ratings equal to or greater than AA- by S&amp;P, AA- by Fitch and Aa3 by Moody's) having a remaining time to maturity of:</p>		
(i)	not more than one year;	As set out Appendix C-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out Appendix C-1	To be agreed between Party A and Fitch
(iii)	more than 5 years but not more than 10 years; or	As set out Appendix C-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out Appendix C-1	To be agreed between Party A and Fitch
(C)	<p>Negotiable debt obligations issued by:</p> <p>the US Government National Mortgage Association; the US Federal Home Loan Mortgage Corporation; the US Student Loans Marketing Association; or a US Federal Home Loan Bank,</p> <p>(with local and foreign currency issuer ratings equal to or greater</p>	In relation to residual maturity as set out in the corresponding order under Collateral Type:	In relation to residual maturity as set out in the corresponding order under Collateral Type:

	<b>Collateral Type</b>	<b>Valuation Percentages in respect of Moody's</b>	<b>Valuation Percentages in respect of Fitch</b>
	than AA- by S&P, 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-1	97.5%
(ii)	more than one year but not more than 5 years;	As set out in Appendix C-1	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-1	To be agreed between Party A and Fitch
(iv)	more than 10 years.	As set out in Appendix C-1	To be agreed between Party A and Fitch
(D)	Commercial Paper denominated in an Eligible Currency (with a rating equal to or greater than A-1+ by S&P, 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-1	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.	Zero or such higher percentage in respect of which Moody's has provided a written ratings affirmation.	To be agreed between Party A and Fitch

(iii) **Thresholds.**

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

"**Threshold**" means with respect to Party A: infinity, provided that for so long as either:

(1) no Relevant Entity has the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings and either (i) no Relevant Entity has had the Initial S&P Required Rating, the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings since this Annex was executed or (ii) at least 30 Local Business Days have elapsed since the last time a Relevant Entity had the Moody's First Trigger Required Ratings or the Fitch Minimum Required Ratings; or

(2) the S&P Threshold is zero,

the Threshold with respect to Party A shall be zero.

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

(B) "**Minimum Transfer Amount**" means, with respect to Party A and Party B, GBP100,000; 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.

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

(c) **Valuation and Timing.**

(i) "**Valuation Agent**" means, Party A in all circumstances.

(ii) "**Valuation Date**" means each Local Business Day.

(iii) "**Valuation Time**" means the close of business in the relevant market, as determined by the Valuation Agent, on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

(iv) "**Notification Time**" means by 2:00 p.m., London time, on a Local Business Day.

(d) **Exchange Date.** "Exchange Date" has the meaning specified in paragraph 3(c)(ii).

(e) **Dispute Resolution.**

(i) **"Resolution Time"** means 2:00 p.m., London time, on the Local Business Day following the date on which notice is given that gives rise to a dispute under Paragraph 4.

(ii) **"Value"** For the purpose of Paragraph 4(a)(4)(i)(C) and 4(a)(4)(ii), the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

(A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising securities ("**Securities**") the Base Currency Equivalent of the sum of (a)(x) the last bid price on such date for such Securities on the principal national securities exchange on which such Securities are listed, multiplied by the applicable Valuation Percentage; or (y) where any Securities are not listed on a national securities exchange, the bid price for such Securities quoted as at the close of business on such date by any principal market maker (which shall not be and shall be independent from the Valuation Agent) for such Securities chosen by the Valuation Agent, multiplied by the applicable Valuation Percentage; or (z) if no such bid price is listed or quoted for such date, the last bid price listed or quoted (as the case may be), as of the day next preceding such date on which such prices were available, multiplied by the applicable Valuation Percentage; plus (b) the accrued interest where applicable on such Securities (except to the extent that such interest shall have been paid to the Transferor pursuant to Paragraph 5(c)(ii) or included in the applicable price referred to in subparagraph (a) above) as of such date;

(B) with respect to any Cash, the Base Currency Equivalent of the amount thereof; and

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

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

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

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

<b>Eligible Currency</b>	<b>Interest Rate</b>
USD	The effective federal funds rate in U.S.

Dollars published on Telerate Screen Page 118 for the relevant day at the close of business in New York on such day.

EUR The overnight rate fixed for such day, as set forth under the heading "EONIA" on Telerate Screen Page 247.

GBP "SONIA" for any day means the reference rate equal to the overnight rate as calculated by the Wholesale Market Brokers Association which appears on Telerate Page 3937 under the heading "Sterling Overnight Index" as of 9.00 a.m., London time, on the first London Banking Day following that day.

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

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

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

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

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

- (v) **"Distributions"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would have received from time to time.
- (vi) **"Distribution Date"** means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support would have received Distributions or, if that date is not a Local Business Day, the next following Local Business Day.
- (g) **Addresses for Transfers.**

**Party A:****USD CASH**

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

**EUR CASH**

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

**GBP CASH**

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

**Party B:** To be advised

- (h) **Other Provisions.**

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

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

"Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the

Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day."

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

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

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

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

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

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

- (ii) **Early Termination.**

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

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

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

- (iv) **Cumulative Rights.**

The rights, powers and remedies of the Transferee under this Annex shall be in addition to all rights, powers and remedies given to the Transferee by the Agreement or by virtue of any statute or rule of law, all of which rights, powers and remedies shall be cumulative and may be exercised successively or

concurrently without impairing the rights of the Transferee in the Credit Support Balance created pursuant to this Annex.

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

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

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

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

**Moody's Requirements**

"**Credit Support Amount**" shall mean with respect to a Transferor on a Valuation Date the greater of the Moody's First Trigger Credit Support Amount and the Moody's Second Trigger Credit Support Amount.

"**Moody's First Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (I) (A) for any Valuation Date on which (I) the Moody's Second Rating Trigger Requirements do not apply or (II) less than 30 Local Business Days have elapsed since the occurrence of a Moody's Second Rating Event, an amount equal to the greater of (a) zero and (b) the sum of the Transferee's aggregate Exposure for all Transactions and the aggregate of Moody's Additional Collateralized Amounts for all Transactions.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean the product of the applicable Moody's First Trigger Factor set forth in **Appendix C-2** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other Valuation Date, zero, *over*

- (II) the Threshold for Party A for such Valuation Date.

"**Moody's Second Trigger Credit Support Amount**" means, for any Valuation Date, the excess, if any, of

- (III) (A) for any Valuation Date on which Moody's Second Rating Trigger Requirements apply and 30 or more Local Business Days have elapsed since the last time the Moody's Second Rating Trigger Requirements did



not apply, an amount equal to the greatest of (a) zero, (b) the aggregate amount of the Next Payments for all Next Payment Dates and (c) the sum of the Transferee's aggregate Exposure and the aggregate of Moody's Additional Collateralized Amounts for each Transaction.

For the purposes of this definition, the "**Moody's Additional Collateralized Amount**" with respect to any Transaction shall mean:

- (4) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-3** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or
- (5) if such Transaction is not a Transaction-Specific Hedge, the product of the applicable Moody's Second Trigger Factor set forth in **Appendix C-4** and the Party A Currency Amount for such Transaction for the Calculation Period which includes such Valuation Date; or

(B) for any other valuation Date, zero, *over*

- (IV) the Threshold for Party A for such Valuation Date.

"**Next Payment**" means, in respect of each Next Payment Date, the greater of (i) the amount of any payments (excluding Final Exchange Amounts) due to be made by Party A under Section 2 (a) on such Next Payment Date less any payments due to be made by Party B under Section 2(a) on such Next Payment Date (in each case, after giving effect to any applicable netting under Section 2(c) and excluding exchanges of principal, and (ii) zero.

"**Next Payment Date**" means each date on which the next scheduled payment under any Transaction is due to be paid.

"**Transaction-Specific Hedge**" means any Transaction that is a cap, floor or swaption, or a Transaction in respect of which (x) the notional amount of the swap is "balance guaranteed" or (y) the notional amount of the swap for any Calculation Period otherwise is not a specific dollar amount that is fixed at the inception of the Transaction.

***S&P Requirements.***

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

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

(II) if the S&P Threshold is infinity, zero.

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

***Fitch Requirements.***

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

$(\max[\text{MV plus VC multiplied by 105 per cent multiplied by N}; 0]) - \text{Threshold}$   
for Party A for such Valuation Date

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) ***S&P External Marks***

So long as (i) the S&P Threshold is zero, (ii) S&P's then current counterparty criteria in respect of structured finance securities requires that an External Mark be provided, and (iii) S&P's confirmation has not been obtained that an External Mark is not required, Party A will no less frequently than semi-annually provide to S&P the External Mark Statement.

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

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

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

(xi) **Definitions.**

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

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

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

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

**"Fitch Minimum Required Ratings"** means at any time a person satisfies both of the following:

(1) its short-term rating is at that time at least as high as "F1" (or its equivalent) by Fitch; as well as

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

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

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

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

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

**"Party A Currency Amount"** has the meaning specified in the Confirmation;

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

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

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

**"S&P Required Rating"** has the meaning specified in the Schedule;

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

- (x) if an Initial S&P Rating Event or Subsequent S&P Rating Event has occurred and Party A has not taken any of the actions specified in Parts 5(g)(i)(A)(2) or 5(g)(i)(B)(2) of the Schedule to this Agreement, zero; and
- (y) at all other times, infinity.

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

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

**Appendix A – S&P Volatility Buffers**

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

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

### Appendix 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-1 VALUATION PERCENTAGES****Valuation Percentage**

Where Rated Liabilities are U.S. DOLLAR Denominated

INSTRUMENT	FIRST TRIGGER Business Days Risk: = 2BDs + Posting Frequency;		SECOND TRIGGER = 32 BDs + Posting Frequency	
	Daily	Weekly	Daily	Weekly
EURO Cash	100%	100%	100%	100%
Sterling Cash	98%	97%	94%	93%
U.S. Dollar Cash	98%	97%	95%	94%
Fixed-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department with Remaining Maturity				
< 1 year	100%	100%	100%	100%
1 to 2 years	100%	100%	99%	99%
2 to 3 years	100%	100%	98%	98%
3 to 5 years	100%	100%	97%	97%
5 to 7 years	100%	100%	96%	95%
7 to 10 years	100%	100%	94%	94%
10 to 20 years	100%	100%	90%	89%
> 20 years	100%	100%	88%	87%
Floating-Rate Negotiable Treasury Debt Issued by The U.S. Treasury Department				
All Maturities	100%	100%		
Fixed-Rate U.S. Agency Debentures with Remaining Maturity				
< 1 year	100%	100%	99%	99%
1 to 2 years	100%	100%	99%	98%
2 to 3 years	100%	100%	98%	97%
3 to 5 years	100%	100%	96%	96%
5 to 7 years	100%	100%	93%	94%
7 to 10 years	100%	100%	93%	93%
10 to 20 years	100%	100%	89%	88%
> 20 years	100%	100%	87%	86%
Floating-Rate U.S. Agency Debentures				
All Maturities	100%	100%	98%	98%
Fixed-Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	90%	89%
5 to 7 years	98%	97%	89%	87%
7 to 10 years	98%	97%	88%	86%
10 to 20 years	98%	97%	84%	82%
> 20 years	98%	97%	82%	80%



Floating Rate Euro-Zone Government Bonds Rated <b>Aa3</b> or Above				
All Maturities	98%	97%	93%	92%
Fixed-Rate United Kingdom Gilts with Remaining Maturity				
< 1 year	98%	97%	94%	93%
1 to 2 years	98%	97%	93%	92%
2 to 3 years	98%	97%	92%	91%
3 to 5 years	98%	97%	91%	90%
5 to 7 years	98%	97%	90%	89%
7 to 10 years	98%	97%	89%	88%
10 to 20 years	98%	97%	86%	84%
> 20 years	98%	97%	84%	82%
Floating-Rate United Kingdom Gilts				
All Maturities	98%	97%	94%	93%

## APPENDIX C-2 (Moody's TABLE 4A-2)

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.15%	1.10%
More than 1 but less than 2	0.30%	1.20%
More 2 but less than 3	0.40%	1.30%
More than 3 but less than 4	0.60%	1.40%
More than 4 but less than 5	0.70%	1.50%
More than 5 but less than 6	0.80%	1.60%
More than 6 but less than 7	1.00%	1.60%
More than 7 but less than 8	1.10%	1.70%
More than 8 but less than 9	1.20%	1.80%
More than 9 but less than 10	1.30%	1.90%
More than 10 but less than 11	1.40%	1.90%
More than 11 but less than 12	1.50%	2.00%
More than 12 but less than 13	1.60%	2.10%
More than 13 but less than 14	1.70%	2.10%
More than 14 but less than 15	1.80%	2.20%
More than 15 but less than 16	1.90%	2.30%
More than 16 but less than 17	2.00%	2.30%
More than 17 but less than 18	2.00%	2.40%
More than 18 but less than 19	2.00%	2.40%
More than 19 but less than 20	2.00%	2.50%
More than 20 but less than 21	2.00%	2.50%
More than 21 but less than 22	2.00%	2.50%
More than 22 but less than 23	2.00%	2.50%
More than 23 but less than 24	2.00%	2.50%
More than 24 but less than 25	2.00%	2.50%
More than 25 but less than 26	2.00%	2.50%
More than 26 but less than 27	2.00%	2.50%
More than 27 but less than 28	2.00%	2.50%
More than 28 but less than 29	2.00%	2.50%
More than 29 but less than 30	2.00%	2.50%
30 or more	2.00%	2.50%

## APPENDIX C-3 (Moody's Table 4B-2)

## Potential Increase of Mid-Market Valuation of Swaps

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.50%	6.10%
More than 1 but less than 2	1.00%	6.30%
More than 2 but less than 3	1.50%	6.40%
More than 3 but less than 4	1.90%	6.60%
More than 4 but less than 5	2.40%	6.70%
More than 5 but less than 6	2.80%	6.80%
More than 6 but less than 7	3.20%	7.00%
More than 7 but less than 8	3.60%	7.10%
More than 8 but less than 9	4.00%	7.20%
More than 9 but less than 10	4.40%	7.30%
More than 10 but less than 11	4.70%	7.40%
More than 11 but less than 12	5.00%	7.50%
More than 12 but less than 13	5.40%	7.60%
More than 13 but less than 14	5.70%	7.70%
More than 14 but less than 15	6.00%	7.80%
More than 15 but less than 16	6.30%	7.90%
More than 16 but less than 17	6.60%	8.00%
More than 17 but less than 18	6.90%	8.10%
More than 18 but less than 19	7.20%	8.20%
More than 19 but less than 20	7.50%	8.20%
More than 20 but less than 21	7.80%	8.30%
More than 21 but less than 22	8.00%	8.40%
More than 22 but less than 23	8.00%	8.50%
More than 23 but less than 24	8.00%	8.60%
More than 24 but less than 25	8.00%	8.60%
More than 25 but less than 26	8.00%	8.70%
More than 26 but less than 27	8.00%	8.80%
More than 27 but less than 28	8.00%	8.80%
More than 28 but less than 29	8.00%	8.90%
More than 29 but less than 30	8.00%	9.00%
30 or more	8.00%	9.00%

## APPENDIX C-4 (Moody's Table 4B-3)

## Potential Increase of Mid-Market Valuation of Transaction Specific Hedges

Weighted Average Life of Hedge in years	Interest Rate Hedges	Currency Hedges
	Daily	Daily
1 or less	0.65%	6.30%
More than 1 but less than 2	1.30%	6.60%
More than 2 but less than 3	1.90%	6.90%
More than 3 but less than 4	2.50%	7.10%
More than 4 but less than 5	3.10%	7.40%
More than 5 but less than 6	3.60%	7.70%
More than 6 but less than 7	4.20%	7.90%
More than 7 but less than 8	4.70%	8.20%
More than 8 but less than 9	5.20%	8.40%
More than 9 but less than 10	5.70%	8.60%
More than 10 but less than 11	6.10%	8.80%
More than 11 but less than 12	6.50%	9.00%
More than 12 but less than 13	7.00%	9.20%
More than 13 but less than 14	7.40%	9.40%
More than 14 but less than 15	7.80%	9.60%
More than 15 but less than 16	8.20%	9.80%
More than 16 but less than 17	8.60%	10.00%
More than 17 but less than 18	9.00%	10.10%
More than 18 but less than 19	9.40%	10.30%
More than 19 but less than 20	9.70%	10.50%
More than 20 but less than 21	10.00%	10.70%
More than 21 but less than 22	10.00%	10.80%
More than 22 but less than 23	10.00%	11.00%
More than 23 but less than 24	10.00%	11.00%
More than 24 but less than 25	10.00%	11.00%
More than 25 but less than 26	10.00%	11.00%
More than 26 but less than 27	10.00%	11.00%
More than 27 but less than 28	10.00%	11.00%
More than 28 but less than 29	10.00%	11.00%
More than 29 but less than 30	10.00%	11.00%
30 or more	10.00%	11.00%

**APPENDIX D – S&P ELIGIBLE CREDIT SUPPORT**

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

For the purposes of the above:

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

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

**Signed for and behalf of:**

**Barclays Bank PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Paragon Mortgages (No.15) PLC**

on:

by:

By .....

Name:

Title:

**Signed for and behalf of:**

**Citicorp Trustee Company Limited**

on:

by:

By .....

Name:

Title:

**SIGNATURES**

**Signed for and behalf of:**  
on: 7 July 2011  
by:

**Barclays Bank PLC**

By:  .....

Name: Caroline Ellis  
Title: Director

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Paragon Mortgages (No.15) PLC**

By: .....

Name:  
Title:

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Citicorp Trustee Company Limited**

By: .....

Name:  
Title:

**SIGNATURES**

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

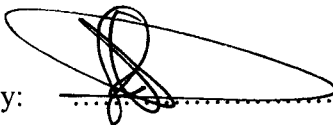
**Barclays Bank PLC**

By: .....

Name: Caroline Ellis  
Title: Director

**Signed for and behalf of:**  
on: 7 July 2011  
by:

**Paragon Mortgages (No.15) PLC**

By:  .....

Name: S. A. HARKY  
Title: Director

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Citicorp Trustee Company Limited**

By: .....

Name:  
Title:



**SIGNATURES**

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Barclays Bank PLC**

By: .....

Name: Caroline Ellis  
Title: Director

**Signed for and behalf of:**  
on: \_\_\_\_\_ 2011  
by:

**Paragon Mortgages (No.15) PLC**

By: .....

Name:  
Title:

**Signed for and behalf of:**  
on: 7 July 2011  
by:

**Citicorp Trustee Company Limited**

By:  .....

Name: Jillian Hamblin  
Title: Director