PROSPECTUS

AQUARIUS + INVESTMENTS PLC

(the "**Issuer**")
(incorporated with limited liability in Ireland)

issue of
"Danske Credit-Linked" Dynamic Proportion Portfolio Notes
(the "**Notes**")

This Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the "**Prospectus Directive**") as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 and has been prepared, amongst other things, for the purpose of giving information with regard to the Issuer and the Notes.

Application will be made to the Irish Financial Services Regulatory Authority (the "**IFSRA**"), as competent authority under the Prospectus Directive, for this Prospectus to be approved. Such approval will relate only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange for Notes issued to be admitted to the Official List and trading on its regulated market. No assurances can be given that such listing and admission to trading will be approved.

Where any Class of Notes is expressed in this Prospectus to be rated, such Notes are expected to be rated Aaa by Moody's as to timely payment of their Protected Amount at their scheduled Redemption Date only. Other Classes of Notes will not be rated.

Any investment in Notes does not have the status of a deposit and will not have the benefit of the deposit protection scheme operated by the IFSRA. The Issuer will not be regulated by the IFSRA by virtue of the issue of Notes.

The Notes will be offered for sale to the public in Finland, the Kingdom of Norway and the Kingdom of Sweden during a subscription period from (and including) 31 May 2007 to (and including) 29 June 2007, provided that the relevant regulatory approvals have been granted. Such subscription period is subject to adjustment by or on behalf of the Issuer (and for the avoidance of doubt, no supplement to this Prospectus will be published in relation thereto). The total number of Notes and the Classes of Notes to be issued will be determined based on market demand for the Notes during the subscription period together with market conditions at the end of the subscription period and will be made available on the website of the Irish Stock Exchange (www.ise.ie) on or around the last day of the subscription period (and for the avoidance of doubt, no supplement to this Prospectus will be published in relation thereto and such information will be in the form of an announcement in accordance with Article 8 of the Prospectus Directive and the IFSRA will be notified of such information and dealing in the Notes may begin before such information is made available).

The IFSRA has been requested to provide the competent authorities in Finland, the Kingdom of Norway and the Kingdom of Sweden for the purposes of the Prospectus Directive with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive. Further requests may be made in the future to the competent authorities in other jurisdictions.

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND, MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THE ISSUER HAS NOT BEEN NOR WILL BE REGISTERED UNDER THE INVESTMENT COMPANY ACT.

Arranger and Dealer

BNP Paribas

Sole Distributor

Danske Bank

The date of this Prospectus is 31 May 2007

This Prospectus has been prepared by the Issuer solely in connection with the offering of the Notes as described herein. The Issuer accepts (save for the following two paragraphs) responsibility for the information contained in this Prospectus accordingly and the documents incorporated by reference as described in the section of this Prospectus headed "*Documents incorporated by reference*" below. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in that part of this Prospectus for which it is responsible and the documents incorporated by reference as described in the section of this Prospectus headed "*Documents incorporated by reference*" below are, to the best of its knowledge, in accordance with the facts and contain no omission likely to affect its import.

The Swap Counterparty and the Collateral Providers accept responsibility solely for the information contained in the section of this Prospectus headed "*BNP Paribas Group*". The Swap Counterparty and the Collateral Providers declare that, having taken all reasonable care to ensure that such is the case, the information contained in that part of this Prospectus for which they are responsible is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import. The Swap Counterparty and the Collateral Providers are not responsible for any other information in this Prospectus or the documents incorporated by reference as described in the section of this Prospectus headed "*Documents incorporated by reference*" below.

The Portfolio Manager accepts responsibility solely for the information contained in the section of this Prospectus headed "*The Portfolio Manager*" below. The Portfolio Manager declares that, having taken all reasonable care to ensure that such is the case, the information contained in that part of this Prospectus for which it is responsible is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import. The Portfolio Manager is not responsible for any other information contained in this Prospectus or the documents incorporated by reference as described in the section of this Prospectus headed "*Documents incorporated by reference*" below.

None of the Trustee, the Dealer, the Swap Counterparty (save as expressly stated above), the Collateral Providers (save as expressly stated above) or the Portfolio Manager (save as expressly stated above) have separately verified the information contained in this Prospectus or the documents incorporated by reference as described in the section of this Prospectus headed "*Documents incorporated by reference*" below. Accordingly, no representation, warranty or undertaking, express or implied, is or will be made and no responsibility or liability is or will be accepted by the Trustee, the Dealer, the Swap Counterparty (save as expressly stated above), the Collateral Providers (save as expressly stated above) or the Portfolio Manager (save as expressly stated above) as to the accuracy or completeness of the information contained in this Prospectus or the documents incorporated by reference as described in the section of this Prospectus headed "*Documents incorporated by reference*" below or any other information provided by the Issuer in connection with the Notes or their distribution. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer, the Swap Counterparty, the Collateral Providers or the Portfolio Manager in relation to the Notes or the Transaction Documents.

No person is, has been or will be authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee, the Dealer, the Swap Counterparty, the Collateral Providers or the Portfolio Manager.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation or as constituting an invitation or offer by the Issuer, the Trustee, the Dealer, the Swap Counterparty, the Collateral Providers or the Portfolio Manager that any recipient of this Prospectus or other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, the Swap Counterparty, the Collateral Providers and any obligor under the Charged Assets (see the section of this Prospectus headed "*Risk Factors*" below for a discussion of certain factors to be considered in connection with an investment in the Notes).

The delivery of this Prospectus or any other information supplied in connection with the Notes or the offering, sale or delivery of any Notes will not at any time or in any circumstances imply that the information contained herein or therein concerning the Issuer is correct at any time subsequent to the date hereof or thereof (as the case may be) or that any other information supplied in

connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee, the Dealer and the Portfolio Manager expressly do not undertake to review the financial condition or affairs of the Issuer, the Swap Counterparty, the Collateral Providers or any obligor under the Charged Assets.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make such an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee, the Dealer, the Swap Counterparty, the Collateral Providers and the Portfolio Manager do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisements or other offering material may be distributed or published, in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. See the section of this Prospectus headed "*Subscription and Sale*".

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor has any of the foregoing authorities passed upon or endorsed the merits of the offering of Notes or the accuracy or the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

IMPORTANT NOTICES

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")). THE NOTES WILL BE OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES TO NON–U.S. PERSONS IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("REGULATION S NOTES") THE ISSUER WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT. INTERESTS IN THE NOTES WILL BE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER. SEE THE SECTION OF THIS PROSPECTUS ENTITLED "SUBSCRIPTION AND SALE". EACH PURCHASER OF THE NOTES IN MAKING ITS PURCHASE WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET OUT UNDER THE SECTION OF THIS PROSPECTUS ENTITLED "SUBSCRIPTION AND SALE".

If you are in any doubt about the contents of this Prospectus you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. It should be remembered that the price of securities and the income from them can go down as well as up.

General Notice

EACH PURCHASER OF THE NOTES MUST COMPLY WITH ALL APPLICABLE LAWS AND REGULATIONS IN FORCE IN EACH JURISDICTION IN WHICH IT PURCHASES, OFFERS OR SELLS SUCH NOTES OR POSSESSES OR DISTRIBUTES THIS PROSPECTUS AND MUST OBTAIN ANY CONSENT, APPROVAL OR PERMISSION REQUIRED FOR THE PURCHASE, OFFER OR SALE BY IT OF SUCH NOTES UNDER THE LAWS AND REGULATIONS IN FORCE IN ANY JURISDICTIONS TO WHICH IT IS SUBJECT OR IN WHICH IT MAKES SUCH PURCHASES, OFFERS OR SALES, AND NEITHER THE ISSUER, NOR THE DEALERS SPECIFIED HEREIN SHALL HAVE ANY RESPONSIBILITY THEREFOR.

THE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM AND PURSUANT TO AND IN ACCORDANCE WITH THE RESTRICTIONS INDICATED ON THE NOTES. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

An investment in the Notes is subject to significant and complex risks which may result in the value of the Notes being highly volatile and in unexpected losses of unforeseen magnitude. No person should acquire any Notes unless that person fully understands the nature of the relevant transaction, the nature of the risks and the extent of that person's exposure to potential loss and has a valid business purpose for acquiring such Notes and any investment in such Notes is consistent with such person's overall investment strategy. Each prospective purchaser of the Notes should consider carefully whether the Notes it considers acquiring are suitable for it in the light of such prospective purchaser's investment objectives, financial capabilities and expertise. Prospective purchasers of the Notes should consult their own business, financial, investment, legal, accounting, regulatory, tax and other professional advisers to assist them in determining the suitability of the Notes for them as an investment. See "Risk Factors".

TABLE OF CONTENTS

Page

RISK FACTORS 1
INFORMATION TABLE 14
TRANSACTION OVERVIEW 18
SUMMARY 19
DOCUMENTS INCORPORATED BY REFERENCE 25
THE PERFORMANCE SWAPS 27
THE REFERENCE PORTFOLIOS 42
THE TOTAL RETURN SWAPS 45
THE CURRENCY SWAPS 48
THE ISDA MASTER AGREEMENT 50
THE COLLATERAL AGREEMENTS 52
SUMMARY OF THE PORTFOLIO MANAGEMENT AGREEMENT 56
SUMMARY OF THE TRADING AGENCY AGREEMENT 62
CONDITIONS OF THE NOTES 64
THE PORTFOLIO MANAGER 92
AQUARIUS + INVESTMENTS PLC 98
BNP PARIBAS GROUP 100
TAXATION 101
BOOK-ENTRY CLEARANCE PROCEDURES 107
SUBSCRIPTION AND SALE 108
GENERAL INFORMATION 111
DEFINITIONS 113

RISK FACTORS

The purchase of the Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Before making an investment decision, prospective purchasers of the Notes should consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Prospectus and, in particular, the considerations set out below.

1. GENERAL

This Prospectus identifies in general terms information that a prospective investor should consider prior to making an investment in the Notes. However, a prospective investor should conduct its own thorough analysis (including its own accounting, legal and tax analysis) prior to deciding whether to invest in the Notes as any evaluation of the suitability for an investor of an investment in the Notes depends upon a prospective investor's particular financial and other circumstances, as well as on specific terms of the Notes and, if it does not have experience in financial, business and investment matters sufficient to permit it to make such a determination, it should consult with its financial adviser prior to deciding to make an investment on the suitability of the Notes. This Prospectus is not, and does not purport to be, investment advice.

Each prospective investor of Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes (a) is fully consistent with its (or if it is acquiring the Notes in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (b) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether acquiring the Notes as principal or in a fiduciary capacity) and (c) is a fit, proper and suitable investment for it (or, if it is acquiring the Notes in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. In particular, investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its legal advisers to determine whether and to what extent (a) the Notes are legal investments for it, (b) the Notes can be used as underlying securities for various types of borrowing and (c) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

2. RISK FACTORS RELATED TO THE ISSUER

(a) The Issuer as a special purpose vehicle

The sole business of the Issuer is the raising and borrowing of money by issuing notes or other obligations for the purposes of purchasing assets and entering into related derivatives and other contracts in connection with the issue of notes or such other obligations. The Issuer grants security over its assets in connection with the raising and borrowing of money and entry into such derivatives and other contracts. The Issuer has covenanted not to have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or issue any shares (other than such shares already in issue). As such, the Issuer has, and will have, no assets other than their issued and paid-up share capital, such fees (as agreed) payable to the Issuer in connection with the issue of the Notes or entry into other obligations from time to time and any Charged Assets and any other assets on which the Notes or other obligations are secured.

(b) Regulation of the Issuer by any regulatory authority

Any investment in the Notes does not have the status of a bank deposit in Ireland and is not within the scope of any deposit protection scheme operated by the Irish Financial Services Regulatory Authority. The Issuer is not regulated by the Irish Financial Services Regulatory Authority by virtue of the issue of the Notes.

The Issuer operates and will operate without supervision by any authority in any jurisdiction. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of the laws of any such jurisdiction to the Issuer. The

taking of a contrary view by any such regulatory authority could have an adverse impact on the Issuer or the holders of the Notes.

(c) Examinership

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the "**1990 Act**") to facilitate the survival of Irish companies in financial difficulties.

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

During the period of protection, the examiner will compile proposals for a compromise or scheme or arrangement to assist the survival of the company or the whole or any part of its undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors has voted in favour of the proposals and the Irish High Court is satisfied that such proposals are fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement.

In considering proposals by the examiner, it is likely that secured and unsecured creditors would form separate classes of creditors. In the case of the Issuer, if the Trustee represented the majority in number and value of claims within the secured creditor class (which would be likely given the restrictions agreed to by the Issuer in the Conditions), the Trustee would be in a position to reject any proposal not in favour of the Noteholders. The Trustee would also be entitled to argue at the Irish High Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders, especially if such proposals included a writing down to the value of amounts due by the Issuer to the Noteholders. The primary risks to the holders of Notes if an examiner were appointed to the Issuer are as follows:

(i) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured by the Trust Deed;

(ii) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and

(iii) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the monies and liabilities which from time to time are or may become due, owing or payable by the Issuer to each of the Secured Creditors under the Notes or the Charged Agreements.

(d) Preferred Creditors under Irish law and Floating Charges

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which

have been approved by the Irish courts. See the paragraph entitled "*Examinership*" above.

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

The essence of a fixed charge is that the person creating the charge does not have liberty to deal with the assets which are the subject matter of the security in the sense of disposing of such assets or expending or appropriating the moneys or claims constituting such assets and accordingly, if and to the extent that such liberty is given to the Issuer any charge constituted by the Trust Deed may operate as a floating, rather than a fixed charge.

In particular, the Irish courts have held that in order to create a fixed charge on receivables it is necessary to oblige the charger to pay the proceeds of collection of the receivables into a designated bank account and to prohibit the charger from withdrawing or otherwise dealing with the monies standing to the credit of such account without the consent of the chargee.

Depending upon the level of control actually exercised by the chargor, there is therefore a possibility that the fixed security over the Issuer's account and the Charged Assets would be regarded by the Irish courts as a floating charge.

Floating charges have certain weaknesses, including the following:

(i) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge) and the chargees of the assets concerned and against lien holders, execution creditors and creditors with rights of set-off;

(ii) as discussed above, they rank after certain preferential creditors, such as claims of employees and certain taxes on winding-up;

(iii) they rank after certain insolvency remuneration expenses and liabilities;

(iv) the examiner of a company has certain rights to deal with the property covered by the floating charge; and

(v) they rank after fixed charges.

2. RISK FACTORS RELATED TO THE NOTES

(a) Performance risk of the Global Reference Portfolio

Leveraged exposure

The return on each Class of Notes will be dependent on the credit performance and market value of the Global Reference Portfolio (and the component Global Reference Sub-Portfolios). Such credit performance and market value may be affected by any marked-to-market losses (including credit events in relation to the Synthetic Reference Assets or defaults of Cash Reference Assets) on any Cash Reference Asset or Synthetic Reference Assets in the Global Reference Portfolio, such losses being potentially magnified by the use of leverage. Consequently, the yield on the Notes may materially decrease as a result of such losses, including to zero (or may be negative in relation to Notes which are partially principal protected).

Deleveraging risk

A decline in interest rates and/or other factors which would result in an increase in the cost of providing principal protection in respect of any Class of Notes may trigger a Rebalancing Event which may result in a decrease in the proportionate investment of such Class in, and the exposure of such Class of Notes to, the Global Reference Portfolio (and the component Global Reference Sub-Portfolios) in such circumstances. Following a Rebalancing Event in respect of any Class of Notes and any related Reference Sub-Portfolios, the Portfolio Manager may be required to decrease the proportionate investment of such Class in, and the exposure of such Class of Notes to one or both of the Global Reference Sub-Portfolios. To the extent that the exposure of such Class of Notes to any Global Reference Sub-Portfolio is reduced by a notional disposal of Reference Assets in exchange for credits to the relevant Portfolio Account then the holders of the relevant Class of Notes may, under the related Performance Swap, incur losses on such notional disposal, or may forego profits which would otherwise have been earned by subsequent appreciation of the Reference Asset subject to notional disposal. Consequently, the yield on the Notes may materially decrease.

Investment in and exposure to the Global Reference Portfolio will be reduced to zero following a Portfolio Close-Out Event. Any remaining balance on any Notional Cash Account following a Portfolio Close-Out Event in relation thereto will accrue notional interest at the relevant deposit rate from time to time, as determined by the Swap Counterparty. The Portfolio Manager has the discretion at any time (subject to the management guidelines and restrictions contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below) to decrease the exposure of any Class of Notes to the Global Reference Portfolio.

Currency risk

Any amounts payable in respect of any Class of Notes will be payable in the currency in which the relevant Notes are denominated but will, to the extent that such amounts do not form part of the Protected Amount, be dependent on the performance of the Global Reference Portfolio. The return on the Notes will therefore be at risk to fluctuations in the exchange rate between the currency in which the relevant Notes are denominated and the currencies in which the Reference Assets in the Global Reference Portfolio are denominated. Although a macro-hedge is in place to mitigate such risk, such risk is not fully hedged and excess volatility in the relevant exchange rate could lead to frequent deleveraging and releveraging of the Global Reference Portfolio.

Bid-offer costs

Adjustments to any Global Reference Sub Portfolio (either as a result of the management activities of the Portfolio Manager or following a Rebalancing Event) will generate bid-offer costs, which would reduce the return for Noteholders.

Determinations and information provided by Swap Counterparty

The Portfolio Manager's ability and discretion to manage the Global Reference Portfolio and each Reference Portfolio is subject to the management guidelines and restrictions contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below and is dependent, in part, upon determinations and information

provided by the Swap Counterparty (which determinations and information may be based on proprietary information and models not available to the Portfolio Manager).

Composition of Global Reference Sub-Portfolios

Each Global Reference Sub-Portfolio will only contain Reference Assets which at the time of inclusion, comply with certain eligibility criteria set out in the Performance Swap Confirmation. The Eligibility Register may be modified from time to time by the Swap Counterparty (following consultation with the Portfolio Manager) in its discretion acting in good faith.

Incremental risk of managing on the basis of a Global Reference Portfolio

Each Performance Swap operates with reference to a proportion of each Global Reference Sub-Portfolio and, accordingly, each Reference Sub-Portfolio relating to each Class of Notes will at all times be identical across all Classes of Notes, save as regards the proportion of the relevant Global Reference Sub-Portfolio to which such Class of Notes is exposed.

Subject to the management guidelines and restrictions contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below, the Portfolio Manager may from time to time in its discretion adjust, and in certain circumstances will be required to, reduce, the investment of any Class of Notes in, and the exposure of any Class of Notes to, one or both of the Global Reference Sub-Portfolios. Where permitted by the applicable management guidelines contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below, the Portfolio Manager may effect any such adjustments or reductions by transferring exposure to the relevant Global Reference Sub-Portfolio from one Class of Notes to another and/or by adding or removing assets from the relevant Global Reference Sub-Portfolio. The Portfolio Manager may take similar action following the issue of any Tap Issues or further Classes of Notes or following the sale by the Swap Counterparty or its affiliates of any Notes held by it to investors. To the extent that the investment of any Class of Notes in, and the exposure of any Class of Notes to, any Global Reference Sub-Portfolio, is reduced by transferring exposure to the relevant Global Reference Sub-Portfolio from one Class of Notes to another, then in addition to any losses accruing to the relevant Class of Notes as a result of such transfer, the holders of other Classes of Notes may be adversely affected.

Transfers of exposure to any Global Reference Sub-Portfolio from one Class of Notes to another (effected by a change to the relevant Portfolio Class Percentages) will be executed at mid-market prices relating to the relevant Reference Assets, as determined by the Swap Counterparty, and will therefore impose no transactional costs on the Noteholders. Adjustments to any Global Reference Sub-Portfolio will be effected at the applicable market bid or offer price, which will reflect a dealer spread, and will be adjusted to provide for an intermediation payment to the Swap Counterparty where the quotation in relation to such adjustment is not provided by the Swap Counterparty, and will therefore impose a transaction cost on Noteholders. The Issuer will also pay to the Swap Counterparty Cash Intermediation Swap Payments in respect of adjustments to any Global Reference Sub-Portfolio, as described in paragraph 14 (*Cash Intermediation Swap Payments*) in the section of this Prospectus headed "*The Performance Swaps*" below. Consequently there may be a difference (which may be favourable or unfavourable to the relevant Class of Notes) between the cost/gain to a Class of Notes following a transfer of exposure between it and another Class of Notes and the corresponding gain/cost to such Class of Notes following any required adjustment to the relevant Global Reference Sub-Portfolio resulting from such transfer.

Consequently a result of managing the Reference Portfolio of each Class of Notes on the basis of a single Global Reference Portfolio could be that each Class of Notes may not perform as well as if each Reference Portfolio had been managed separately.

Dilution

The performance of a Class of Notes may be diluted as a result of the issuance of any Tap Issues relating to such Class (which will be fungible with such Class of Notes), or as a result of the sale by the Swap Counterparty or its affiliates to an investor of Notes of such Class held by it since the exposure of such Class to the related Reference Portfolio will be diluted pending any increase in the size of the Reference Portfolio by the Portfolio Manager in accordance with the management guidelines contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below.

Valuation costs on purchase of Notes from investors by the Dealer or Issuer

When Notes of any Class are purchased from investors by the Swap Counterparty as Dealer or by the Issuer, the purchase price of such Notes will be determined by reference to the market value of the related Performance Swap. Any difference between such purchase price and the purchase price which would be determined by reference to the Daily Batch on the date of such purchase will be credited or debited from the Portfolio Accounts of all Classes of Notes and may therefore reduce the amounts available to the Noteholders of all Classes of Notes.

(b) **Protection of principal and/or coupons**

The Notes are protected at their scheduled Redemption Date in respect of the related Protected Amount only and the purchasers of the Notes are exposed to full loss of any coupons and principal not forming part of the Protected Amount payable on the Notes. The Protected Amount relating to each Class of Notes may be less than the nominal amount of such Class of Notes. The protection is provided by the Swap Counterparty by way of an unsecured commitment under the relevant Performance Swap to pay the Total Protected Amount Shortfall. The Noteholders are therefore exposed to unsecured credit risk on the Swap Counterparty for such amount. In the event that the Swap Counterparty is downgraded to below the Swap Counterparty Required Rating, the Swap Counterparty is required to take certain actions to mitigate such credit risk as described in paragraph 3 (*Downgrade of Swap Counterparty*) in the section of this Prospectus headed "*The ISDA Master Agreement*" below. If the Notes of any Class are redeemed early or are sold in the market, the holders of the relevant Notes may not receive the related Protected Amount.

(c) **Long Only Event**

If a Long Only Event occurs, the Portfolio Manager will be required to adjust the Reference Portfolio such that it is comprised entirely of long positions in credit indices.

(d) **No interest in any Reference Asset, Reference Entity or Charged Assets**

Under each Performance Swap, the Issuer will have a contractual relationship only with the Swap Counterparty and not with any obligor in respect of any Reference Asset or any Reference Entity. Consequently, each Performance Swap will not constitute a purchase or other acquisition or assignment of any interest in any Reference Asset or any Reference Entity. The Issuer and the Trustee will have rights solely against the Swap Counterparty and will have no recourse against the obligor in respect of any Reference Asset or any Reference Entity. None of the Issuer, the Trustee, the Noteholders or any other entity will have any rights to acquire from the Swap Counterparty (or to require the Swap Counterparty to transfer, assign or otherwise dispose of) any interest in any Reference Asset or any Reference Entity. Moreover, the Swap Counterparty will not grant the Issuer or the Trustee any security interest in any such Reference Asset or any Reference Entity. The return on each Class of Notes will be dependent on the credit performance of the Reference Assets in the Global Reference Portfolio, as described under the paragraph headed "*Leveraged exposure*" above.

The Notes are not, and do not represent or convey any interest in, a direct or indirect obligation of the obligors of the Charged Assets, nor do they confer on any Noteholder any right (whether in respect of voting, dividend or other distributions in respect of the Charged Assets) which the holder of any of the Charged Assets may have. The Issuer is not an agent of any Noteholder for any purpose.

(e) **The Portfolio Manager**

The Portfolio Manager is appointed by the Issuer under the Portfolio Management Agreement to manage the composition of each Global Reference Sub-Portfolio and the exposure of each Class of Notes to such Global Reference Sub-Portfolios on behalf of the Issuer, subject to the management guidelines and the eligibility criteria set out in the Performance Swap Confirmation. The Portfolio Management Agreement provides that the Portfolio Manager may delegate its management functions as Portfolio Manager, as described in the section of this Prospectus headed "*The Portfolio Management Agreement*" below and such delegation may be terminated at any time. The Portfolio Manager intends, but is not obliged, to delegate certain of its management functions under the Portfolio Management Agreement to an affiliate, AIG Global Investment Corp. The Portfolio Manager may request the Swap Counterparty to substitute certain Reference Assets in any Global Reference Sub-Portfolio from time to time, throughout the term of the Notes, subject

to the management guidelines and restrictions contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below and subject to certain conditions and criteria being satisfied in respect of the new Reference Assets requested to be introduced into the Global Reference Portfolio. The Portfolio Manager has no liability to any person arising out of or in connection with the performance of their duties under the Portfolio Management Agreement except to the Issuer for losses suffered by reason of acts or omissions of the Portfolio Manager constituting wilful default, bad faith, wilful misconduct or gross negligence and only to the extent set out in the Portfolio Management Agreement, as described in the section of this Prospectus headed "*The Portfolio Management Agreement*" below. The Portfolio Manager will have no liability to any person in relation to consenting to any Tap Issue or issue of a Further Class.

Whilst the Portfolio Manager is required to provide its services to the Issuer in accordance with the standard of care specified in the Portfolio Management Agreement, there can be no assurance that the provision of such services (including as a result of actions by its delegated sub-advisor) will not result in a full loss of any coupons and principal (to the extent not forming part of the applicable Protected Amount (if any)) payable on the Notes.

No assurance is given that any adjustment to any Global Reference Sub-Portfolio made at the recommendation of the Portfolio Manager (even in circumstances where such adjustment is made in accordance with the constraints and criteria specified in the Performance Swap Confirmation) will be successful or necessarily preserve or not impair the ability of the Issuer to pay coupons and principal (to the extent not forming part of the Protected Amount (if any)) in respect of the Notes without reduction.

Neither the Issuer nor any other party is under any obligation to notify Noteholders of any adjustments to any Global Reference Sub-Portfolio. The decision by any prospective purchaser of Notes to invest in the Notes should therefore be based on, amongst other things, the section of this Prospectus headed "*The Portfolio Manager*", the risk factors set forth herein and the management guidelines contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" below.

The Issuer places high reliance on the expertise of the Portfolio Manager in relation to the management of the Global Reference Portfolio. Therefore, the loss of key personnel of the Portfolio Manager or the removal or resignation of the Portfolio Manager could have a significant adverse effect on the management of the Global Reference Portfolio. There is no requirement, however, that the Portfolio Manager or any of its affiliates retain any such key personnel or that any such key personnel remain involved in managing the Reference Portfolios or the Global Reference Portfolio or the provision of any other services under the Portfolio Management Agreement.

Where the Portfolio Manager resigns or its appointment is terminated, such resignation or termination of appointment may lead to a Portfolio Close-Out Event either automatically or if the Issuer is unable to appoint a successor portfolio manager within a stipulated time period set out in the Conditions of the Notes.

The Portfolio Manager and its affiliates are permitted to purchase Notes of any Class at any time and such holdings may create conflicts of interest with holders of other Classes of Notes.

The Issuer has agreed under the Portfolio Management Agreement to indemnify the Portfolio Manager in certain circumstances, as described in paragraph 6.2 (*Issuer's indemnity*) in the section of this Prospectus headed "*Summary of the Portfolio Management Agreement*" below and any amounts payable by the Issuer to the Portfolio Manager in accordance with such indemnity shall reduce the amounts available for Noteholders.

See the section of this Prospectus headed "*Summary of the Portfolio Management Agreement*" below.

(f) **Hedging arrangements**

In connection with the Portfolio Manager's trading activities on behalf of the Issuer under the Performance Swap Confirmation and the Portfolio Management Agreement, the Swap Counterparty has required (and the Issuer has requested and authorized) that the Portfolio Manager enter into the Trading Agency Agreement governing certain hedging arrangements on

behalf of the Swap Counterparty from time to time in connection with the Global Reference Portfolio and adjustments made by the Portfolio Manager in connection therewith. The obligations owing by the Portfolio Manager to BNP Paribas under the Trading Agency Agreement may result in certain conflicts of interest with respect to the obligations of the Portfolio Manager to the Issuer under the Portfolio Management Agreement, which may result in the Portfolio Manager taking or omitting to take any action which it would otherwise have taken under the Portfolio Management Agreement. For example, the Portfolio Manager may be prevented from effecting an adjustment under the Performance Swap Confirmation which it considers to be in the interests of the Issuer and the Noteholders due to the constraints set out in the Trading Agency Agreement. Any action or omission to act by the Portfolio Manager in such circumstances shall not constitute a breach by the Portfolio Manager of the Portfolio Management Agreement and the Portfolio Manager shall have no liability in respect thereof.

Any costs incurred by the Swap Counterparty (i) in hedging adjustments to any Reference Sub-Portfolio relating to each Class of Notes in circumstances where the Portfolio Manager has not effected such hedging in accordance with such hedging arrangements (ii) in unwinding hedging transactions which were effected by the Portfolio Manager in respect of adjustments to the Reference Portfolio relating to each Class of Notes which did not satisfy the management guidelines specified in the Performance Swap Confirmation or (iii) in unwinding hedging transactions resulting from operational or administrative errors of the Portfolio Manager in relation to such hedging arrangements (in each case as determined by the Swap Counterparty in good faith and a commercially reasonable manner) (all such amounts, in relation to such Class of Notes, "**Hedging Mismatch Costs**") will be debited from the Portfolio Account relating to such Class of Notes. As a result of any such debit of Hedging Mismatch Costs, the amounts available for Noteholders will be reduced. Any claim of the Issuer against the Portfolio Manager in respect of such costs is limited under the Portfolio Management Agreement, as described in paragraph 5 (*Limits on liability and responsibility*) in the section of this Prospectus headed "*Summary of the Portfolio Management Agreement*" below.

The Swap Counterparty may in certain circumstances suspend the authorisation of the Portfolio Manager under the Trading Agency Agreement (including in circumstances where the Issuer would not be entitled to terminate the appointment of the Portfolio Manager under the Portfolio Management Agreement) and such suspension will result in the suspension of the management activities of the Portfolio Manager in relation to the Global Reference Portfolio (which suspension will not be in the control of the Issuer). The Swap Counterparty is entitled in certain circumstances to terminate the authorisation of the Portfolio Manager under the Trading Agency Agreement (including in circumstances where the Issuer would not be entitled to terminate the appointment of the Portfolio Manager under the Portfolio Management Agreement) and if no alternative hedging arrangements have been put in place following the expiry of a specified period, then the appointment of the Portfolio Manager under the Portfolio Management Agreement will be terminated as a result (which termination will not be in the control of the Issuer).

See the sections of this Prospectus headed "*Summary of the Portfolio Management Agreement*" and "*Summary of the Trading Agency Agreement*" below.

(g) **Adjustments to the Reference Sub-Portfolios by the Swap Counterparty**

In certain circumstances the Swap Counterparty will be entitled (but not obliged) to make adjustments to any Reference Sub-Portfolio.

Following a Rebalancing Event, in determining whether to make or require the Portfolio Manager to make adjustments to any Reference Sub-Portfolio, the Swap Counterparty will act to minimise the gap risk to the Swap Counterparty inherent in providing any protection on the related Class of Notes. The interests of the Swap Counterparty in doing so may conflict with those of the Noteholders. The Swap Counterparty is not required to have regard to the interests of the Noteholders in such circumstances and will have no liability to the Noteholders in such circumstances.

The Swap Counterparty will have only the duties and responsibilities expressly agreed to by it in the Swap Agreement and shall not have any implied obligations or fiduciary duties to the Issuer or any other person.

(h) **Limited recourse**

(i) All payments of principal and coupons to be made by the Issuer in respect of the Notes will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property.

(ii) To the extent that such sums are less than the amount which the holders of the Notes may have expected to receive if paragraph (i) above did not apply (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such holders in accordance with the Conditions.

(iii) Each holder of Notes, by subscribing for or purchasing any Notes, will be deemed to accept and acknowledge that it is fully aware of the limited recourse provisions of Condition 12 (*Limited Recourse*).

None of the Trustee, the shareholders or directors of the Issuer or the Dealer, the Portfolio Manager, the Swap Counterparty or the Collateral Providers has any obligation to any Noteholder in relation to any failure, in whole or in part, by the Issuer to make payment of any amount due in respect of the Notes.

(i) **Priority of claims**

The claims of the Noteholders, the Swap Counterparty, the Collateral Providers, the Portfolio Manager, the Trustee and the Agents in respect of each Class of Notes will all be secured by the Mortgaged Property relating to such Class. The ranking of the relative claims of the Noteholders and such other parties will be in accordance with the priority of payments set out in the Conditions, which provides for the subordination of the claims of Noteholders to certain claims of such other parties.

(j) **Secondary markets**

The Dealer will, to the extent reasonably practicable, endeavour to provide certain market liquidity to investors in the Notes. However, no assurance of market liquidity is given and, if a secondary market in the Notes does develop, there can be no assurance that it will continue. Accordingly, the purchase of the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

(k) **Distribution fees and structuring fees**

In respect of the Notes which form part of the Investor Noteholding on the Issue Date and following any subsequent sale of Notes not previously sold to investors which results in an increase in the Investor Noteholding, the Issuer will pay structuring fees and distribution fees to the Swap Counterparty (in the latter case, for on-payment to the Sole Distributor in relation to such Notes), which will reduce the amounts available for Noteholders.

(l) **Taxation**

Each Noteholder will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. The Issuer will not pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or any Paying Agent.

The return on the Notes may be reduced if there is a change in tax law in any relevant jurisdiction (including in particular but without limitation, whether the Issuer is deemed to be resident for tax purposes in any jurisdiction), and the Issuer, the Swap Counterparty, the Trustee and/or the Portfolio Manager are unable to agree any appropriate mitigating action. In such circumstances, the Notes may redeem early, or there may be a Portfolio Close-Out Event.

(m) **Credit risk of transaction parties**

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in the Notes including any credit risk associated with the Issuer, the Swap Counterparty (who is providing the protection (if any) in relation to the Notes), the Collateral Providers, the Custodian and the Portfolio Manager, and any credit risk inherent in the Charged Assets and Reference Assets.

The ability of the Issuer to meet its obligations under each Class of Notes will be dependent on the Issuer's receipt of payments from the Swap Counterparty under the relevant Performance Swap, Total Return Swap and (if applicable) any related Currency Swap and the Collateral Providers under the Collateral Agreements and consequently, Noteholders are exposed to the credit risk of the Swap Counterparty and the Collateral Providers.

(n) **Provision of information**

None of the Issuer, the Trustee, the Dealer, the Portfolio Manager, the Swap Counterparty, the Collateral Providers or any affiliate thereof make any representation as to the credit quality of each other or any obligor of a Charged Asset, any Reference Entity or any obligor under any Reference Asset. Any of such persons may have acquired, or during the term of the Notes may acquire, non-public information with respect to any other such person or any obligor of a Charged Asset, any Reference Entity or any obligor under any Reference Asset. None of such persons is under any obligation to make such information directly available to Noteholders. None of such persons is under any obligation to make available any information relating to, or keep under review on the Noteholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any other such person, any obligor of a Charged Asset, any Reference Entity or any obligor under a Reference Asset or conduct any investigation or due diligence into any other such person, any obligor of a Charged Asset, any Reference Entity or any other obligor under a Reference Asset.

(o) **Business relationships and conflicts of interest**

The Issuer, the Trustee, the Dealer, the Portfolio Manager, the Swap Counterparty, the Collateral Providers or any affiliate thereof may have existing or future business relationships with each other or any obligor of a Charged Asset, any Reference Entity or any obligor under a Reference Asset (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that they deem or it deems necessary or appropriate to protect their or its interests arising therefrom without regard to the consequences for a Noteholder. In addition, the Issuer, the Trustee, the Dealer, the Portfolio Manager, the Swap Counterparty, the Collateral Providers or any affiliate thereof may make a market or hold positions in respect of any of the Charged Assets, Reference Entities or Reference Assets.

BNP Paribas and its affiliates are acting in a number of capacities in connection with the Notes and related transactions described herein including as Swap Counterparty, Collateral Provider, Trustee, Dealer, Principal Paying Agent, Paying Agent, Redemption Agent, Registrar, Transfer Agent, Calculation Agent, Account Bank and Custodian. BNP Paribas and any of its affiliates acting in such capacities will have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and will not, by reason of it or any of its affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity. Additionally, conflicts of interest may arise as a result of BNP Paribas and its affiliates acting in multiple capacities, including, in the event, among others, that the Trustee is required to enforce the rights of the secured parties against other branches or affiliates of BNP Paribas.

Various potential and actual conflicts of interest may arise from the overall activities of the Portfolio Manager and its affiliates. Under the Portfolio Management Agreement, the Portfolio Manager will have duties and responsibilities to the Issuer only and only expressly as agreed to by it in the Portfolio Management Agreement and will not be deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided in the Portfolio Management Agreement.

In particular, the Portfolio Manager and its affiliates along with their respective managing directors, directors, partners, officers and employees may:

(i) act as adviser and/or manager to any person, including clients in investment banking, financial advisory, portfolio management and other capacities relating to Reference Entities, any of their affiliates, any Noteholder or other parties to the transactions contemplated hereby, and/or Reference Assets;

(ii) act in a proprietary capacity and hold or otherwise deal or act as advisor for others in respect of long or short positions in instruments of all types, including those in the nature of Reference Assets and obligations of Reference Entities;

(iii) include as Reference Entities, affiliates or entities that are, were or may become clients of the Portfolio Manager or its affiliates;

(iv) serve as directors, officers, employees, agents, nominees or signatories of any Reference Entity or any other entity;

(v) advise, and take action, with respect to any of the Portfolio Manager's and its affiliates' clients or proprietary accounts that may differ from (or be the same as) the advice given or action taken, or may involve a different timing or nature of action than that taken, with respect to each Reference Portfolio and effect transactions for such clients or such proprietary accounts at prices and rates that may be more or less favourable than the prices or rates applying to transactions effected for the Issuer;

(vi) receive fees for services of any nature rendered to or in respect of any person, including those rendered to any Reference Entity or in respect of any Reference Entity;

(vii) be retained to provide services as portfolio or asset manager for any person, including any issuer of securities other than the Issuer;

(viii) be a secured or unsecured creditor of, or hold or otherwise deal in a debt or equity interest issued by any person, including (A) any Reference Entity or (B) any obligor under any Charged Asset;

(ix) underwrite, act as a distributor of, or make a market in any security or obligation, including the Charged Assets, the Notes or any Reference Asset;

(x) serve as a member of any "creditors' committee" or informal workout group, including with respect to any Reference Entity which has become, or, in the Portfolio Manager's opinion, may become, subject to a credit event under the terms of the relevant Synthetic Reference Asset;

(xi) act in multiple capacities and effect transactions with or for the account of the Issuer in instances in which the Portfolio Manager and its affiliates may have multiple interests including, without limitation, while acting as principal or agent;

(xii) have multiple advisory, transactional, financial and other interests in the Reference Entities and/or Reference Assets and/or Charged Assets;

(xiii) form investment policy committees comprised of, or permit other consultation between, advisory personnel and personnel in proprietary trading or other areas of the Portfolio Manager and its affiliates;

(xiv) receive information regarding the Portfolio Manager’s proposed investment activities that is not generally available to the public and there will be no obligation to make available for use by advisory accounts any information or strategies known to them or developed in connection with their client, proprietary or other activities;

(xv) carry out, without reference to positions held by the Issuer, any investment activity which may have an effect on the value of the positions so held, or may result in the Portfolio Manager and/or its affiliates having an interest in the applicable obligor (including any Reference Entity) adverse to that of the Issuer; and/or

(xvi) enter into or issue derivative instruments with respect to which the underlying securities may be in the Reference Portfolios or the Charged Assets or those in which the Issuer invests or that may be based on the performance of the Issuer.

(p) **Payments to third parties by Dealer**

In the context of the issuance of the Notes, the Dealer may make payments of introduction, finding or distribution fees to third parties who may or may not be connected with the investors to whom the Dealer initially sells the Notes. The Swap Counterparty will make payments of distribution fees to the Sole Distributor.

(q) **Legality of purchase**

Neither the Issuer, the Trustee, the Dealer, the Portfolio Manager, the Swap Counterparty, the Collateral Providers nor any affiliate have or assume responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes (whether for its own account or for the account of any third party), whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser (or any such third party) with any law, regulation or regulatory policy applicable to it. However, notwithstanding the lawfulness of any acquisition of the Notes, where a Note is held by or on behalf of a U.S. person (as defined in Regulation S) who is not an eligible investor at the time it purchases such Note, the Issuer may, in its discretion, redeem the Notes of any such holder who holds any Note in violation of the applicable transfer restrictions or compel any such holder to transfer the Notes to an eligible investor, in each case, at the expense and risk of such holder.

(r) **Credit ratings**

Credit ratings of Reference Entities represent the opinions of the rating agencies regarding the likelihood of payment of certain obligations when due and the ultimate payment of other obligations (such as principal payments) of the Reference Entities, but are not a guarantee of the creditworthiness of the Reference Entities. While the market imposes a certain amount of discipline on the rating agencies' rating processes, the rating agencies do not assume responsibility for their ratings actions in any legally enforceable sense, and investors cannot expect to have recourse to rating agencies with respect to any ratings or any ratings actions taken.

(s) **Early termination of ISDA Master Agreement**

Upon an early termination of any Performance Swap, Currency Swap or Total Return Swap, including on an early redemption of the Notes, a termination payment will be calculated based on quotations for entering into replacement transactions (or as otherwise determined on the basis set out in the relevant ISDA Master Agreement) which the Issuer may be required to pay to the Swap Counterparty or the Swap Counterparty may be required to pay to the Issuer. Such payment will serve, amongst other things, to compensate the relevant party for the loss, if any, incurred by it by reason of the early termination of the relevant Performance Swap, Currency Swap and Total Return Swap. If the Issuer is required to make a termination payment in such circumstances, any such payment may reduce the amount available to the Issuer to make payments in accordance with the priority of payments set out in the Conditions. Following the termination of an ISDA Master Agreement, the Swap Counterparty will not be obliged to pay any Total Protected Amount Shortfall in relation to the related Class of Notes.

(t) **Early termination of Collateral Agreements**

Upon an early termination of a Collateral Agreement, including on an early redemption of the Notes, the Issuer may be required to make a termination payment to the relevant Collateral Provider. Such payment will be calculated on the basis set out in the relevant Collateral Agreement by reference (in the case of the Repo) to the difference between the market value of the securities and any margin transferred by the Repo Counterparty under the Repo and the applicable repurchase price payable by the Repo Counterparty under the Repo on the date of such early termination or, in the case of the Deposit, reflecting the difference between any collateral previously provided in relation to the repayment obligations of the Deposit Provider and the amount of such repayment obligations, and, in both cases, interest break costs. If the Issuer is required to make a termination payment in such circumstances, any such payment may reduce the amount available to the Issuer to make payments in respect of each Class of Notes in accordance with the priority of payments set out in the Conditions. Any early termination of both of the

Collateral Agreements will result in the early termination of the ISDA Master Agreement, as described above.

(u) **Other business of the Issuer**

The Issuer is involved in transactions and activities other than those contemplated by this Prospectus, and has significant obligations (which are limited recourse obligations) owing to creditors other than the Noteholders and other transaction parties. The Issuer is permitted from time to time, without the consent of the Noteholders or the Trustee, to create and issue securities which are not fungible with any Class of Notes and are not governed by the Issue Documents, in accordance with the provisions of the Trust Deed.

INFORMATION TABLE

The provisions of this Information Table set out below (save for Part 5 (Fees), Part 6 (Repo and Performance Swap Information) and Part 7 (Administrative and settlement data)) will be endorsed upon, or attached to, each Global Note and Note Certificate.

Part 1

Issue and Redemption

Class	**Initial Issue Amount**[1]	**Redemption Date**	**Principal Protection Ratio**	**Protected Principal-only rating by Moody's**	**Issue Date**
Class E-5GC	Up to EUR 500,000,000	12 July 2012	85%	N/A	12 July 2007
Class E-5	Up to EUR 500,000,000	12 July 2012	85%	N/A	12 July 2007
Class S-5	Up to SEK 5,000,000,000	12 July 2012	85%	N/A	12 July 2007
Class N-5	Up to NOK 4,000,000,000	12 July 2012	85%	N/A	12 July 2007
Class E-10	Up to EUR 500,000,000	12 July 2017	100%	Aaa	12 July 2007
Class S-10	Up to SEK 5,000,000,000	12 July 2017	100%	Aaa	12 July 2007
Class N-10	Up to NOK 4,000,000,000	12 July 2017	100%	Aaa	12 July 2007

Each of the classes of Notes specified above is a "**Class**" of Notes.

1. Distribution fees and other costs of issuance in relation to each Class of Notes are met by the Swap Counterparty on behalf of the Issuer in consideration for a debit to the applicable Notional Cash Account as described in the section of this Prospectus entitled "*The Performance Swaps*". The Swap Counterparty will make payment of such distribution fees to the Sole Distributor.

2. The Issue Date and the Redemption Date may be subject to adjustment. Any such adjustment will be the subject of an announcement on the website of the Irish Stock Exchange (www.ise.ie).

[1] Up to EUR500,000,000 in aggregate of Notes may be issued

Part 2

Coupons

Notes	Coupon Payment Dates	Day Count Fraction	Guaranteed Coupon Rate
Class E-5GC	Each date falling on the expiry of each six month period from the Issue Date, up to and including the Redemption Date	Act/360	0.25%
Class E-5	N/A	N/A	N/A
Class S-5	N/A	N/A	N/A
Class N-5	N/A	N/A	N/A
Class E-10	N/A	N/A	N/A
Class S-10	N/A	N/A	N/A
Class N-10	N/A	N/A	N/A

Part 3

Rating requirements

	Required Rating	Required Floor Rating	Long-term or Short-term
Swap Counterparty	A1/P-1	N/A	Long-term/Short-term
Collateral Providers	A1/P-1	Baa3/P-2	Long-term/Short-term
Custodian/Account Bank	P-1	N/A	Short-term
Principal Paying Agent	P-1	N/A	Short-term

Part 4

General

Business Day Centres:	London, New York, TARGET Oslo, Copenhagen, Stockholm
Expenses Cap:	EUR 80,000
Issue Price:	100 per cent.
Series Number:	Series 2007 "Danske Credit-Linked"

Part 5

Fees

Notes	**Senior Management Fee Rate**[1]	**Junior Management Fee Proportion**[2]	**Gap Risk Payment Rate**[3]	**Target Rate**
Class E-5GC	0.80%	20%	0.80%	3 month EURIBOR[4] plus 230bps
Class E-5	0.80%	0.20%	0.80%	3 month EURIBOR[4] plus 250bps
Class S-5	0.80%	0.20%	0.80%	3 month STIBOR[4] plus 250bps
Class N-5	0.90%	0.20%	0.90%	3 month NIBOR[4] plus 260bps
Class E-10	0.95%	20%	0.95%	3 month EURIBOR[4] plus 350bps
Class S-10	0.95%	0.20%	0.95%	3 month STIBOR[4] plus 350bps
Class N-10	1.10%	0.20%	1.10%	3 month NIBOR[4] plus 420bps

1 See paragraph 3.1 of the Section of this Prospectus headed "*Summary of the Portfolio Management Agreement*"

2 See paragraph 3.2 of the section of this Prospectus headed "*Summary of the Portfolio Management Agreement*"

3 See paragraph 12 of the section of this Prospectus headed "*The Performance Swaps*"

4 Subject to interpolation in respect of the first and last scheduled periods.

Part 6

Repo and Performance Swap Information

Notes	Currency Limit	Liquidity Event Threshold
Class E-5GC	2.00%	2.00%
Class E-5	2.00%	2.00%
Class S 5	2.00%	2.00%
Class N 5	2.00%	2.00%
Class E-10	2.00%	2.00%
Class S 10	2.00%	2.00%
Class N-10	2.00%	2.00%

Eligible Currency: USD, EUR, GBP, JPY

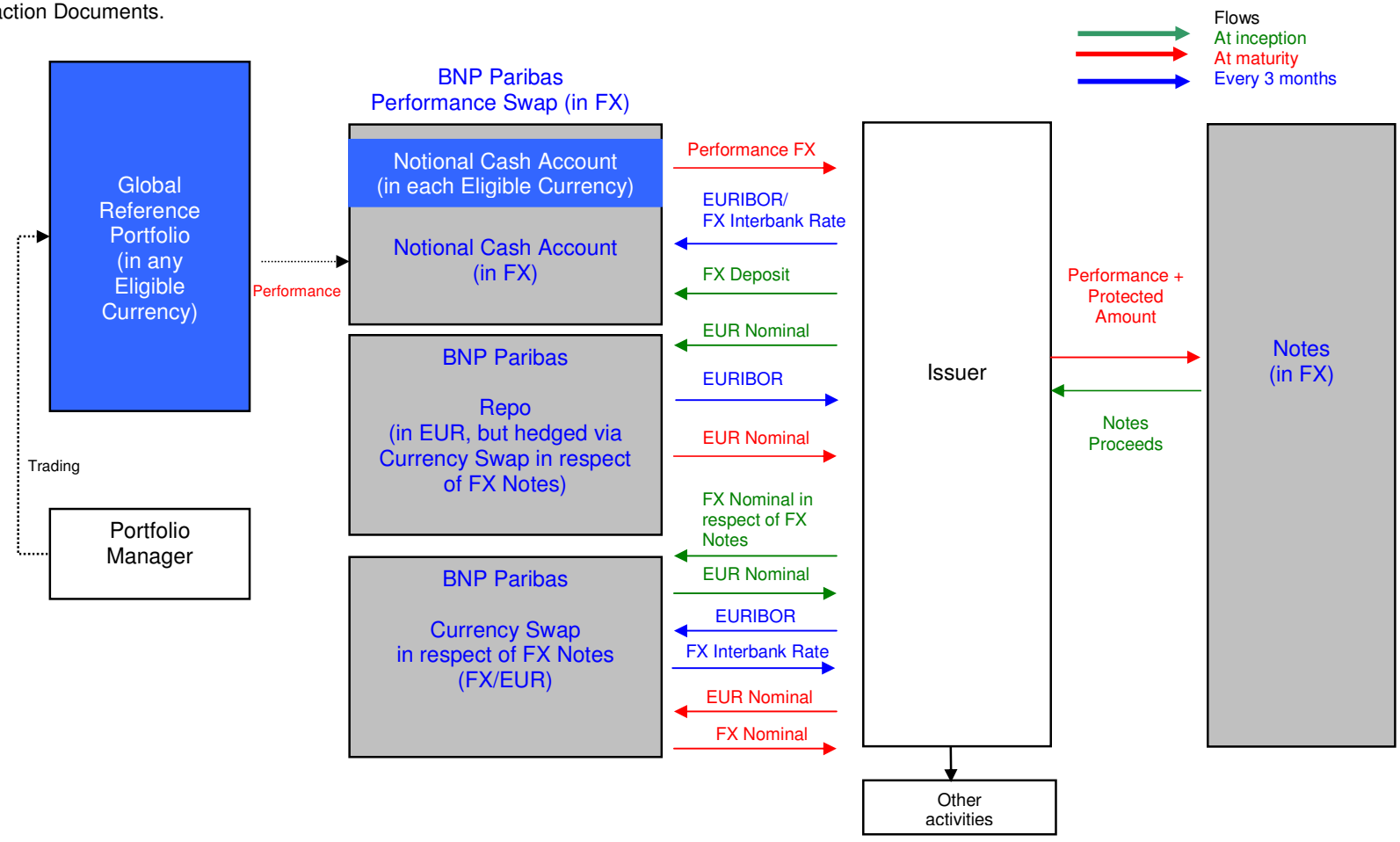
Part 7

Administrative and settlement data

Notes	Specified Denomination	ISIN	Common Code
Class E-5GC	EUR 10,000	XS0300974838	30097483
Class E-5	EUR 10,000	XS0303202047	30320204
Class S-5	SEK 10,000	XS0303202559	30320255
Class N-5	NOK 10,000	XS0303628969	30362896
Class E-10	EUR 50,000	XS0300975728	30097572
Class S-10	SEK 50,000	XS0303202633	30320263
Class N-10	NOK 50,000	XS0303629348	30362934

TRANSACTION OVERVIEW

This overview does not purport to be complete and is qualified in its entirety by reference to the information appearing elsewhere in this Prospectus and the Transaction Documents.



SUMMARY

This summary must be read as an introduction to this document and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the risks described herein and including the documents incorporated by reference. Following implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area, no civil liability will attach to the Issuer in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus. Where a claim relating to the information contained in this Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Prospectus before the legal proceedings are initiated.

THE NOTES

Issuer:	Aquarius + Investments plc, a public limited company incorporated with limited liability in Ireland.
Notes:	The Notes will be issued in Classes, as set out in the Information Table, each of which will have different characteristics as to payment of coupons (if any), principal protection and exposure to the relevant Global Reference Sub-Portfolios. The Issuer may, subject to certain conditions, issue additional Classes of Notes, or tap issues of existing Classes. The issue of the Notes will be arranged by BNP Paribas, London Branch.
Redemption:	Each Class of Notes will be redeemed on the related Redemption Date specified in the Information Table, unless required to be redeemed prior to such date.
Coupons:	A coupon will be payable in respect of each Class of Notes which are Guaranteed Coupon Notes on each applicable Coupon Payment Date. A final coupon may be payable in respect of each Class of Notes, subject, amongst other things, to the performance of the related Reference Portfolio.
Principal protection:	Each Class of Notes is principal protected as to the relevant Principal Protection Ratio (as specified in the Information Table) of its respective nominal amount by way of a payment undertaking of BNP Paribas, London Branch as Swap Counterparty.

RELATED TRANSACTIONS

Performance Swap:

Summary:	The primary purpose of the Performance Swap for each Class of Notes is to pass to the Issuer a variable percentage share of the risks and rewards (net of funding, operational and hedging expenses) of a global reference portfolio comprised of credit derivatives, bonds and associated interest rate and repurchase transactions (the "**Global Reference Portfolio**"), which is itself comprised of two reference sub-portfolios ("**Global Reference Sub-Portfolio 1**" or "**2**" respectively and each, a "**Global Reference Sub-Portfolio**"). The Global Reference Portfolio is a hypothetical or notional portfolio, in that whilst gains and losses on assets identified as included in it on a notional basis are determined by reference to

quotations from market counterparties for acquisition or disposal of such assets, neither the Issuer nor the Noteholders acquire any ownership interest in the relevant assets. Whilst BNP Paribas may hedge its position under the Performance Swap by acquiring ownership of the relevant assets or otherwise, it is under no obligation to do so.

Global Reference Sub-Portfolios:

Global Reference Sub-Portfolio 1 may include:

(a) notional long and/or short positions (in other words, Global Reference Sub-Portfolio 1 may be either the seller or the buyer of protection) in unleveraged credit default swaps on single reference entities or on credit indices and/or in unleveraged options relating to credit default swaps on single reference entities or credit indices;

(b) notional long positions in fixed rate or floating rate corporate or financial institution senior or subordinated bonds (including "lower tier two", "tier one" or "upper tier two" instruments); and

(c) notional transactions to hedge the interest rate risk of or provide funding for the Global Reference Sub-Portfolio.

Global Reference Sub-Portfolio 2 may comprise the same asset types, save for notional options, but (with the exceptions of transactions in treasuries for the purposes of interest rate hedging) will be long-only.

The Swap Counterparty will maintain a register of entities, indices and assets which are eligible for inclusion in each Global Reference Sub-Portfolio. The contents of the register will not be disclosed to investors and the Swap Counterparty may modify the contents of such register from time to time in its sole discretion, subject to certain constraints.

Portfolio Manager:

AIG Global Investment Corp. (Europe) Limited, part of the AIG Global Investment Group, will manage the Global Reference Portfolio on behalf of the Issuer as Portfolio Manager and intends (although is not obliged) to delegate certain of its duties to its affiliate, AIG Global Investment Corp.. Such delegation may be terminated at any time. The Portfolio Manager will exercise its powers and discretions under the Portfolio Management Agreement with a view to maximise the amounts payable to the Issuer under the Performance Swap in relation to each Class of Notes (taking into account, to the extent it determines appropriate, its assessment of the risks associated with the Reference Assets in the Global Reference Portfolio and/or management strategies and other issues and parameters deemed appropriate by it).

The Portfolio Manager gives no representation, guarantee or warranty that any management objective will be achieved, that the provision of such management services by the Portfolio Manager or any delegate or sub-advisor will not result in a full loss of principal and investment return on the Notes, or otherwise as to the

	performance of an investment in any Class of Notes. Where the Portfolio Manager determines in its discretion that the interests of different Classes of Notes conflict, it may resolve such conflict in its discretion (and will have no liability to the Issuer or any person as a result).
Leverage:	The exposure of each Class of Notes to each Global Reference Sub-Portfolio will be leveraged. Leverage is constrained by reference to the ratio of the level of net reserve assets that the Issuer ought to maintain, in the determination of the Swap Counterparty, to mitigate the risk assumed by the Swap Counterparty in providing principal protection under the related Performance Swap ("**gap risk**" - that is, the risk that the Issuer will have insufficient assets to pay protected amounts) (the "**Required Reserve**"), to the net asset value available to absorb losses relating to the relevant Global Reference Sub-Portfolio for a Class of Notes (the "**Effective Reserve**"). The maximum permitted ratio is one. Such level will vary according to, amongst other things, the size of the variable percentage share of the relevant Global Reference Sub-Portfolio to which the Class of Notes is exposed, and the degree of risk associated with the Reference Assets in such Global Reference Sub-Portfolio and related investment strategies. If the Effective Reserve is less than the Required Reserve, a Rebalancing Event will be triggered.
Notional Cash Accounts:	For each Class of Notes, the allocable share of the realized gains and losses on each Global Reference Sub-Portfolio will be reflected by debits and credits to the Notional Cash Accounts for such Class, being ledgers maintained by the Swap Counterparty in each currency in which any asset in the Global Reference Portfolio may be denominated and in the currency of such Class of Notes. The balance of each such ledger will also reflect fee payments (as to the management of the Global Reference Sub-Portfolios and the assumption of gap risk in relation thereto) (debits) and notional interest accrued on positive or negative balances (credits or debits respectively).
Rebalancing Events:	Each of a Concentration Event, a Credit Impairment Event, a Deleverage Event, an FX Sensitivity Event, an Unremedied FX Sensitivity Event, a Liquidity Event and a Rate Sensitivity Event are Rebalancing Events in relation to each Class of Notes. Rebalancing Events are described in more detail in the section of this Prospectus headed "*The Performance Swaps*". The occurrence of a Rebalancing Event (other than an FX Sensitivity Event) under any Performance Swap in respect of any Class of Notes and any Global Reference Sub-Portfolio will trigger a requirement for the Portfolio Manager, or, in relation to an FX Sensitivity Event, the Swap Counterparty, to bring such Performance Swap into compliance If the Portfolio Manager is required to and does not take any necessary action within a certain period specified in the Performance Swap Confirmation, the Swap Counterparty will be entitled to do so.
Portfolio Close-Out Events:	A "**Portfolio Close-Out Event**" will occur in respect of each Class of Notes if (a) the Effective Reserve in respect

	of such Class of Notes is equal to or less than zero (b) if the Portfolio Management Agreement terminates and a successor Portfolio Manager is not appointed and (c) if the Issuer fails to pay any gap risk fees in full as a result of there being insufficient credits to the related Notional Cash Accounts. A Portfolio Close-Out Event will also be deemed to occur where the Swap Agreement terminates and the Issuer is unable to appoint a successor counterparty within a specified time period. On the occurrence of a Portfolio Close-Out Event in relation to any Class of Notes, the Swap Counterparty will unwind the exposure of such Class of Notes to the Global Reference Portfolio. The occurrence of a Portfolio Close-Out Event will not result in the early redemption of the Notes. After such event, the relevant Class of Notes will no longer be exposed to the Global Reference Portfolio. Any excess cash allocable to such Class of Notes will not be distributed immediately, but will instead be held in the Notional Cash Accounts until the related Redemption Date or earlier redemption of such Notes (pending which it will be deemed to accrue interest at an overnight rate).
Trading Agency Agreement	The Swap Counterparty has required (and the Issuer has requested and authorised) that the Portfolio Manager effect transactions to hedge the exposure of the Swap Counterparty in respect of the Global Reference Portfolio. Where there is any conflict between the duties of the Portfolio Manager as manager for the Issuer, and its duties in relation to such hedging arrangements, the latter will prevail.
Collateral Agreements	The Issuer enters into (a) a rolling 3-month Repo in EUR between the Issuer as purchaser and BNP Paribas, London Branch as seller of certain eligible securities and (b) a Deposit Agreement with BNP Paribas, London Branch as Deposit Provider (together, the "**Collateral Agreements**"). Each quarter, the return under the Collateral Agreements, insofar as it relates to each Class of Notes, will be paid following its receipt by the Issuer to the Swap Counterparty under the related Performance Swap and (only prior to the commencement of a Portfolio Close-Out Event) credited to the related Note Account.
Currency Swaps:	For FX Notes (that is, Notes denominated in currencies other than EUR), the Issuer will enter into a Currency Swap in order to convert amounts paid and received under the Collateral Agreements into the Note Currency. The Currency Swaps do not address currency risk in relation to the Global Reference Portfolio and, accordingly, returns on any FX Notes.
Total Return Swaps:	The Issuer will enter into a Total Return Swap transaction in relation to each Class of Notes in order to facilitate the management of Notes held on inventory by BNP Paribas as Dealer.
MISCELLANEOUS	
Other Transaction Parties:	BNP Paribas Trust Corporation UK Limited will act as Trustee for the Noteholders of each Class pursuant to the

	Trust Deed. BNP Paribas, London Branch will act as Dealer to purchase the Notes pursuant to the Programme Agreement. Danske Bank A/S (and/or certain of its affiliates) will act as Sole Distributor. BNP Paribas Securities Services, Luxembourg Branch will act as Principal Paying Agent, BNP Paribas Securities Services, Dublin Branch will act as Paying Agent in Ireland. BNP Paribas, London Branch will act as Calculation Agent and Redemption Agent in respect of the Notes, in each case pursuant to the Agency Agreement. The Issuer may appoint additional agents in relation to the Notes as may be necessary from time to time. BNP Paribas, London Branch will act as the Issuer's custodian and account bank. BNP Paribas Securities Services is a 100 per cent. owned subsidiary of BNP Paribas. BNP Paribas Trust Corporation UK Limited is a 100 per cent. owned subsidiary of BNP Paribas Securities Services.
Security:	The Issuer will grant security for its obligations in respect of the Notes of each Class and related obligations over its assets acquired in connection with the issuance of the Notes.
Priority of Payments and Limited Recourse:	Payments on each Class of Notes will be made in accordance with a specified priority of payments. Payments to holders of the Notes will be subordinated to the claims of certain other creditors. Payments on the Notes of each Class are subject to limited recourse provisions.
Tax:	The Issuer will not be required to make any additional payment to investors if it is required to withhold or deflect in account of tax from any payments on the Notes.
Listing:	Application will be made to the IFSRA, as competent authority under the Prospectus Directive, for this Prospectus to be approved. Such approval will relate only to Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 93/22/EEC or which are to be offered to the public in any Member State of the European Economic Area. Application will be made to the Irish Stock Exchange for Notes to be admitted to the Official List and trading on its regulated market. Application may, subsequent to the date of this Prospectus, be made for the secondary listing of all or some Classes of Notes on one or more additional stock exchanges. No assurances can be given that such listing and admission to trading will be approved.
Rating:	It is a condition of the issue of each Class of Notes that it receives the rating, if any, specified in relation to such Class of Notes in the Information Table on the Issue Date. Any such rating relates to the timely payment of Protected Amounts at the relevant scheduled Redemption Date only.

Form of Notes:	The Notes will be issued in registered form: Notes will be represented by interests in a permanent global note (a "**Global Note**") without coupons, which will be registered in the name of a nominee for, and shall be deposited on its Issue Date with, a common depositary as custodian on behalf of Euroclear and Clearstream, Luxembourg. Beneficial interests in a Global Note will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear or Clearstream, Luxembourg, as the case may be, and their respective participants. Prior to the expiry of the applicable Distribution Compliance Period (as defined in Regulation S), beneficial interests in a Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person (as defined in Regulation S) and may not be held otherwise than through Euroclear or Clearstream, Luxembourg. The Issuer reserves the right, subject to the consent of the Trustee, at any time, to select any other clearing system (including VPC AB) through which all or some Classes of Notes may be cleared. Definitive notes in registered form will only be available in certain limited circumstances as described in the Conditions of the Notes.
Governing law:	The Notes and any related documentation will be governed by English law.
Offering:	The Notes may be offered and sold in accordance with Regulation S, to non-U.S. persons (as defined in Regulation S) in offshore transactions. Sales and transfers of the Notes will be subject to further restrictions. The Notes (or certain Classes of Notes) will be offered for sale to the public in Finland, Norway and Sweden during a subscription period from 31 May 2007 to 29 June 2007, and may be offered in a private placement basis elsewhere, subject to compliance with applicable laws. The Notes (or certain Classes of Notes) may be offered to the public in other jurisdictions or during other periods, subject to preparation of an appropriate prospectus and the requisite approvals being obtained.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

(a) the audited non-consolidated financial statements of the Issuer as at, and for the year ended, 31 August 2005, and the related notes and statutory auditors' reports thereon (entitled *"Aquarius + Investments, Directors Report and Financial Statements, Year ended 31 August 2005*"); and

(b) the audited non-consolidated financial statements of the Issuer as at, and for the year ended, 31 August 2006, and the related notes and statutory auditors' reports thereon (entitled "*Aquarius + Investments, Directors Report and Financial Statements, Year ended 31 August 2006*").

The documents listed in (a) and (b) above have been filed with the ISE in accordance with Article 10 of the Prospectus Directive and are incorporated by reference into this Prospectus in accordance with Article 11 of the Prospectus Directive.

The Issuer will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the written request of any such person, a copy of any or all of the documents which, or portions of which, are deemed to be incorporated herein by reference (to the extent that they relate to the Issuer). Requests for such documents should be directed to the office of the Issuer, being the address set out at the end of this Prospectus. In addition, such documents will be available free of charge from the Specified Office of the Paying Agent in Ireland.

Cross-reference list in respect of the financial information

Regulation 809/2004/EC: Annex VII, 8.2		**For the year ended 31 August 2005**	**For the year ended 31 August 2006**
Historical Financial Information	Audited historical financial information covering the latest 2 financial years (or shorter period that the Issuer has been in operation) and the audit report in respect of each year	Financial Statements Pages 7-18 Audit Report Pages 5-6	Financial Statements Pages 7-20 Audit Report Pages 5-6
	(a) the balance sheet;	Page 9	Page 9
	(b) the income statement;	Page 8	Page 8
	(c) the accounting policies and explanatory notes.	Pages 7 and 11-18	Pages 7 and 11-18
	The historical annual financial information must be independently audited.	Page 5	Page 5

THE PERFORMANCE SWAPS

1. GENERAL

On the Issue Date, the Issuer will enter into a swap transaction (each, a "**Performance Swap**") with the Swap Counterparty in respect of each Class of Notes issued by it.

2. REFERENCE PORTFOLIO AND REFERENCE SUB-PORTFOLIOS

2.1 The Performance Swap in relation to each Class of Notes operates with reference to a variable percentage share of a reference portfolio which relates to all of the Performance Swaps (the "**Global Reference Portfolio**") – see the section of this Prospectus entitled "*The Reference Portfolios*" below. In relation to each Performance Swap, the proportion of the Global Reference Portfolio relating to such Performance Swap is its "**Reference Portfolio**". The Reference Portfolio relating to each Class of Notes will at all times be identical in terms of composition (but not size) across all Classes of Notes.

2.2 The Global Reference Portfolio is comprised of two sub-portfolios (respectively, "**Global Reference Sub-Portfolio 1**" and "**Global Reference Sub-Portfolio 2**", each a "**Global Reference Sub-Portfolio**" and together, the "**Global Reference Sub-Portfolios**"). In relation to each Performance Swap, the proportion of each Global Reference Sub-Portfolio relating to such Performance Swap (each such proportion, a "**Portfolio Class Percentage**") is a "**Reference Sub-Portfolio**".

2.3 Each Portfolio Class Percentage may be adjusted by the Portfolio Manager, in its discretion (subject to compliance with the management guidelines set out in the Performance Swap Confirmation, as described below), provided that, at all times, the sum of all Portfolio Class Percentages in respect of each Performance Swap is equal to 100 per cent..

2.4 The Global Reference Portfolio (and each component Global Reference Sub-Portfolio) will be managed by the Portfolio Manager, as described further below.

3. INITIAL PAYMENT

On the Issue Date, the Issuer will pay to the Swap Counterparty under each related Performance Swap an amount (the "**Initial Payment**") equal to the balance of the issue proceeds of the related Class of Notes after payment of (a) the initial payment due by the Issuer under the related Total Return Swap on the Issue Date, as described in the section of this Prospectus entitled "*Total Return Swaps*" below (b) the initial payment due by the Issuer under (in relation to EUR Notes) the Repo and the Deposit, in each case as it relates to such Class of Notes, as described in the section of this Prospectus entitled "*The Repo Agreement*" below, or (in relation to any FX Notes) the related Currency Swap, as described in the section of this Prospectus entitled "*The Currency Swaps*" below (c) the costs and expenses of issuance in respect of the Investor Noteholding of the related Class of Notes, including distribution fees and structuring fees and (d) certain costs and expenses incurred by the Portfolio Manager in connection with the issuance of the related Class of Notes (which, for the avoidance of doubt, will be paid by the Issuer to the Portfolio Manager in connection with such issuance).

4. INTERIM PAYMENTS

4.1 The Issuer will pay to the Swap Counterparty (a) on each date on which the Collateral Amount is decreased (that is, following any Liquidity Event or by agreement between the Swap Counterparty and the Portfolio Manager (subject in the latter case to conditions described in the section of this Prospectus entitled "*The Repo Agreement*" below)), an amount under the related Performance Swap equal to the corresponding decrease of the Collateral Amount (if such Notes are EUR Notes) or the non-EUR notional amount of the related Currency Swap (if such Notes are FX Notes) and (b) quarterly, an amount under the related Performance Swap equal to the portion of the accrued repo price differential and Deposit interest relating to such Class of Notes (after conversion into the relevant Notes Currency under the related Currency Swap, in the case of FX Notes) (and such amount will be credited to the applicable Notional Cash Account).

4.2 In relation to each Class of Notes, the Issuer will pay to the Swap Counterparty Gap Risk Swap Payments and Cash Intermediation Swap Payments (through debits to the applicable Notional Cash Account).

4.3 The Swap Counterparty will pay to the Issuer on each date on which the Collateral Amount is increased with respect to such Class of Notes by agreement between the Swap Counterparty and the Portfolio Manager (subject to the conditions described in the section of this Prospectus entitled "*The Repo Agreement*" below) an amount under the related Performance Swap equal to the corresponding increase of the Collateral Amount (if such Notes are EUR Notes) or the EUR notional amount of the related Currency Swap (if such Notes are FX Notes), if and to the extent that a Zero-Reserve Event will not occur after such payments and any other more senior debits to be made to such accounts on such day.

4.4 In relation to each Class of Notes, the Swap Counterparty will pay to the Issuer (a) coupon amounts payable on the related Class of Notes (as described in Condition 5 (Coupons)), adjusted by reference to the related Investor Noteholding as of five Business Days prior to the relevant Coupon Payment Date, (b) any portfolio management fees payable by the Issuer in relation to the related Class of Notes, as described in the section of this Prospectus entitled "*The Portfolio Management Agreement*" below, certain costs and expenses incurred by the Portfolio Manager in connection with any amendment, waiver, supplement or consent to any Transaction Document and any amounts payable by the Issuer to the Portfolio Manager in accordance with the Issuer's indemnity to the Portfolio Manager under the Portfolio Management Agreement, as described in paragraph 6.2 (*Issuer's indemnity*) in the section of this Prospectus headed "*Summary of the Portfolio Management Agreement*" below and (c) any rating agency fees, listing fees and other fees and expenses payable by the Issuer, in each case, to the extent that a Zero-Reserve Event will not occur as a result of debiting such amount from the related Notional Cash Accounts on the relevant date.

4.5 The Swap Counterparty will pay to the Issuer, on any date on which a Portfolio Close-Out Event occurs under any Performance Swap, an amount equal to the excess (if any) of (a) the Protected Amount of the relevant Class of Notes at redemption over (b) the Collateral Amount relating to the relevant Class of Notes converted (if such Notes are FX Notes) into the Notes Currency under the related Currency Swap (the "**Zero-Coupon Purchase Shortfall Amount**").

4.6 If, on the occurrence of a Portfolio Close-Out Event, the Collateral Amount in relation to the relevant Class of Notes exceeds the Protected Amount thereof at redemption, then the Issuer will pay an amount equal to such excess to the Swap Counterparty (a "**Zero-Coupon Purchase Excess Amount**").

4.7 If the Investor Noteholding in respect of any Class of Notes increases at any time, the related Performance Swap will be increased in size and a payment will be made by the Issuer to the Swap Counterparty. If the Investor Noteholding in respect of any Class of Notes decreases at any time, the related Performance Swap will be decreased in size and a payment will be made by the Swap Counterparty to the Issuer. If the Investor Noteholding in relation to any Class of Notes decreases, the Swap Counterparty will determine the amount (if any) equal to (a) the amount which would have been paid by the Swap Counterparty to the Issuer in respect of such decrease in the Investor Noteholding if such amount was determined by reference to the market value of the Reference Portfolio in the Daily Batch on the date of such decrease minus (b) the amount which was actually paid by the Swap Counterparty to the Issuer in respect of such decrease in the Investor Noteholding (any such negative difference a "**Valuation Cost**" and any such positive difference a "**Valuation Gain**").

4.8 The Issuer will pay to the Swap Counterparty any net gain (as determined by the Swap Counterparty or Collateral Providers as described below) arising from, and the Swap Counterparty will pay to the Issuer any net costs (as determined by the Swap Counterparty or Collateral Providers as described below) arising from, the increase or decrease of the nominal, principal or notional amounts of the Repo, the Deposit and, in the case of FX Notes, the related Currency Swap following the occurrence of (a) a Liquidity Event; (b) a Portfolio Close-Out Event; or (c) any increase or decrease in the nominal amount of the Repo or the principal amount of the Deposit by agreement between

the Swap Counterparty and the Portfolio Manager. Any net gain or cost arising from the partial increase or decrease of the Repo or the Deposit will be determined by the Repo Counterparty or the Deposit Provider, as applicable, by reference to prices offered by the relevant party to its clients generally. Any net gain or cost arising from the partial increase or decrease of any Currency Swap will be determined by the Swap Counterparty by reference to prices offered by the Swap Counterparty to its clients generally. The net gains or costs referred to in this paragraph will arise from the difference between the repo rate under the Repo, the interest rate under the Deposit, the foreign exchange rate and floating rates under the relevant Currency Swap and the corresponding prevailing market rates at the date of such partial increase, decrease or termination.

5. NOTIONAL CASH ACCOUNTS

The Swap Counterparty will maintain a number of notional ledgers in respect of each Performance Swap (a "**Portfolio Account**" in each Eligible Currency (being the currencies in which Reference Assets in the Global Reference Portfolio may be denominated) and a "**Note Account**" in the currency of the related Class of Notes, each a "**Notional Cash Account**"), to which it will make various credits and debits in accordance with the Performance Swap Confirmation, as summarised under "Portfolio Account credits/debits " and "Note Account credits/debits" below. Each Notional Cash Account is a notional cash account and not a real cash account, and is used solely for the purposes of various calculations and payments in respect of the related Class of Notes.

6. FINAL PAYMENT

6.1 Subject to the management guidelines and restrictions contained in the Performance Swap Confirmation, the Portfolio Manager will be required to make adjustments to the Global Reference Portfolio by removing Reference Assets from the Global Reference Portfolio and/or by making Interclass Adjustments, as described in paragraph 9 (*Trading Process*) below, such that the Portfolio Class Percentage of the relevant Class of Notes in relation to each Global Reference Sub-Portfolio is equal to zero at least two Business Days prior to the Redemption Date of each Class of Notes.

6.2 The Swap Counterparty will pay to the Issuer, on the Redemption Date of each Class of Notes issued by the Issuer, an amount in the related Notes Currency equal to the final balance of each related Portfolio Account converted into the related Notes Currency at the relevant Spot Rate and the final balance of the related Note Account, as determined on the date two Business Days prior to the related Redemption Date (the "**Valuation Date**") after any credits and debits to be made on such date.

In relation to each Class of Notes, the sum of such amount(s) together with (a) the final payment to be paid to the Issuer under the related Total Return Swap as described in the section of this Prospectus headed "*The Total Return Swaps*" below and (b) either (i) in the case of EUR Notes, the final payment to be paid to the Issuer on redemption of the relevant Class of Notes under the Repo or Deposit Agreement as described in the section of this Prospectus headed "*The Repo Agreement*" below or (ii) in the case of FX Notes, the final payment to be paid to the Issuer under the applicable related Currency Swap as described in the section of this Prospectus headed "*The Currency Swaps*" below, will be equal to or greater than the Protected Amount of such Class of Notes.

Upon an early termination of a Performance Swap in relation to any Class of Notes including on an early redemption of the Notes, a termination payment will be calculated (which may be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer) in accordance with the related ISDA Master Agreement in respect of the related Performance Swap as described under the section of this Prospectus headed "The ISDA Master Agreement" below.

7. PORTFOLIO ACCOUNTS AND NOTE ACCOUNT CREDITS/DEBITS

On the Issue Date, the initial balance of each Portfolio Account will be zero. The following credits and debits will be made to each Portfolio Account, to the extent any such credit or debit has not been made to the related Note Account:

7.1 Portfolio Account credits:

(a) any amount transferred from the related Note Account or any other Portfolio Account under the same Performance Swap to such Portfolio Account after exchange in accordance with paragraph 7.6 below or following an FX Sensitivity Event;

(b) if the balance of such Portfolio Account is positive, overnight interest on such balance at a rate offered by the entity which is the Swap Counterparty on overnight cash deposits in the relevant Eligible Currency to other customers of the entity which is the Swap Counterparty generally;

(c) any notional gains denominated in the relevant Eligible Currency as a result of changes to the applicable Reference Sub-Portfolios, increases or decreases of any applicable Portfolio Class Percentage or the unwinding of the applicable Reference Sub-Portfolios;

(d) any net gain denominated in EUR paid by the Issuer to the Swap Counterparty, as described in paragraph 4.7 above; and

(e) notional income in the relevant Eligible Currency deemed to be received by the Swap Counterparty on the Reference Assets included in the applicable Reference Sub-Portfolios;

7.2 Portfolio Account debits:

(a) an amount equal to any related Hedging Mismatch Costs denominated in the relevant Eligible Currency;

(b) any amount transferred from such Portfolio Account to the related Note Account or any other Portfolio Account under the same Performance Swap after exchange in accordance with paragraph 7.6 below or following an FX Sensitivity Event;

(c) any net costs denominated in EUR paid by the Swap Counterparty to the Issuer, as described in paragraph 4.7 above;

(d) if the balance of such Portfolio Account is negative, interest on such balance at the relevant rate charged by the entity which is the Swap Counterparty to other customers of the entity which is the Swap Counterparty on on-demand overdrafts in the Eligible Currency generally;

(e) any notional payments in the relevant Eligible Currency deemed to be made by the Swap Counterparty on the Reference Assets included in the applicable Reference Sub-Portfolio and any related Cash Intermediation Swap Payments in the relevant Eligible Currency;

(f) any notional losses denominated in the relevant Eligible Currency as a result of changes to the applicable Reference Sub-Portfolios, increasing or decreasing the applicable Portfolio Class Percentage or the unwinding of the applicable Reference Sub-Portfolio; and

(g) certain operating expenses (other than Fees) denominated in the relevant Eligible Currency paid by the Swap Counterparty to or on behalf of the Issuer ("**Expense Amounts**").

The following credits and debits will be made to each Note Account, to the extent any such credit or debit has not been made to any related Portfolio Account:

7.3 Note Account credits:

(a) on the Issue Date, an amount equal to the relevant Initial Payment (as described under paragraph 3 (*Initial Payment*) above);

(b) any amount transferred from any related Portfolio Account to such Note Account after exchange in accordance with paragraph 7.6 below or following an FX Sensitivity Event;

(c) overnight interest on the balance of such Note Account at a rate offered by the entity which is the Swap Counterparty on overnight cash deposits in the relevant Notes Currency to other customers of the entity which is the Swap Counterparty generally;

(d) any amounts paid by the Issuer to the Swap Counterparty as described in paragraph 4.7 above following increases in the related Investor Noteholding (less any applicable distribution fees and structuring fees and (in the case of a Tap Issue) certain costs and expenses incurred by the Portfolio Manager in connection with the issuance of the Tap Issue (which, for the avoidance of doubt, will be paid by the Issuer to the Portfolio Manager in connection with such Tap Issue)) and following a decrease in the Investor Noteholding relating to any Class of Notes, an amount equal to a share of any related Valuation Gain (if any) (such gains being apportioned across each Class of Notes by reference to their respective nominal amounts);

(e) any amounts paid by the Issuer to the Swap Counterparty following a decrease of the Collateral Amount in relation to the relevant Class of Notes and, in the case of FX Notes, the related Currency Swap, as described in paragraph 4.1(a) above;

(f) in relation to a Class of FX Notes, any net gain in the related Notes Currency paid by the Issuer to the Swap Counterparty, as described in paragraph 4.7 above;

(g) (prior to the occurrence of a Portfolio Close-Out Event), any amounts representing accrued Repo price differential or Deposit interest received by the Issuer and paid to the Swap Counterparty, as described under paragraph 4.1(b) above; and

(h) upon the occurrence of a Portfolio Close-Out Event in relation to any Class of Notes, an amount equal to related Total Protected Amount Shortfall and Zero-Coupon Purchase Excess Amount, if any;

7.4 Note Account debits:

(a) any amount transferred from such Note Account to any related Portfolio Account after exchange in accordance with paragraphs 7.6 below;

(b) on the occurrence of a Portfolio Close-Out Event, an amount equal to the related Zero-Coupon Purchase Shortfall Amount paid by the Swap Counterparty to the Issuer, as described under paragraph 4.5 above;

(c) if the balance of such Note Account is negative, interest on such balance at the relevant rate charged by the entity which is the Swap Counterparty to other customers of the entity which is the Swap Counterparty on on-demand overdrafts in the Notes Currency generally;

(d) in relation to a Class of FX Notes, any net cost in the related Notes Currency paid by the Swap Counterparty to the Issuer, as described in paragraph 4.7 above;

(e) certain operating expenses (other than Fees) and certain costs and expenses incurred by the Portfolio Manager in connection with any amendment, waiver, supplement or consent to any Transaction Document denominated in the relevant Notes Currency paid by the Swap Counterparty to or on behalf of the Issuer (to the extent not debited from any related Portfolio Account) and following a decrease in the Investor Noteholding relating to any Class of Notes, an amount equal to a share of any related Valuation Cost (if any) (such costs being apportioned across each Class of Notes by reference to their respective nominal amounts);

(f) an amount equal to all Cash Intermediation Swap Payments, Gap Risk Swap Payments and Senior Management Fees payable by the Issuer in respect of the Investor Noteholding of the related Class of Notes;

(g) any amounts payable by the Issuer to the Portfolio Manager in accordance with the Issuer's indemnity to the Portfolio Manager under the Portfolio Management Agreement, as described in paragraph 6.2 (*Issuer's indemnity*) in the section of this Prospectus headed "*Summary of the Portfolio Management Agreement*" below;

(h) an amount equal to the Guaranteed Coupons payable by the Swap Counterparty to the Issuer in respect of an amount of the related Class of Notes equal to the Investor Noteholding;

(i) any amounts paid by the Swap Counterparty to the Issuer following decreases in the related Investor Noteholding, as described in paragraph 4.7 above;

(j) any increase amounts paid by the Swap Counterparty to the Issuer following an increase in the Collateral Amount in respect of the relevant Class of Notes and, in the case of FX Notes, the related Currency Swap, as described under paragraph 4.3 above; and

(k) an amount equal to all Junior Management Fees payable by the Issuer in respect of the related Class of Notes.

7.5 Notional Cash Account priorities

If, on any Business Day, one or more debits are due to be made from any Portfolio Account or the Note Account relating to a Class of Notes (other than a debit of any amount referred to in the definition of "Total Protected Amount"), but a Zero-Reserve Event would occur if all such debit(s) were made (after any exchanges to be made on such date in accordance with paragraph 7.6 below), debits will be made firstly from the relevant Portfolio Accounts in the order set out in paragraph 7.2 above and secondly from the relevant Note Account in the order set out in paragraph 7.4 above, in each case to the extent that a Zero-Reserve Event would not occur as a result of such debit(s) (provided that any debits to be made from the relevant Portfolio Accounts in accordance with paragraph 7.2 (g) above will rank *pari passu* with the debits to be made from the relevant Note Account in accordance with paragraph 7.4(e) above).

7.6 Notional exchanges

On each Business Day, subject to the management guidelines and restrictions contained in the Performance Swap Confirmation, the Portfolio Manager may, in its discretion (for example, to prevent an FX Sensitivity Event) (but is not obliged to) request the Swap Counterparty to notionally exchange, at the applicable Spot Rate prevailing at noon New York time on such Business Day, an amount in any Eligible Currency forming part of the balance of a Portfolio Account relating to a Class of Notes into the applicable Notes Currency or any other Eligible Currency and credit such amount to the related Note Account or applicable related Portfolio Account, or an amount in the applicable Notes Currency forming part of the balance of the related Note Account into any Eligible Currency and credit such amount to the applicable related Portfolio Account, provided always that no such notional exchange may be effected if, and to the extent that a Zero-Reserve Event would occur, as a result of such exchange. The balance of any Notional Cash Account may become negative.

8. MANAGEMENT GUIDELINES

8.1 The Portfolio Manager has discretion to add to (to the extent that the relevant assets are eligible for inclusion), or remove from, each Global Reference Sub-Portfolio Synthetic Reference Assets, Cash Reference Assets and Interest Rate Transactions (other than notional interest rate swaps, where it is only allowed to do so in order to prevent the occurrence of a Rate Sensitivity Event), or to allocate the Effective Reserve in respect of any Class of Notes as between the related Reference Sub-Portfolios (the percentage so allocated in respect of any Reference Sub-Portfolio, the "Reserve Allocation Percentage") (subject to certain parameters – see paragraph 10.5 below), subject to certain guidelines contained in the Performance Swap Confirmation, as described below. The Portfolio Manager may be obliged to make such adjustments if a Rebalancing Event occurs in respect of any Global Reference Sub-Portfolio, as summarised further below. The Swap Counterparty will be entitled to add or remove notional interest rate swaps and Bond Repo Transactions to or from each Global Reference Sub-Portfolio and, in the circumstances set out under paragraph 10 (*Rebalancing Events*) below where the Portfolio Manager fails to do so within the period specified in the Performance Swap Confirmation or where the Portfolio Manager ceases to be entitled to act as Trading Agent to the Swap Counterparty under the Trading Agency Agreement (except where alternative hedging arrangements have been put in place with the consent of the Swap Counterparty), add to, or remove from, each Global Reference Sub-Portfolio other types of Reference Assets.

8.2 Reference Assets may only be added to or removed from any Global Reference Sub-Portfolio if certain management guidelines are complied with, including tests relating to entity concentration, sector concentration, country concentration and the concentration

of certain types of bonds within such Global Reference Sub-Portfolio, as described in paragraph 10.3 (*Concentration Events*) below.

8.3 The Swap Counterparty will maintain a register (the "**Eligibility Register**") of entities that the Portfolio Manager may add as reference entities in respect of Synthetic Reference Assets and which are permitted to be the issuers (if such issuers are not guaranteed) or guarantors of Cash Reference Assets, of indices and options that are eligible to be included as the subject of Synthetic Reference Assets and of bonds that the Portfolio Manager may add each Global Reference Sub-Portfolio as Cash Reference Assets. The Eligibility Register will additionally specify the maximum entity concentration that can be represented by each reference entity within any Global Reference Sub-Portfolio, the maximum maturity of Synthetic Reference Assets and any Eligible Currency. The Eligibility Register must at all times specify at least 250 eligible reference entities with an eligible maturity of ten years and an eligible entity concentration of two per cent. (for Global Reference Sub-Portfolio 1) or one per cent. (for Global Reference Sub-Portfolio 2). The Eligibility Register must also specify at least three eligible dealers (which are not affiliates or subsidiaries of the Swap Counterparty) from which quotations may be sought for the purposes of the trading process, as described below. The Swap Counterparty will have full discretion regarding the modification of the Eligibility Register but will act in good faith and after consultation with the Portfolio Manager. The Portfolio Manager may from time to time propose dealers and reference entities meeting certain criteria to be added to the Eligibility Register as eligible dealers or eligible reference entities (as applicable), subject only to the Swap Counterparty's internal credit and compliance guidelines and the Swap Counterparty's determination that the market in any such proposed eligible reference entities is liquid.

9. TRADING PROCESS

9.1 The Performance Swap Confirmation sets out the process pursuant to which Reference Assets are added to or removed from each Global Reference Sub-Portfolio, the procedure for determining the terms of such Reference Assets and the process pursuant to which the Portfolio Manager may increase or decrease the size of a Reference Sub-Portfolio in relation to one Class of Notes and make a corresponding increase or decrease to the Reference Sub-Portfolio(s) relating to any other Class of Notes (an "**Interclass Adjustment**") and the terms of such adjustments.

9.2 In respect of the addition or removal of any Reference Asset from a Global Reference Sub-Portfolio by the Portfolio Manager, the Portfolio Manager will request quotations from eligible dealers specified in the Eligibility Register and selected by the Portfolio Manager subject to the management guidelines and, provided that all management guidelines and the eligibility criteria set out in the Performance Swap Confirmation are satisfied, the terms of the addition or removal of such Reference Asset for the purposes of the relevant Global Reference Sub-Portfolio will be based upon such quotations, adjusted to provide for an intermediation payment to the Swap Counterparty if the relevant quotation was not provided by the Swap Counterparty.

9.3 On each occasion on which the Portfolio Manager makes an Interclass Adjustment, provided that all management guidelines and the eligibility criteria set out in the Performance Swap Confirmation are satisfied, the terms on which the adjustments are made to each relevant Reference Portfolio will be determined by the Swap Counterparty, in its discretion, with reference to the mid-market prices relating to the Reference Assets in the relevant Global Reference Sub-Portfolio on the date on which such adjustments are made.

9.4 If the Swap Counterparty determines (in good faith and a commercially reasonable manner) that the management guidelines or any eligibility criteria set out in the Performance Swap Confirmation were not satisfied in respect of the addition of a Reference Asset to, or the removal of a Reference Asset from, any Global Reference Sub-Portfolio, it may either instruct the Portfolio Manager to unwind the relevant position or do so itself and any resulting notional gain or loss will be reflected in the related Portfolio Accounts.

9.5 The Swap Counterparty and the Portfolio Manager may by agreement at any time specify a date on which the Collateral Amount in relation to such Class of Notes will be increased

or decreased and the amount of such increase or decrease (subject to the provision in paragraph 9.6 below) and, on such date, the Repo Counterparty and/or the Deposit Provider, as applicable, will increase or decrease the nominal amount of the Repo and/or the principal amount of the Deposit as applicable, by amounts which are equal in aggregate to such amount and (in respect of FX Notes) the Swap Counterparty will increase or decrease the notional amounts of the related Currency Swap by such amount as described in the sections of this Prospectus headed "*The Repo Agreement*" and "*The Currency Swaps*" below.

9.6 Any partial optional decrease of the Collateral Amount in relation to such Class of Notes by agreement between the Swap Counterparty and Portfolio Manager will not be greater than the excess, if any, of (i) the related Class Repo Share and Deposit Share of the Collateral Amount (in the case of FX Notes, converted into the relevant Notes Currency at the applicable FX Rate through the related Currency Swap) after deducting any costs relating to such decrease of Collateral and, in the case of FX Notes, the related Currency Swap, over (ii) the Protected Amount of the related Investor Noteholding on such date, as determined by the Swap Counterparty.

10. REBALANCING EVENTS

10.1 Rebalancing Events

Each of a Concentration Event, a Credit Impairment Event, a Deleverage Event, an FX Sensitivity Event, an Unremedied FX Sensitivity Event, a Liquidity Event and a Rate Sensitivity Event (as defined below) is a "**Rebalancing Event**".

10.2 Rebalancing procedure

If a Rebalancing Event occurs at any time under any Performance Swap, the following steps will be taken:

(a) following the determination by the Swap Counterparty of a Rebalancing Event, the Swap Counterparty will notify the Portfolio Manager of its occurrence as soon as practicable (except in the case of a Credit Impairment Event, in which case the Swap Counterparty may make such notification at its discretion);

(b) in the case of a Rebalancing Event other than an FX Sensitivity Event (for which, see paragraphs (d) and (e) below), following the relevant notification the Portfolio Manager will make changes as specified for each Rebalancing Event to the relevant Global Reference Sub-Portfolio(s), in accordance with the trading process and the management guidelines, which are sufficient to cure such Rebalancing Event;

(c) (1) Following notice from the Swap Counterparty to the Portfolio Manager that the Portfolio Manager has failed to make the required changes within the period specified in the Performance Swap Confirmation or (2) where the Portfolio Manager ceases to be entitled to act as Trading Agent to the Swap Counterparty under the Trading Agency Agreement (except where alternative hedging arrangements have been put in place with the consent of the Swap Counterparty):

(i) in the case of (1) above, the Swap Counterparty will be entitled (but not obliged) to make changes to the relevant Global Reference Sub-Portfolio(s) in its sole and absolute discretion in order to cure the relevant Rebalancing Event provided that, in the case of a Deleverage Event, after such action the Required Reserve will represent at least 85% of the Effective Reserve; and

(ii) in the case of (2) above, the Swap Counterparty will make changes to the relevant Global Reference Sub-Portfolio(s) in its sole and absolute discretion in order to cure the relevant Rebalancing Event provided that, in the case of a Deleverage Event, after such action the Required Reserve will represent at least 85% of the Effective Reserve.

In the case of a Liquidity Event in respect of any Performance Swap, if insufficient credits are made to the related Portfolio Accounts as a result of such changes to cure the Liquidity Event, the Swap Counterparty is entitled (but not obliged) to instruct the Repo Counterparty and/or the

Deposit Provider to decrease the nominal amount of the Repo and/or the principal amount of the Deposit to the extent necessary to generate sufficient credits to the related Note Account to cure the Liquidity Event, to the extent permitted in accordance with the Repo or, as applicable, the Deposit, as described in the section of this Prospectus headed "*The Collateral Agreements*" below.

Any decrease of the Collateral Amount referred to above will not be greater than the excess, if any, of (i) such Collateral Amount (in the case of FX Notes, converted into the relevant Notes Currency at the applicable FX Rate through the related Currency Swap) after deducting any costs relating to such decrease of the Repo and/or Deposit and, in the case of FX Notes, the related Currency Swap, over (ii) the Protected Amount of the related Investor Noteholding on such date, as determined by the Swap Counterparty.

If a Portfolio Close-Out Event occurs at the same time as, or is continuing at the same time as, the occurrence of any Rebalancing Event, the procedure applicable to Portfolio Close-Out Events, as described in paragraph 11 (*Portfolio Close-Out Events*) below, will apply in precedence to that in respect of the relevant Rebalancing Event(s).

Any notional cost, loss or gain deemed to have been realised by the relevant Reference Portfolio(s) as a result of any changes to the relevant Global Reference Sub-Portfolio following the occurrence of a Rebalancing Event will be deducted from or added to the balance of the related Notional Cash Account(s), as the case may be.

(d) If a Positive FX Sensitivity Event occurs in respect of any Performance Swap and any Eligible Currency on any Business Day, an amount equal to the Sensitivity Amount will be notionally debited from the applicable Portfolio Account and notionally credited to the related Note Account (after exchange at the prevailing applicable Spot Rate), which, for the avoidance of doubt, may cause the balance of the related Portfolio Account to be negative.

(e) If a Negative FX Sensitivity Event occurs in respect of any Performance Swap and any Eligible Currency on any Business Day, an amount equal to the Sensitivity Amount will be notionally credited to the applicable Portfolio Account (after exchange at the prevailing applicable Spot Rate) and notionally debited from, at the discretion of the Swap Counterparty and unless otherwise directed by the Portfolio Manager, (a) the related Note Account to the extent that the balance of the related Note Account would not be negative as a result of such transfer or (b) any Portfolio Account to the extent that an FX Sensitivity Event would not be triggered.

10.3 Concentration Events

A "**Concentration Event**" will occur in respect of any Class of Notes and any Reference Sub-Portfolio when certain concentration tests are not met and specifically if, on any date, the Swap Counterparty determines that any of the bond concentration, the country concentration, the entity concentration, the high yield concentration, or the sector concentration, the tier I and upper tier II concentration or the option concentration in respect of any Reference Sub-Portfolio is greater than the applicable percentage specified in the table below or if the long-short concentration in respect of the relevant Reference Sub-Portfolio is less than the applicable percentage specified in the table below. Unless specified otherwise in the table below, the Swap Counterparty will measure the concentration levels by reference to the notional or nominal amount of the relevant Reference Assets in the relevant Reference Sub-Portfolio and the applicable Potential Reference Sub-Portfolio Notional. In respect of each Class of Notes and at any time, the "**Reference Sub-Portfolio Notional**" is, in the case of Global Reference Sub-Portfolio 1, the sum of the notional or nominal amounts of the Strategy Assets at such time, and, in the case of Global Reference Sub-Portfolio 2, the sum of the notional or nominal amounts of the Reference Assets at such time. The "**Potential Reference Sub-Portfolio Notional**" means, in respect of any Class of Notes, at any time, the product of the applicable Reference Sub-Portfolio Notional and the greater of (a) one and (b) the ratio (expressed as a fraction) of the applicable Reserve Allocation Percentage of the Effective Reserve to the applicable Required Reserve in respect of the relevant Reference Sub-Portfolio at such time.

	Global Reference Sub-Portfolio 1	**Global Reference Sub-Portfolio 2**

Bond concentration:	15%	15%
Country concentration: Europe/North America/Asia: Emerging markets:	 100% 10%	 100% 10%
Entity concentration:	any investment grade eligible entity, 2%; otherwise, 1%	any investment grade eligible entity, 1%; otherwise, 0.5%
High yield concentration: Emerging market high yield concentration:	10% (provided that the Portfolio Manager will have a five day period to cure any non-satisfaction of this test prior to the occurrence of a Rebalancing Event) 5%	10% (provided that the Portfolio Manager will have a five day period to cure any non-satisfaction of this test prior to the occurrence of a Rebalancing Event) 5%
Sector concentration:	10%-15% (depending on the sector classification)	10%-15% (depending on the sector classification)
Tier I and upper tier II concentration:	10%	10%
Option concentration (Reference Sub-Portfolio 1 only):	5%	N/A
Long-short concentration (Reference Sub-Portfolio 1 only):	80% (concentration weighted by the applicable risk level, as determined by the Swap Counterparty)	N/A

10.4 Credit Impairment Events

A "**Credit Impairment Event**" will occur in respect of any Global Reference Sub-Portfolio and all Classes of Notes if any relevant Reference Asset or Reference Entity in such Global Reference Sub-Portfolio becomes significantly credit impaired, which shall occur if, on any date:

(a) the Swap Counterparty obtains, in respect of any Reference Asset or Reference Entity then included in the relevant Global Reference Sub-Portfolio, quotations from dealers indicating that the spread on the relevant Reference Asset or Reference Entity has exceeded a certain level specified in the Performance Swap Confirmation (or is unable to obtain any such quotation); or

(b) a credit event occurs in respect of any Reference Entity, or there is a default under a Cash Reference Asset, then included in the relevant Global Reference Sub-Portfolio.

10.5 Deleverage Events

A "**Deleverage Event**" will occur in respect of a Reference Sub-Portfolio if such Reference Sub-Portfolio exceeds a maximum permitted leverage which shall occur if, on any date, the product of the Reserve Allocation Percentage and the Effective Reserve relating to such Reference Sub-Portfolio is less than the relevant Required Reserve in respect of such Reference Sub-Portfolio.

The Reserve Allocation Percentage in respect of any Reference Sub-Portfolio may not exceed 70 per cent.

10.6 FX Sensitivity Event

An "**FX Sensitivity Event**" will occur in respect of any Class of Notes and any Eligible Currency, if certain currency limits are exceeded, which shall occur if, on any date, the sum of (a) the aggregate balance of each related Portfolio Account (whether positive or negative) in such Eligible Currency and (b) the market value of the Reference Assets referenced in such Eligible Currency (as determined by the Swap Counterparty), converted in each case into the related Notes Currency at the applicable prevailing Spot Rate, is either a positive number which, or a negative number the absolute value of which, exceeds the threshold specified in relation to such Class of Notes as the "Currency Limit" in the Information Table (the excess, the "**Sensitivity Amount**"). If the sum of (a) and (b) is a positive number, the FX Sensitivity Event will be a "**Positive FX Sensitivity Event**". If the sum of (a) and (b) is a negative number, the FX Sensitivity Event will be a "**Negative FX Sensitivity Event**".

If following an FX Sensitivity Event, such FX Sensitivity Event cannot be cured by notional exchanges in accordance with paragraphs 10.2(d) or (e) above, an "**Unremedied FX Sensitivity Event**" will occur.

10.7 Liquidity Events

A "**Liquidity Event**" will occur in respect of any Class of Notes if the aggregate balance of the Notional Cash Accounts relating to such Class of Notes is insufficient to cover the liquidity risk in the related Reference Portfolio, which shall occur if the balance of the Note Account relating to such Class of Notes falls below the threshold specified in relation to such Class of Notes as the "Liquidity Event Threshold" in the Information Table and the Swap Counterparty elects to treat such event as a Liquidity Event.

10.8 Rate Sensitivity Events

A "**Rate Sensitivity Event**" will occur in respect of all Classes of Notes, any Global Reference Sub-Portfolio and any Eligible Currency if, on any date, the Swap Counterparty determines that the sensitivity of that portion of the relevant Global Reference Sub-Portfolio comprised of Reference Assets referenced in such Eligible Currency to changes in interest rates exceeds certain limits specified in the Performance Swap Confirmation.

11. PORTFOLIO CLOSE-OUT EVENTS

11.1 Portfolio Close-Out Events

A "**Portfolio Close-Out Event**" means, in respect of each Class of Notes and the related Reference Portfolio, the occurrence of (a) a Zero-Reserve Event in respect of such Class of Notes (b) a Portfolio Management Termination Event or (c) if the Issuer fails to pay any Gap Risk Swap Payment in full on any payment date as a result of there being insufficient credits to the related Notional Cash Accounts.

A "**Zero-Reserve Event**" will occur in respect of any Class of Notes on any date if the Swap Counterparty determines that the Effective Reserve for such Class of Notes has been reduced to zero or is negative.

A "**Portfolio Management Termination Event**" will occur in respect of all Classes of Notes on any date if (a) the Portfolio Manager's appointment under the Portfolio Management Agreement terminates and (where the Issuer has a right to appoint a successor portfolio manager in such circumstances) a successor is not appointed by the Issuer within 30 calendar days of such termination in accordance with Condition 14(c) (*Appointment of a successor portfolio manager*) or (b) the Portfolio Management Agreement otherwise terminates.

"**Effective Reserve**" means, in respect of each Class of Notes and the related Reference Portfolio on any date, an amount in the relevant Notes Currency calculated by the Swap Counterparty to be equal to the sum of:

(a) the current balance of the related Notional Cash Accounts which will be determined by converting the balance of all of the related Portfolio Accounts into the applicable Notes Currency at the applicable prevailing Spot Rate and multiplying (if negative) or dividing (if positive) the result by the effective reserve haircut set out in respect of such Class of Notes in the Performance Swap Confirmation, and then adding the balance of the applicable Note Account;

(b) the related portion of the then-current repurchase price of the Repo and principal amount of the Deposit net of (A) the effective cost of increasing or decreasing the nominal amount of the Repo or the principal amount of the Deposit, in each case as it relates to the relevant Class of Notes by that proportion (converted, in the case of FX Notes, into the relevant Notes Currency at the applicable FX Rate as specified in the applicable Currency Swap) which exceeds the Protected Amount, of the related Investor Noteholding on such date and (B) (in the case of FX Notes) the effective cost of decreasing or increasing the notional amounts of the related Currency Swap by an equivalent proportion;

(c) in the case of any FX Notes, the market value of the related Currency Swap in the relevant Notes Currency, calculated by the Swap Counterparty, net of any unwind costs of such transaction (without double counting with (b)(B) above); and

(d) the aggregate market value of each Reference Asset in the applicable Reference Portfolio (converted into the relevant Notes Currency at the applicable prevailing Spot Rate and multiplied (if negative) or divided (if positive) by the applicable effective reserve haircut set out in the Performance Swap Confirmation);

less the sum in the applicable Notes Currency of:

(e) the Protected Amount of the related Investor Noteholding on such date;

(f) the Gap Risk Swap Payments which would be payable on such date if a Portfolio Close-Out Event occurred on such date (except that such Gap Risk Swap Payments will be calculated using the prevailing Reserve Zero-Coupon Yield instead of the Zero-Coupon Yield), in respect of the related Investor Noteholding;

(g) the accrued and unpaid Fees (excluding Junior Management Fees) in respect of the related Investor Noteholding;

(h) the present value of Guaranteed Coupons which would be payable in respect of the related Investor Noteholding for the relevant Class (if applicable) after such date (assuming no change in the relevant Investor Noteholding) and

(i) the present value of expected operating expenses (up to the specified cap on such operating expenses) falling due and payable after such date in respect of the related Investor Noteholding, discounted at the prevailing Reserve Zero-Coupon Yield on such date and, in the case of FX Notes, converted into the related Notes Currency at the applicable prevailing Spot Rate.

In relation to any Class of Notes and any Reference Sub-Portfolio, "**Effective Reserve**" means an amount equal to the product of (i) the amount determined as set out above, and (ii) the relevant percentage share of the Effective Reserve allocated to such Reference Portfolio by the Portfolio Manager.

11.2 Procedure following a Portfolio Close-Out Event

If a Portfolio Close-Out Event occurs at any time under any Performance Swap, the Swap Counterparty will notify the Portfolio Manager of its occurrence as soon as practicable and the Swap Counterparty will unwind the relevant Reference Portfolio.

The Issuer will notify the Noteholders of the relevant Class of Notes of the occurrence of a Portfolio Close-Out Event in accordance with Condition 16 (*Notices*).

Any notional cost or gain deemed to have been realised by the relevant Reference Portfolio as result of such winding up will be deducted from or added to the balance of the related Notional Cash Account(s), as the case may be.

12. LONG ONLY EVENT

A "**Long Only Event**" will occur in respect of all Classes of Notes if, on any date, the sum of the notional or nominal of each Reference Asset in the Global Reference Portfolio, converted (where applicable) into USD at the applicable prevailing Spot Rate, on such Business Day, is less than USD 50,000,000. If a Long Only Event occurs (and for so long as such event is continuing), the Portfolio Manager will be required to adjust the Global Reference Portfolio such that it comprises

only long positions in untranched credit default swaps on credit indices. The long-short concentration test and sector concentration test shall not be applicable as long as a Long-Only Event is continuing.

13. GAP RISK SWAP PAYMENTS

The Issuer will pay (by way of debit from the Note Account relating to each Class of Notes) gap risk swap payments ("**Gap Risk Swap Payments**") to the Swap Counterparty quarterly in respect of such Class of Notes, in an amount equal to the product of (a) the daily average for each day during the related gap risk payment period of the product of (i) the applicable rate specified under "Gap Risk Payment Rate" in the Information Table in respect of such Class or the reduced rate referred to below and (ii) the related Investor Noteholding on such date; (b) the Effective Reserve Ratio; and (c) the relevant day count fraction. Gap Risk Swap Payments are specified exclusive of any applicable value added taxes. Following a Portfolio Close-Out Event, the Issuer will pay to the Swap Counterparty the present value of all future scheduled Gap Risk Swap Payments on the basis of a reduced rate (the "**Reduced Gap Risk Swap Payments**") discounted at the prevailing Zero-Coupon Yield, calculated as described above but assuming for such purpose an Effective Reserve Ratio equal to the Effective Reserve Ratio prevailing on the date of the occurrence of such Portfolio Close-Out Event, which will be inclusive of any applicable value added taxes. The "gap risk" is the risk that the value of the relevant Reference Portfolio for a Class of Notes will decline so quickly that the Issuer will have insufficient assets to pay the Protected Amount (if any), forcing the Swap Counterparty to pay any shortfall to the Issuer.

14. CASH INTERMEDIATION SWAP PAYMENTS

There will be no limitations to the number of adjustments to the Global Reference Portfolio (either by an addition of a Reference Asset to, or a removal of a Reference Asset from the Global Reference Portfolio) that may be made during any payment period provided that, for each adjustment where the aggregate number of adjustments (other than Interclass Adjustments) to the Global Reference Portfolio in the related payment period exceeds 500, the Issuer will pay an intermediation payment in respect of adjustments in excess of such limit (by way of debit of a pro rata amount of such intermediation payment to the relevant Notional Cash Account). In addition, in relation to each Class of Notes, the Issuer will pay (by way of debit to the Note Account relating to such Class of Notes) an intermediation payment to the Swap Counterparty quarterly, in respect of such Class of Notes in an amount equal to the product of (a) the daily average for each day during the related payment period of the product of (i) the applicable rate specified in the Performance Swap Confirmation in respect of such Class and (ii) the related Investor Noteholding on such date; (b)(i) the related Note Value as at the Issue Date (in the case of the first payment date) or five Business Days prior to the previous payment date (in the case of any other payment date) divided by (ii) the related Outstanding Nominal Amount on such date; and (c) the relevant day count fraction. In respect of each Class of Notes, the payments referred to in this paragraph 14 are "**Cash Intermediation Swap Payments**".

15. DOCUMENTATION

Each Performance Swap will be documented by the Performance Swap Confirmation under the ISDA Master Agreement. The ISDA Master Agreement is summarised in the section of this Prospectus headed "*ISDA Master Agreement*" below.

16. CALCULATIONS AND DETERMINATIONS

Unless otherwise stated in the relevant documentation, the Swap Counterparty will make all calculations and determinations in its sole and absolute discretion (but acting always in good faith). All such calculations and determinations (in the absence of wilful default, misconduct, bad faith or manifest error) will be binding on the Issuer, the Portfolio Manager and the Noteholders. If the Portfolio Manager or the Issuer reasonably believes that there has been an error in any determination made by the Swap Counterparty or if the Portfolio Manager disagrees with details of any Reference Portfolio, it may (but is not obliged to) consult with the Swap Counterparty with a view to resolving such dispute. Neither the Portfolio Manager nor its affiliates or delegates will have any liability for any such calculations or determinations, nor will any of them have any obligation to dispute such calculations or determinations.

17. REPORTING

17.1 Reporting

In respect of each Business Day, the Swap Counterparty will send to the Portfolio Manager a register (the "**Daily Batch**"), in a form agreed between the Swap Counterparty and the Portfolio Manager from time to time, which will contain, amongst other things, the following information:

in respect of each Performance Swap:

(a) the Reference Assets comprising each Global Reference Sub-Portfolio, reflecting any changes thereto made on such Business Day;

(b) the Portfolio Class Percentage reflecting any changes thereto made on such Business Day;

(c) the Eligibility Register reflecting any changes thereto made on such Business Day;

(d) whether, on such Business Day, the Swap Counterparty has determined that a Rebalancing Event or Portfolio Close-Out Event has occurred;

(e) details concerning the interest rate sensitivity of each related Reference Sub-Portfolio;

(f) the market value and notional amount of each Reference Asset in each related Reference Sub-Portfolio;

(g) details of any changes to the Collateral Providers' general collateral conditions for Bond Repo Transactions;

(h) the Required Reserve in respect of each related Reference Sub-Portfolio;

(i) the balance of each related Portfolio Account, whether such balance is positive or negative, and, if such balance is positive, the daily deposit rate at which interest is notionally accruing on such Portfolio Account and if such balance is negative, the daily rate at which interest is notionally being debited from such Portfolio Account;

(j) the balance of the related Note Account and the daily deposit rate at which interest is notionally accruing on such Note Account;

(k) the aggregate of the balances of each related Portfolio Account and the related Note Account;

(l) the prevailing Spot Rates for such Business Day; and

(m) the Spot Rate used in relation to any notional exchanges between each Portfolio Account and the Note Account on such Business Day;

in respect of each Class of Notes:

(n) the level of the Effective Reserve in respect of each related Reference Sub-Portfolio;

(o) the market value of the Repo and the Deposit, in each case, as it relates to such Class of Notes;

(p) in the case of FX Notes, the market value of the applicable Currency Swap;

(q) the Protected Amount (if any) on such Business Day;

(r) the accrued but unpaid Expense Amounts, Senior Management Fees, Gap Risk Swap Payments and Guaranteed Coupons (if applicable);

(s) the present value of the estimated Expense Amounts and the Reduced Gap Risk Swap Payments which would fall due after such Business Day, discounted using the prevailing Reserve Zero-Coupon Yield as at such date, together with details of such Reserve Zero-Coupon Yield; and

(t) the Investor Noteholding.

(u) There is no obligation for the Daily Batch to contain any of the information in respect of a Performance Swap following the occurrence of a Portfolio Close-Out Event in relation to such Performance Swap.

17.2 Daily Valuation

By no later than 5.00 p.m. New York time on each Business Day, the Swap Counterparty will send to the Portfolio Manager a valuation report (the "**Daily Valuation**"), in a form agreed between the Swap Counterparty and the Portfolio Manager from time to time, which will contain the market value and notional of each Reference Asset in the related Reference Portfolio.

THE REFERENCE PORTFOLIOS

1. GENERAL

There will be one Global Reference Portfolio in respect of all Classes of Notes which is itself comprised of two Global Reference Sub-Portfolios. Global Reference Sub-Portfolio 1 may be comprised of notional single name credit default swaps, notional credit default swaps on certain credit indices and notional options on single name credit default swaps or on credit default swaps on credit indices ("**Synthetic Reference Assets**"), bonds ("**Cash Reference Assets**"), notional interest rate transactions ("**Interest Rate Transactions**") and notional bond sale and repurchase transactions ("**Bond Repo Transactions**"). Global Reference Sub-Portfolio 2 may be comprised of the same asset types, save for notional options. The Global Reference Sub-Portfolios will be selected and managed by the Portfolio Manager in accordance with the terms of the Portfolio Management Agreement and subject to the management guidelines and restrictions contained in the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" above. Reference Assets may be denominated in any of the four Eligible Currencies (being EUR, USD, JPY and GBP).

Each Performance Swap relating to a Class of Notes has its own Reference Portfolio and, accordingly, two Reference Sub-Portfolios, each consisting of a percentage share of the relevant Global Reference Sub-Portfolio). The percentage share of each Performance Swap may be varied from time to time by the Portfolio Manager in accordance with the Performance Swap Confirmation, as described in the section of this Prospectus headed "*The Performance Swaps*" above.

2. SYNTHETIC REFERENCE ASSETS

The Global Reference Sub-Portfolios may include Synthetic Reference Assets comprising notional long and/or short positions in the following types of credit derivative transactions:

(a) unleveraged credit default swaps on single reference entities;

(b) unleveraged credit default swaps on credit indices;

(c) (in the case of Global Reference Sub-Portfolio 1 only) unleveraged options relating to credit default swaps on single reference entities; and/or

(d) (in the case of Global Reference Sub-Portfolio 1 only) unleveraged options relating to credit default swaps on credit indices.

3. CASH REFERENCE ASSETS

Global Reference Sub-Portfolios may include Cash Reference Assets comprising notional long positions in the following types of bonds:

(a) fixed rate or floating rate cash corporate or financial senior or subordinated bonds (including lower tier two instruments); and/or

(b) tier one or upper tier two instruments consisting of cash bonds.

4. INTEREST RATE TRANSACTIONS

Global Reference Sub-Portfolios may include Interest Rate Transactions to hedge the interest rate risk of the Global Reference Portfolio. Such Interest Rate Transactions will consist of:

(a) notional intraday long and/or short positions in treasury bonds; and/or

(b) notional interest rate swaps.

5. BOND REPO TRANSACTIONS

Global Reference Sub-Portfolios may include Bond Repo Transactions comprising notional open repurchase transactions rolled on a daily basis in a nominal amount sufficient to refinance the aggregate notional position of the Cash Reference Assets in the related Global Reference Sub-Portfolio.

Bond Repo Transactions will be repriced daily and corresponding adjustments will be credited to or debited from the applicable related Notional Cash Account(s) on a daily basis.

6. MANAGEMENT STRATEGIES

For the purposes of determining the Required Reserve, any adjustments to any Global Reference Portfolio by the Portfolio Manager will be analysed as relating to, in the case of Global Reference Sub-Portfolio 1, one or more of the strategies set out below or, in the case of Global Reference Sub-Portfolio 2, a directional strategy as described below (a "**Reference Strategy**"):

(a) a “directional strategy”, being an investment strategy involving a notional investment referencing a single Reference Asset which is a notional index credit default swap, a notional single name credit default swap or a Cash Reference Asset;

Directional strategies may (but are not required to) be employed, amongst other times, in relation to Reference Assets where in the view of the Portfolio Manager such Reference Assets represent a favourable investment opportunity in terms of income or potential market value appreciation;

(b) a “curve strategy”, being an investment strategy involving a notional investment in two Reference Assets which are notional index credit default swaps, notional single name credit default swaps and/or Cash Reference Assets, the Reference Assets differing only in terms of their respective positions (one being long (that is, the position increases in value if the relevant Reference Asset increases in value), the other being short (that is, the position increases in value if the relevant Reference Asset decreases in value)), their respective maturities and their respective notional amounts;

Curve strategies may (but are not required to) be employed, amongst other times, where in the view of the Portfolio Manager the value of the relevant Reference Assets may change in such a manner that the aggregate market value of a matched long/short position in the relevant Reference Assets is likely to appreciate;

(c) a “long/short strategy”, being an investment strategy involving a notional investment in two different Reference Assets which are notional index credit default swaps, notional single name credit default swaps and/or Cash Reference Assets, the Reference Assets differing in terms of their respective positions (one being long, the other being short) and the relevant related reference entity or reference index;

A significant proportion of Global Reference Sub-Portfolio 1 is required to be invested in long/short strategies (see paragraph 10.3 (Concentration Tests) of the section of this Prospectus headed "*The Performance Swaps*" above). Long/short strategies may (but are not required to) be employed, amongst other times, where in the view of the Portfolio Manager credit spreads in relation to the Reference Asset which is the subject of the long position may decrease, and credit spreads in relation to the Reference Asset which is the subject of the short position may increase;

(d) a “basis strategy”, being a long/short position investment strategy involving a notional investment in any two Reference Assets where the long position is in a Cash Reference Asset and the short position is in a Synthetic Reference Asset;

Basis strategies may (but are not required to) be employed, amongst other times, where in the view of the Portfolio Manager there is a favourable basis between the credit spreads in relation to the Reference Asset which is a Cash Reference Asset and credit spreads in relation to the Reference Asset which is a Synthetic Reference Asset, or that such credit spreads on the Reference Assets may move differently in the future such that the aggregate market value of a matched long/short position in the relevant Reference Assets is likely to appreciate;

(e) a “capital structure strategy”, being a long/short position investment strategy involving a notional investment in any two Reference Assets that are notional single name credit default swaps which reference the same reference entity but do not reference the same seniority of the related reference obligation;

Capital structure strategies may (but are not required to) be employed, amongst other times, where there in the view of the Portfolio Manager there is a favourable basis between the credit spreads in relation to the senior Reference Asset and credit spreads in relation to the junior Reference Asset, or that such credit spreads on the Reference Assets may move differently in the future such that the aggregate market value of a matched long/short position in the relevant Reference Assets is likely to appreciate; and

(f) an “option strategy”, being an investment strategy involving a notional investment in a single Reference Asset which is a notional option;

Option strategies in relation to a single Reference Asset may (but are not required to) be employed, amongst other times, where in the view of the Portfolio Manager such Reference Asset represents a favourable investment opportunity in terms of potential market value appreciation.

The way in which the Portfolio Manager employs the strategies described above may change at any time, for any reason including in connection with changes in economic and general market conditions.

The Portfolio Manager does not make any representation, warranty or guarantee that following any such strategy will produce the anticipated results.

7. RAMP UP

The Portfolio Manager will manage the selection of the Reference Assets comprising each Global Reference Sub-Portfolio from the Issue Date in accordance with the provisions of the Portfolio Management Agreement and the Performance Swap Confirmation. Except for the purposes of compliance with certain tests, there is no obligation for any Global Reference Sub-Portfolio to be a certain size at any time.

8. ECONOMIC AND CONTRACTUAL TERMS OF REFERENCE ASSETS

Any Synthetic Reference Assets will be deemed to have been entered into on the basis of the economic and contractual terms on the basis of which the relevant quotation was obtained from the selected eligible dealer in accordance with the trading process, as described in the section of this Prospectus headed "*The Performance Swaps*" above.

Any Interest Rate Transactions and Bond Repo Transactions will be deemed to have been entered into on the basis of the Swap Counterparty's standard terms as offered by the Swap Counterparty from time to time to other customers of the Swap Counterparty and may change on a daily basis. Any such changes will be notified in writing by the Swap Counterparty to the Portfolio Manager.

THE TOTAL RETURN SWAPS

1. GENERAL

On the Issue Date, the Issuer will enter into a swap transaction (each, a "**Total Return Swap**") with the Swap Counterparty in respect of each Class of Notes. Each Total Return Swap relates to the Notes of the related Class which are held by the Swap Counterparty or any affiliate at any time and designated at such time by the Swap Counterparty as forming part of the "**TRS Noteholding**". Each Total Return Swap is subject to the ISDA Master Agreement.

2. INITIAL PAYMENT

On the Issue Date, the Issuer will pay to the Swap Counterparty under each related Total Return Swap an amount equal to the issue amount of the Notes of the related Class purchased by the Swap Counterparty or any affiliate and forming part of the related TRS Noteholding on the Issue Date and not sold by the Swap Counterparty to investors on such date.

3. INTERIM PAYMENTS

On each date on which a Guaranteed Coupon is payable under any Class of Guaranteed Coupon Notes, the Swap Counterparty will pay to the Issuer under the related Total Return Swap an amount equal to a portion of such Guaranteed Coupon, as determined in relation to the related TRS Noteholding as of five Business Days prior to the related Coupon Payment Date.

4. FINAL PAYMENT

On the Redemption Date of the Notes of any Class, the Swap Counterparty will pay to the Issuer under the related Total Return Swap an amount equal to the product of (a) the sum of (i) the amount payable by the Swap Counterparty under the related Performance Swap and (ii) (in the case of FX Notes) the amount payable by the Swap Counterparty under any related Currency Swap or (in the case of EUR Notes) the amounts payable in respect of the relevant Class of Notes by the Repo Counterparty and/or the Deposit Provider under the Repo and the Deposit and (b) the fraction equal to (i) the TRS Noteholding on such Redemption Date divided by (ii) the Investor Noteholding on such Redemption Date.

Upon an early termination of a Total Return Swap in relation to any Class of Notes including on an early redemption of the Notes, a termination payment will be calculated (which may be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer) in accordance with the related ISDA Master Agreement in respect of the related Total Return Swap as described under the section of this Prospectus headed "*The ISDA Master Agreement*" below.

5. ADJUSTMENTS TO TOTAL RETURN SWAPS

5.1 Increase of Investor Noteholding

If the Investor Noteholding in relation to any Class of Notes increases (either as a result of a Tap Issue or issue of a Further Class not designated to form part of the TRS Noteholding or a decrease in the TRS Noteholding) on any day, then on such day:

(a) the Issuer will make:

(i) in the case of any Class of EUR Notes, a payment to the Repo Counterparty and/or the Deposit Provider to increase the nominal amount of the Repo and the principal amount of the Deposit, in each case as it relates to the relevant Class of Notes, by an equivalent proportion to the increase of such Investor Noteholding; and

(ii) in the case of any Class of FX Notes, a payment to the Swap Counterparty under the applicable related Currency Swap in the Notes Currency of such Notes, to increase its notional amounts by an equivalent proportion to the increase of such Investor Noteholding and the Swap Counterparty will pay to the Issuer an amount in EUR to increase the nominal amount of the Repo and/or the principal amount of the Deposit, in each case as it relates to the relevant Class of Notes, by an equivalent proportion to the increase in such Investor Noteholding (which the Issuer will pay to the Repo Counterparty and/or the Deposit Provider, as applicable).

Such payments may be more than or less than the relevant increase in nominal amount of the Repo and/or principal amount of the Deposit and (if applicable) the notional amounts of the applicable related Currency Swap depending on their respective market value at the time, as determined by the Repo Counterparty, the Deposit Provider or Swap Counterparty, as applicable;

(b) the Issuer will make a payment to the Swap Counterparty under the related Performance Swap in the related Notes Currency equal to the product of (i) the market value of such Performance Swap (as determined by the Swap Counterparty by reference to the market value of the relevant Reference Portfolio and the notional amounts in the relevant Notional Cash Accounts) and (ii) an equivalent proportion to the increase in such Investor Noteholding, in each case as determined by the Swap Counterparty; and

(c) (i) in the case of any increase in the Investor Noteholding not due to a Tap Issue, the Swap Counterparty will make a payment to the Issuer under the relevant Total Return Swap in an amount equal to the aggregate of the payments in (a) and (b) above; or

(ii) in the case of any increase in Investor Noteholding due to a Tap Issue, the Issuer will fund the payments in (a) and (b) above from the applicable purchase price.

5.2 **Decrease of TRS Noteholding as a result of a buy back of Notes by the Issuer designated to form part of TRS Noteholding**

If the TRS Noteholding in relation to any Class of Notes decreases on any day as a result of the sale of Notes by the Swap Counterparty or its affiliates to the Issuer for cancellation, then on such day the Swap Counterparty will pay to the Issuer an amount in the applicable Notes Currency equal to the applicable market value in respect of such Notes (as determined by the Swap Counterparty by reference to the market value of the related Performance Swap, the Repo and the Deposit, in each case as it relates to the relevant Class of Notes and, in the case of FX Notes, the applicable related Currency Swap), which the Issuer will apply in the purchase of such Notes from the Swap Counterparty or its affiliates and their cancellation.

5.3 **Decrease of Investor Noteholding**

If the Investor Noteholding in relation to any Class of Notes decreases (as a result of a purchase by the Issuer of any Notes which are not designated to form part of the TRS Noteholding by the Swap Counterparty or an increase in the TRS Noteholding), then on such day:

(a)

(i) in the case of any Class of EUR Notes, the Repo Counterparty and the Deposit Provider will make a payment to the Issuer under the Repo and/or the Deposit to decrease the nominal or, as applicable, principal amounts thereof by an equivalent proportion to the decrease of such Investor Noteholding; and

(ii) in the case of any Class of FX Notes, the Repo Counterparty and the Deposit Provider will make a payment to the Issuer under the Repo and/or the Deposit to decrease the nominal or, as applicable, principal amounts thereof by an equivalent proportion to the decrease of such Investor Noteholding and the Issuer will pay such amount to the Swap Counterparty under the applicable related Currency Swap in return for a payment from the Swap Counterparty in the related Notes Currency to decrease the notional amounts of the applicable related Currency Swap by an equivalent proportion to the decrease of such Investor Noteholding.

Such payments may be more than or less than the relevant decrease in nominal or, as applicable principal amount of the Repo or Deposit, in each case as it relates to the relevant Class of Notes and (if applicable) the notional amounts of the applicable related Currency Swap, depending on their respective market values (as determined by the Swap Counterparty) at the time as determined by the Repo Counterparty, Deposit Provider or Swap Counterparty, as applicable;

(b) the Swap Counterparty will make a payment to the Issuer under the related Performance Swap in the related Notes Currency equal to the product of (i) the market value of such

Performance Swap (as determined by the Swap Counterparty by reference to the market value of the relevant Reference Portfolio and the notional amounts in the relevant Notional Cash Accounts) and (ii) an equivalent proportion to the decrease of such Investor Noteholding, as determined by the Swap Counterparty; provided that, if such payment is expected by the Swap Counterparty to trigger a Liquidity Event, such payment will be limited to the maximum amount that would not trigger such an event and the payment in (a) above will be increased by the applicable shortfall to the extent permitted under the related Repo and/or the Deposit; and

(c)

(i) in the case of any decrease in the Investor Noteholding as a result of any purchase of Notes by the Swap Counterparty or its affiliates, the Issuer will make a payment to the Swap Counterparty under the relevant Total Return Swap in an amount equal to the aggregate of the amounts received by the Issuer in (a) and (b) above; or

(ii) in the case of any decrease in the Investor Noteholding as a result of the purchase and cancellation of any Notes, the Issuer will use the amounts received in (a) and (b) above to fund the applicable purchase price.

5.4 **Increase of TRS Noteholding as a result of a Tap Issue of Notes designated to form part of TRS Noteholding**

If the Swap Counterparty or its affiliate purchases Notes from the Issuer and designates such Notes to form part of the TRS Noteholding, then the Issuer will make a related payment to the Swap Counterparty of an amount in the applicable Notes Currency equal to the applicable Issue Price.

THE CURRENCY SWAPS

1. GENERAL

On the Issue Date, the Issuer will enter into a swap transaction (each, a "**Currency Swap**") with the Swap Counterparty in respect of each Class of Notes issued by it which are FX Notes. Each Currency Swap is subject to the ISDA Master Agreement.

2. INITIAL PAYMENTS

On the Issue Date, the Issuer will pay to the Swap Counterparty under each related Currency Swap an amount in the related Notes Currency in return for which the Swap Counterparty will make a payment to the Issuer of an amount in EUR equal to such amount, converted at the initial foreign exchange rate specified in the Currency Swap Confirmation (the "**FX Rate**").

3. INTERIM PAYMENTS

Under each Currency Swap, quarterly and on the Redemption Date of the related Class of Notes, the Issuer will pay to the Swap Counterparty an amount equal to the relevant portion of the price differential received by the Issuer from the Repo Counterparty under the Repo and the interest received from the Deposit Provider under the Deposit on such date and the Swap Counterparty will pay to the Issuer an amount in the relevant Notes Currency equal to the notional amount of that Currency Swap multiplied by the FX Floating Rate applicable to the relevant Notes Currency multiplied by the relevant day count fraction which the Issuer will pay to the Swap Counterparty under the related Performance Swap.

4. LIQUIDITY EVENT

If a Liquidity Event occurs in respect of the related Class of Notes and sufficient cash to cure such Liquidity Event is not generated by alternative permitted means in accordance with paragraph 10 (*Rebalancing Events*) of the section of this Prospectus headed "*The Performance Swaps*" above, that Currency Swap will be decreased in size and the Swap Counterparty and the Issuer will make corresponding payments to each other, as described in the section of this Prospectus headed "*The Collateral Agreements*" below.

5. REPO OR DEPOSIT INCREASE OR DECREASE

If the Swap Counterparty and the Portfolio Manager agree to increase or decrease the aggregate size of the Repo and/or the Deposit in respect of any Class of FX Notes, the notional amounts of the related Currency Swap will be correspondingly increased or decreased in size and the Swap Counterparty and the Issuer will make corresponding payments to each other, as described in the section of this Prospectus headed "*The Collateral Agreements*" below.

6. CHANGES TO INVESTOR NOTEHOLDING

If the Investor Noteholding relating to a Class of Notes which are FX Notes increases or decreases, the notional amounts of the related Currency Swap will be correspondingly increased or decreased and the Swap Counterparty and the Issuer will make corresponding payments to each other, as described in the section of this Prospectus headed "*The Total Return Swaps*" above.

7. FINAL PAYMENT

On the Redemption Date of any Class of Notes which are FX Notes, the Issuer will pay to the Swap Counterparty under the related Currency Swap an amount in EUR equal to the related Collateral Amount and the Swap Counterparty will pay to the Issuer an amount equivalent to such amount in the relevant Notes Currency converted using the relevant FX Rate.

Upon an early termination of a Currency Swap in relation to any Class of Notes including on an early redemption of the Notes, a termination payment will be calculated (which may be payable by the Issuer to the Swap Counterparty or by the Swap Counterparty to the Issuer) in accordance with the related ISDA Master Agreement in respect of the related Currency Swap as described under the section of this Prospectus headed "*The ISDA Master Agreement*" below.

8. PORTFOLIO CLOSE-OUT EVENT

If a Portfolio Close-Out Event occurs in respect of any Class of Notes which are FX Notes, the Issuer will pay to the Swap Counterparty an amount equal to the related Zero-Coupon Purchase Shortfall Amount, if any, against payment of the equivalent in EUR at the FX Rate (or, as applicable, the Issuer will be deemed to pay to the Swap Counterparty an amount equal to the EUR equivalent of any Zero Coupon Purchase Excess Amount to the Issuer, against payment of such Zero Coupon Purchase Excess Amount), and the Issuer will pay to the Swap Counterparty any cost, or the Swap Counterparty will pay to the Issuer any gain resulting from such increase.

THE ISDA MASTER AGREEMENT

1. GENERAL

The Issuer has entered into the ISDA Master Agreement with the Swap Counterparty. The ISDA Master Agreement comprises a 2002 ISDA Master Agreement and schedule thereto, both dated as of the Issue Date, which operates separately in relation to each Class of Notes.

2. TERMINATION

The following events of default apply for the purposes of the ISDA Master Agreement: (a) Failure to Pay or Deliver; (b) Breach of Agreement/Repudiation of Agreement (which will only apply to the Swap Counterparty); (c) Misrepresentation (which will only apply to the Swap Counterparty); (d) Bankruptcy (subject to certain amendments in the case of the Issuer); and (e) Merger Without Assumption (which will only apply to the Swap Counterparty) (each as defined in the ISDA Master Agreement).

The following termination events apply for the purposes of the ISDA Master Agreement: (a) Illegality; (b) Force Majeure Event; (c) Tax Event Upon Merger (in respect of the Swap Counterparty only) and (d) Additional Termination Event (each as defined in the ISDA Master Agreement).

The "Additional Termination Event" specified in the ISDA Master Agreement occurs in relation to a Class of Notes if all of the Notes of such Class become immediately due and payable or are purchased (as the case may be) (i) following an Event of Default, (ii) following an event specified under Condition 7(b) (*Early redemption for taxation reasons*) or Condition 7(c) (*Early redemption upon termination of the Repo Agreement*) (other than a termination of the ISDA Master Agreement in relation to such Class arising out of an event of default or a termination event when the Swap Counterparty is the defaulting party or the sole affected party) or (iii) pursuant to Condition 8 (*Purchase and cancellation*).

Following the occurrence of an event of default or termination event under the ISDA Master Agreement in relation to a Class of Notes, the non-defaulting party in the case of an event of default, either party in the case of an Illegality or Force Majeure Event, the burdened party in the case of a Tax Event Upon Merger or the Swap Counterparty in the case of the Additional Termination Event may elect to terminate the ISDA Master Agreement in relation to such Class (including the related Performance Swap, Currency Swap (in the case of FX Notes) and Total Return Swap thereunder). Upon a termination of the ISDA Master Agreement in relation to any Class of Notes, a termination payment will be calculated in accordance with the ISDA Master Agreement in respect of (inter alia) the related Performance Swap or Currency Swap (in the case of FX Notes) and Total Return Swap.

Where the ISDA Master Agreement is terminated in relation to a Class of Notes in connection with a redemption or purchase of such Class of Notes pursuant to Condition 7 (*Redemption*), Condition 8 (*Purchase and cancellation*) or Condition 10 (*Events of Default*), if such termination payment is payable by the Swap Counterparty to the Issuer, the Swap Counterparty will pay it to the Issuer before the Redemption Date of the relevant Class of Notes and if such termination payment is payable by the Issuer to the Swap Counterparty, the Issuer will pay it to the Swap Counterparty on the Redemption Date of the relevant Class of Notes in accordance with the priority of payments specified in the Conditions.

If an ISDA Master Agreement is terminated for any reason other than in connection with a redemption or purchase of the Notes pursuant to Condition 7 (*Redemption*), Condition 8 (*Purchase and cancellation*) or Condition 10 (*Events of Default*), any termination payment received by the Issuer will be paid into a guaranteed investment contract in respect of which Rating Agency Confirmation must be received and the Issuer will have the right to appoint a successor swap counterparty in accordance with Condition 14(d) (*Appointment of successor Swap Counterparty*). If a successor swap counterparty is not appointed by the Issuer within 90 calendar days of the termination of the ISDA Master Agreement, a Portfolio Close-Out Event will be deemed to have occurred in respect of such Class of Notes.

3. DOWNGRADE OF SWAP COUNTERPARTY

In the event that the Swap Counterparty Assigned Rating is less than the Swap Counterparty Required Rating, the Swap Counterparty is required to collateralise its obligations (in accordance with the requirements of the Rating Agency) to provide the Issuer with sufficient funds to pay the Protected Amount in relation to each Class of Notes in accordance with the priorities of payments as set out in Condition 3(e) (*Application of Proceeds*) below or may provide a third party guarantee from a party with the ratings required by the Rating Agency or, subject to the consent of the Portfolio Manager, may transfer its obligations to an alternative Swap Counterparty with the ratings required by the Rating Agency.

4. WITHHOLDING TAXES

No party is required to pay any additional amount in respect of payments under the ISDA Master Agreement in the event of the imposition of a withholding or deduction on account of tax.

5. LIMITED RECOURSE AND NON-PETITION

The ISDA Master Agreement contains limited recourse and non-petition provisions corresponding to those in the Trust Deed.

6. GOVERNING LAW

The ISDA Master Agreement is governed by English law.

THE COLLATERAL AGREEMENTS

THE REPO

1. GENERAL

On the initial Issue Date, the Issuer enters into a repurchase transaction ("**Repo**") with the Repo Counterparty in respect of all Classes of Notes issued on such date.

2. PURCHASE PRICE

The purchase price paid by the Issuer in respect of the Repo will be a proportion of the balance of the issue proceeds of the Notes issued on the initial Issue Date after (in the case of FX Notes) conversion into EUR under the related Currency Swap. If a Further Class of Notes is issued, the Issuer will pay to the Repo Counterparty a proportion of the issue proceeds of such Further Class of Notes (after, in the case of FX Notes, conversion into EUR under the related Currency Swap) and the nominal amount of the Repo will be increased accordingly.

Each Class of Notes will have a percentage share of the nominal amount of the Repo (and related returns) as determined by the Repo Counterparty on the initial Issue Date. On the date of any increase or decrease of the nominal amount of the Repo as described below or on the Redemption Date of any Class of Notes, the Repo Counterparty will adjust such share in respect of each Class of Notes by reference to the amount of the resulting increase or decrease (as applicable) in the nominal amount of the Repo.

3. PURCHASED SECURITIES

The Repo Counterparty transfers to the Issuer, under the Repo, eligible securities consisting of OECD government bonds, asset-backed securities and/or corporate and/or financial securities, all of which are investment grade having a market value equal to the applicable purchase price.

4. DOWNGRADE OF REPO COUNTERPARTY

If and for so long as the Repo Counterparty Assigned Rating is below the Repo Counterparty Required Rating, certain haircuts specified by the Rating Agency will apply to the eligible securities transferred under the Repo. If and for so long as the Repo Counterparty Assigned Rating is below the Repo Counterparty Required Floor Rating, the Repo Counterparty will provide a third party guarantee from a party with the ratings required by the Rating Agency, transfer its obligations under the Repo to an alternative Repo Counterparty with the ratings required by the Rating Agency or arrange for the immediate termination of the Repo and the application by the Issuer of the resulting proceeds into the Deposit or (if the Deposit Agreement has terminated) a guaranteed investment contract in respect of which Rating Agency Confirmation has been received.

5. REPURCHASE DATE & REPURCHASE PRICE

The Repo will be for a term of 3 months and will be rolled for successive 3 month periods until the final Redemption Date of the Notes, unless an event resulting in the early redemption of all the Notes occurs. The repurchase price of the Repo will be determined by applying the repo rate to the purchase price for the term of the Repo.

6. GLOBAL MASTER REPURCHASE AGREEMENT

The Global Master Repurchase Agreement comprises a TBMA/ISMA Global Master Repurchase Agreement (October 2000 version), dated as of the initial Issue Date, between the Repo Counterparty and the Issuer.

The Global Master Repurchase Agreement includes limited events of default such as bankruptcy of the Issuer or the Repo Counterparty, failure to comply with the margin maintenance and failure to make payments or deliveries thereunder. Upon the occurrence of any such events of default in relation to any Class of Notes, the Repo may be terminated. Additionally, the Repo will be terminated if the Notes of all Classes are redeemed early or repurchased in full for any reason, or if by reason of any action taken by a tax authority or brought in a court of competent jurisdiction or a change in the fiscal or regulatory regime there is or will be a material adverse effect on the Issuer or the Repo Counterparty.

If the Global Master Repurchase Agreement is terminated for any reason other than in connection with a redemption or purchase of the Notes pursuant to Condition 7 (*Redemption*), Condition 8 (*Purchase and cancellation*) or Condition 10 (*Events of Default*), any termination payment received by the Issuer will be paid into the Deposit or (if the Deposit Agreement has terminated) into a guaranteed investment contract in respect of which Rating Agency Confirmation must be received (following which the Issuer will have the right to identify an Alternative Permitted Asset in accordance with Condition 7(c) (*Early redemption on termination of Repo and Deposit Agreement*)). Failing receipt by the Issuer of such payment, or receipt of such Rating Agency Confirmation, the Notes will be redeemed. On such redemption, in the case of FX Notes, any termination amount received by the Issuer will be converted into the applicable Notes Currency at the prevailing Spot Rate by either the Swap Counterparty or, in the case of a default by the Repo Counterparty or Swap Counterparty, the Trustee.

No party is required to pay any additional amount in respect of payments under the Global Master Repurchase Agreement in the event of the imposition of a withholding or deduction on account of tax.

The Global Master Repurchase Agreement contains limited recourse and non-petition provisions corresponding to those in the Trust Deed.

The Global Master Repurchase Agreement is governed by English law.

THE DEPOSIT

1. GENERAL

On the initial Issue Date, the Issuer enters into a deposit agreement (the "**Deposit Agreement**") with the Deposit Provider in respect of all Classes of Notes issued on such date.

2. INITIAL INVESTMENT

Pursuant to the Deposit Agreement, the Issuer will pay to the Deposit Provider a portion of the balance of the issue proceeds of the Notes issued on the initial Issue Date after (in the case of FX Notes) conversion into EUR under the related Currency Swap (the "**Deposit**").

Each Class of Notes will have a percentage share of the principal amount of the Deposit (and related returns) as determined by the Deposit Provider on the initial Issue Date. On the date of any increase or decrease of the nominal amount of the Deposit as described below or on the Redemption Date of any Class of Notes, the Deposit Provider will adjust such share in respect of each Class of Notes by reference to the amount of the resulting increase or decrease (as applicable) in the nominal amount of the Deposit.

3. RETURN ON DEPOSIT

The Deposit Provider will pay to the Issuer interest on the Deposit at the rate offered by the Deposit Provider to its other clients in respect of 3-month deposits denominated in EUR.

4. REPAYMENT ON REDEMPTION DATE

On the Redemption Date of each Class of Notes, the Deposit Provider will repay an amount equal to the relevant share of the Deposit to the Issuer.

5. DOWNGRADE OF DEPOSIT PROVIDER

In the event that the Deposit Provider Assigned Rating is less than the Deposit Provider Required Rating, the Deposit Provider is required to (a) transfer the amount of the Deposit to the Repo Counterparty as described under "*Transfer between Repo and Deposit"* below or (b) collateralise its obligations in accordance with the requirements of the Rating Agency.

In the event that the Deposit Provider Assigned Rating is less than the Deposit Provider Required Floor Rating, the Deposit Provider is required to (a) provide a third party guarantee from a party with the ratings required by the Rating Agency, (b) transfer its obligations to an alternative Deposit Provider with the ratings required by the Rating Agency or (c) arrange for the immediate termination of the Deposit Agreement and the application by the Issuer of the resulting proceeds

into the Repo or (if the Global Master Repurchase Agreement has terminated) into a guaranteed investment contract in respect of which Rating Agency Confirmation has been received

6. TERMINATION AND GENERAL PROVISIONS

Following a default by the Deposit Provider in making payment of any amount due pursuant to the Deposit Agreement which default continues for a period of five Business Days following receipt by the Deposit Provider of notice from any interested party thereof, the Deposit Provider shall repay the Deposit in full to the Issuer (or as directed by the Issuer) and the Deposit Agreement shall be terminated. Additionally, the Deposit Agreement will be terminated if the Notes of all Classes are redeemed early or repurchased in full for any reason, or if by reason of any action taken by a tax authority or brought in a court of competent jurisdiction or a change in the fiscal or regulatory regime there is or will be a material adverse effect on the Issuer or the Deposit Provider.

If the Deposit Agreement is terminated for any reason other than in connection with a redemption or purchase of the Notes pursuant to Condition 7 (*Redemption*), Condition 8 (*Purchase and cancellation*) or Condition 10 (*Events of Default*), any payment received by the Issuer will be paid into the Repo or (if the Global Master Repurchase Agreement has terminated) into a guaranteed investment contract in respect of which Rating Agency Confirmation must be received (following which the Issuer will have the right to identify an Alternative Permitted Asset in accordance with Condition 7(c) (*Early redemption on termination of Repo and Deposit Agreement*)). Failing receipt by the Issuer of such payment, or receipt of such Rating Agency Confirmation, the Notes will be redeemed. On such redemption, in the case of FX Notes, any amount received by the Issuer will be converted into the applicable Notes Currency at the prevailing Spot Rate by either the Swap Counterparty or, in the case of a default by the Collateral Provider or Swap Counterparty, the Trustee.

No party is required to pay any additional amount in respect of payments under the Deposit Agreement in the event of the imposition of a withholding or deduction on account of tax.

The Deposit Agreement contains limited recourse and non-petition provisions corresponding to those in the Trust Deed.

The Deposit Agreement is governed by English law.

MISCELLANEOUS

1. INCREASE AND DECREASE

If the Swap Counterparty and the Portfolio Manager agree to decrease the Collateral Amount in respect of any Class of Notes, then to the extent the Swap Counterparty allocates such decrease to the Repo or the Deposit, the Repo or the Deposit will be decreased accordingly. The Repo Counterparty or, as applicable, the Deposit Provider will pay to the Issuer an amount equal to the applicable decrease which will, in the case of FX Notes, be paid by the Issuer to the Swap Counterparty under the related Currency Swap in exchange for an equivalent amount in the relevant Notes Currency. Such amount will be paid by the Issuer to the Swap Counterparty under the related Performance Swap and credited to the related Note Account, as described at "*The Performance Swaps*" above. The Collateral Amount in respect of any Class of Notes may only be decreased to the extent that the sum of (a) the relevant share of the repurchase price under the Repo (converted, in the case of FX Notes, at the FX Rate applicable under the related Currency Swap) and (b) the relevant share of the Deposit on such date is not less than the Protected Amount of the relevant Class of Notes on such date.

If the Swap Counterparty and the Portfolio Manager agree to increase the Collateral Amount in respect of any Class of Notes, to the extent the Swap Counterparty allocates such increase to the Repo or the Deposit, the Repo or the Deposit will be increased accordingly. The Issuer will pay to the Repo Counterparty or, as applicable, the Deposit Provider an amount equal to the applicable increase. The Swap Counterparty will pay to the Issuer an equivalent amount in the related Notes Currency of such increase amount, under the related Performance Swap and the related Note Account will be debited accordingly, as described at "*The Performance Swaps*" above, and, in the case of FX Notes, such amount will be converted into EUR under the related Currency Swap.

The Issuer or Swap Counterparty (as applicable) will pay any costs or gains associated with such increase or decrease as described at "*The Performance Swaps*" above.

2. **TRANSFER BETWEEN REPO AND DEPOSIT**

The Swap Counterparty may from time to time increase or decrease the Repo in respect of any Class of Notes by correspondingly decreasing or increasing the related Deposit as it relates to such Class of Notes (or vice versa). The Deposit Provider or the Repo Counterparty (as applicable) will pay any costs or gains associated with such increase or decrease, as determined by the Repo Counterparty by reference to prices offered by the Repo Counterparty.

3. **TAP ISSUE, BUY BACK OF NOTES**

See paragraph 5 (*Tap Issues and cancellation of Notes*) at "*The Performance Swaps*" above.

4. **PORTFOLIO CLOSE-OUT EVENT**

If a Portfolio Close-Out Event occurs in respect of any Class of Notes, then, to the extent the Swap Counterparty allocates the payment of any related Zero-Coupon Purchase Shortfall Amount (in the case of FX Notes, after conversion into EUR in accordance with the related Currency Swap) to the Repo or the Deposit, the Issuer will pay to the Repo Counterparty or, as applicable, the Deposit Provider such amount and the nominal amount of the Repo or, as applicable the principal amount of the Deposit in so far as it related to such Class of Notes will be increased accordingly.

If a Portfolio Close-Out Event occurs in respect of any Class of Notes, then, to the extent the Swap Counterparty allocates the payment of any related Zero-Coupon Purchase Excess Amount (in the case of FX Notes, after conversion into EUR in accordance with the related Currency Swap) to the Repo or the Deposit, the Repo Counterparty or, as applicable, the Deposit Provider will pay to the Issuer such amount and the nominal amount of the Repo or, as applicable the principal amount of the Deposit in so far as it related to such Class of Notes will be decreased accordingly.

The Issuer, the Repo Counterparty or the Deposit Provider (as applicable) will pay any costs or gains associated with such increase as described at "*The Performance Swaps*" above.

SUMMARY OF THE PORTFOLIO MANAGEMENT AGREEMENT

The following is a summary of the material terms set out in the Portfolio Management Agreement and is qualified by reference to the full and complete provisions thereof.

1. INTRODUCTION

AIG Global Investment Corp. (Europe) Ltd. is appointed by the Issuer as the manager of each Global Reference Sub-Portfolio. AIG Global Investment Corp. (Europe) Ltd. may delegate certain of its management functions as Portfolio Manager to AIG Global Investment Corp..

The main provisions of the Portfolio Management Agreement are summarised below. The Portfolio Management Agreement also contains certain representations, warranties and indemnities given by the Issuer and the Portfolio Manager and gives the Trustee the right to direct the Portfolio Manager in the performance of its obligations under the Portfolio Management Agreement following an Event of Default in respect of the Notes.

2. DUTIES OF THE PORTFOLIO MANAGER

The Portfolio Manager shall exercise its powers and discretions under the Portfolio Management Agreement with a view to maximise the amounts payable to the Issuer under the Performance Swap in relation to each Class of Notes (taking into account, to the extent it determines appropriate, its assessment of the risks associated with the Reference Assets in the Global Reference Portfolio and/or management strategies and other issues and parameters deemed appropriate by it) (the "**Management Objective**"). The Issuer acknowledges that there may be conflicts that arise from time to time as a result of the different characteristics (such as maturities and notional amounts) of the various Performance Swaps. Where the Portfolio Manager determines in its discretion that any such conflict has arisen or may arise, the Portfolio Manager shall exercise its powers and discretions under the Portfolio Management Agreement in the manner that it determines appropriate taking into account the nature of the relevant conflict and other factors it deems appropriate. Subject as provided in the Portfolio Management Agreement, the Portfolio Manager shall have no liability to the Issuer or any person as a result of any such determination. The Issuer acknowledges and agrees that the Portfolio Manager gives no guarantee or warranty as to the performance of the Global Reference Portfolio, any Global Reference Sub-Portfolio, any Reference Portfolio or Reference Sub-Portfolio or any Reference Asset or Reference Strategy, or that the objective shall be achieved.

The terms governing which Reference Assets may be included in any Global Reference Sub-Portfolio and the process which the Portfolio Manager must follow when adding or removing Reference Assets from any Global Reference Sub-Portfolio are summarised in the section of this Prospectus headed "*The Performance Swaps*" above.

3. FEES

3.1 Senior Management Fees

The Issuer will pay a quarterly fee (each, a "**Senior Management Fee**") to the Portfolio Manager in respect of the Investor Noteholding of each applicable Class of Notes. The Senior Management Fee in respect of each Class of Notes on any senior management fee payment date will be determined by multiplying: (a) the daily average of the product, for each day during the related senior management fee period, of (i) the Senior Management Fee Rate on such day and (ii) the Investor Noteholding on such day; by (b) the greater of (i) one and (ii) the Note Value as at the Issue Date (in the case of the first senior management fee payment date) or five Business Days prior to the previous payment date (in the case of any other senior management fee payment date) (the "**Value Date**") divided by the related Outstanding Nominal Amount on such Value Date; by (c) the day count fraction in respect of the relevant period. Each Senior Management Fee will only be paid up to the amount that would not cause a Zero-Reserve Event to occur after such payment and any other more senior debits made from the Notional Cash Accounts on the related senior management fee payment date. Accrued and unpaid Senior Management Fees will be payable on the next senior management fee payment date. Senior Management Fees will cease to accrue upon the occurrence of a Zero-Reserve Event.

3.2 **Junior Management Fees**

The Issuer will, subject to the determination below, pay an annual fee (each, a "**Junior Management Fee**") to the Portfolio Manager in respect of the Investor Noteholding of each applicable Class of Notes. The Junior Management Fee in respect of each Class of Note on any junior management fee payment date will be determined by multiplying: (a) the applicable Junior Management Fee Proportion; by (b) a percentage determined by reference to (i) the increase in the Note Value of the Notes of such Class over the theoretical Note Value if such Note Value had accrued at the Target Rate since the last junior management fee payment date on which a junior management fee was paid and (ii) the Outstanding Nominal Amount thereof five Business Days prior to such junior management fee payment date; and (c) the related Investor Noteholding of such Class of Notes. Each Junior Management Fee will only be made to the extent that a Zero-Reserve Event would not occur after such payment and any other more senior debits made from the Notional Cash Accounts on the related junior management fee payment date. Accrued and unpaid Junior Management Fees will be payable on the next junior management fee payment date. If the Junior Management Fee is payable, the Issuer will also pay, (x) if the Investor Noteholding has increased during the relevant calculation period, an amount representing fees accrued from the date of such increase and (y) if the Investor Noteholding has decreased during the relevant calculation period, an amount representing fees accrued until the date of such decrease.

3.3 **Fees on termination**

(a) Subject to paragraph (b) below, if the appointment of the Portfolio Manager under the Portfolio Management Agreement is terminated for any reason, the Issuer will only be obliged to pay the Portfolio Manager accrued Senior Management Fees in respect of each Class of Notes up to the date of termination and any liability to pay any further fees will cease (unless such appointment is terminated without cause by the Issuer in which case the date of termination will also be a date on which Junior Management Fees are payable).

(b) If the Notes of any Class are required to be redeemed early in accordance with the Conditions, the Issuer will be obliged to pay to the Portfolio Manager, in accordance with the priority of payments in the Conditions, accrued and unpaid Senior Management Fees in respect of such Class. The Issuer will also be liable to pay to the Portfolio Manager Junior Management Fees on any early redemption date as if such date were a junior management fee payment date.

3.4 **Tax on fees**

If any fees are subject to value added tax or any similar tax (irrespective of whether such tax is required to be charged by the Portfolio Manager or is charged on the Issuer in consequence of a reverse charge being applied) any such tax will be the responsibility of the Portfolio Manager and the Issuer will not be required to pay any additional amounts in respect thereof. In the event of a reverse charge being applied to the Issuer, the Issuer will have a right to reduce the amount of the fees due to the Portfolio Manager by an amount equal to the amount due under that reverse charge in respect of such tax.

4. **MONTHLY COMMENTARY**

The Portfolio Manager will compile and provide to the Issuer, the Swap Counterparty, the Sole Distributor and the Trustee a monthly commentary (which the Issuer will make available to Noteholders) which will contain a narrative summary of the state of the market for Reference Assets during the previous month. Such reports will be available to Noteholders free of charge from the Specified Office of the Paying Agent in Ireland.

5. **LIMITS ON LIABILITY AND RESPONSIBILITY**

The Portfolio Manager agrees to perform its duties and obligations (i) in a manner which the Portfolio Manager reasonably believes is consistent with the practices followed by leading institutional portfolio managers managing assets similar in nature to those which may comprise the Reference Portfolios from time to time and (ii) with a degree of skill and attention no less than that which the Portfolio Manager and AIG Global Investment Corp. exercise with respect to comparable assets managed for themselves and for others.

The Portfolio Manager assumes responsibility only to the Issuer. The Portfolio Manager's responsibility is limited to performing the services set out in the Portfolio Management Agreement and in particular it will not, subject to the paragraphs below, (i) be responsible for any action it takes on behalf of the Issuer or otherwise in connection with the Portfolio Management Agreement, the Trust Deed (including the Conditions) or any other Transaction Document and the transactions contemplated therein (ii) assume any fiduciary duty or responsibility with regard to the Issuer (other than, if applicable, any such duty or responsibility owed under mandatory provisions of the Investment Advisers Act of 1940, as amended) or otherwise, (iii) guarantee or otherwise assume any responsibility for the performance of the Notes, any Reference Entity or of the Reference Portfolios or Reference Sub-Portfolios or any obligor of any Charged Assets, (iv) guarantee or otherwise assume any responsibility for the actions of, or performance by, any third party of any contract entered into on behalf of the Issuer and (v) guarantee or otherwise assume any responsibility for the actions of, or performance of the obligations of, the Issuer or the Swap Counterparty (or any guarantor thereof) under any Performance Swap (and any related guarantee) or any other party under any Transaction Document, including, without limitation, the Notes.

The Portfolio Manager and its affiliates and each of their respective managers, managing directors, partners, stockholders, directors, members, officers, agents and employees, will not be liable (whether directly or indirectly, in contract, in tort or otherwise) to the Issuer, its shareholders or creditors (including, but not limited to, the Trustee, the Noteholders and the Swap Counterparty) or any other person for any losses or liabilities incurred by any such person that arise out of the performance by the Portfolio Manager of its duties or functions or exercise of its discretions in connection with the Portfolio Management Agreement, save that the Portfolio Manager will be liable to the Issuer for losses or liabilities incurred by the Issuer:

(i) resulting from acts or omissions constituting wilful default, bad faith, wilful misconduct or gross negligence of the Portfolio Manager under the Portfolio Management Agreement (subject to the standard of care set out above for the purposes of establishing such wilful default, bad faith, wilful misconduct or gross negligence); or

(ii) with respect to the information describing the Portfolio Manager under the section entitled "The Portfolio Manager" included in this Prospectus, such information containing any untrue statement of material fact or omitting to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading (the matters described in these sub-paragraphs (i) and (ii) are individually a "**Portfolio Manager Breach**",

provided that, in any case, (1) "losses" or "liabilities" will not include, and the Portfolio Manager will not in any case be liable for or indemnify for, any indirect, special or consequential damages; (2) the Portfolio Manager will not be responsible under the Portfolio Management Agreement for any losses or liabilities incurred by the Issuer or any other person to the extent such losses or liabilities are finally judicially determined to have resulted from the Issuer's (or another person's) bad faith, wilful misconduct or gross negligence and (3) the Portfolio Manager shall incur no liability to the Issuer or any other person in acting upon any signature, instrument, settlement, notice, resolution, request, direction, consent, order, certificate, report, opinion or other document or paper reasonably believed by it to be genuine and reasonably believed by it to be properly authorised, executed, issued or signed by the proper party or parties.

6. INDEMNITIES

6.1 Portfolio Manager's indemnity

The Portfolio Manager will indemnify the Issuer from and against any and all losses or liabilities in respect of or arising out of any Portfolio Manager Breach as finally determined by a non-appealable judgement of a court of competent jurisdiction and to the extent not the result of the Issuer's own bad faith, wilful misconduct, gross negligence or breach of the Portfolio Management Agreement, any Transaction Document or related transaction, provided that the Portfolio Manager will not in any case be liable to indemnify the Issuer for any indirect, special or consequential damages resulting therefrom.

6.2 **Issuer's indemnity**

The Issuer will, out of (and only out of) the assets of the Issuer available (as determined in accordance with the priority of payments in the Conditions) in connection with the issue of the Notes, indemnify and hold harmless the Portfolio Manager from and against any and all losses or liabilities or damages which it may incur or be subject (i) as a result of entering into or performing its obligations or exercising its discretions under the Portfolio Management Agreement or in connection with the other Transaction Documents or in connection with any related transaction (other than the costs and expenses the Portfolio Manager is required to pay thereunder, provided that such costs and expenses were not incurred as a result of the Issuer's bad faith, wilful misconduct, fraud or gross negligence); (ii) in connection with any information contained in this Prospectus (other than the section of this Prospectus headed "*The Portfolio Manager*"), or (iii) in respect of or arising out of, any acts or omissions constituting wilful misconduct, fraud, gross negligence or default of the Issuer and will reimburse it for all fees and expenses (including reasonable fees of counsel) incurred and paid by it in preparing, pursuing or defending any claim, action, proceeding or investigation with respect to any pending or threatened litigation, caused by, or arising out of or in connection with the issuance of the Notes, the transactions contemplated by the Trust Deed (including the Conditions), the Portfolio Management Agreement, any other Transaction Document or any related transaction, and/or any action taken by, or any failure to act by, the Issuer under or in connection with the Portfolio Management Agreement or any other Transaction Document; provided, however, that it will not be indemnified for any losses or liabilities it incurs as a result of its wilful misconduct, fraud, gross negligence or breach of the Portfolio Management Agreement.

7. **SUSPENSION OR TERMINATION OF TRADING AGENT UNDER TRADING AGENCY AGREEMENT**

The Swap Counterparty may in the circumstances described in paragraph 3 (*Suspension*) of the section of this Prospectus headed "*Summary of the Trading Agency Agreement"* below suspend the authorisation of the Trading Agent under the Trading Agency Agreement (including in circumstances where the Issuer would not be entitled to terminate the appointment of the Portfolio Manager under the Portfolio Management Agreement) and such suspension will result in the suspension of the ability of the Portfolio Manager to make any adjustments to any Reference Portfolio pursuant to the Portfolio Management Agreement. The Swap Counterparty is entitled in the circumstances set out in paragraph 2 (*Termination*) of the section of this Prospectus headed "*Summary of the Trading Agency Agreement"* below to terminate the authorisation of the Trading Agent under the Trading Agency Agreement (including in circumstances where the Issuer would not be entitled to terminate the appointment of the Portfolio Manager under the Portfolio Management Agreement). If, following the termination of the authorisation of the Trading Agent under the Trading Agency Agreement, alternative hedging arrangements have not been agreed within a period of 30 calendar days (during which the parties shall act in good faith to agree alternative hedging arrangements), then the appointment of the Portfolio Manager under the Portfolio Management Agreement will be terminated immediately.

8. **REMOVAL OF THE PORTFOLIO MANAGER**

8.1 **Termination events**

The appointment of the Portfolio Manager may be terminated by the Issuer:

(a) in circumstances of the wilful default, bad faith, wilful misconduct or gross negligence of the Portfolio Manager under the Portfolio Management Agreement or if a breach of the Portfolio Management Agreement by the Portfolio Manager has occurred in each case which has a material adverse effect on the holders of the Notes, subject to a grace period of 30 days where such circumstances are remediable;

(b) where the Issuer has become subject to the tax of any jurisdiction, in circumstances where such tax liability could be avoided or reduced by removing the Portfolio Manager and no alternative solution to reduce or avoid such tax has been implemented within 60 days of the Issuer becoming aware of such taxation issue;

(c) on the termination of the relevant licences or authorisations of the Portfolio Manager;

(d) if the Portfolio Manager becomes subject to certain insolvency events; or

(e) if the Portfolio Manager is convicted of a criminal offence related to the Portfolio Manager's management services to the Issuer by a court of appropriate jurisdiction in the United Kingdom or United States.

In the case of (a) and (b) above, the appointment of the Portfolio Manager may be terminated by the Issuer or the Trustee (acting pursuant to the instructions of $66^2/_3$ per cent. of the non-interested Noteholders). In the case of (c), (d) and (e) above, the termination will occur immediately.

In addition, the Issuer may, by written notice to the Portfolio Manager, remove the Portfolio Manager with immediate effect if it reasonably determines that the Portfolio Manager has caused the Issuer to violate any law, rule or regulation of any governmental body or agency of Ireland, the United Kingdom or the United States (including without limitation any banking, insurance or securities law or regulation of such jurisdiction) applicable to the Issuer of which the senior officers and portfolio managers that are directly involved in the provision of portfolio management services to the Issuer under the Portfolio Management Agreement are aware or ought, in the ordinary course of business, to be aware, and the Portfolio Manager has not (if capable of being remedied) taken appropriate remedial action within 45 days after receipt of notice thereof and such violation results in a material adverse effect upon the Issuer, such materiality to be decided at the sole discretion of the Issuer acting reasonably.

8.2 **Removal without cause**

The appointment of the Portfolio Manager may be terminated by the Issuer without cause at any time upon 90 days' notice with the consent of the Swap Counterparty and $66^2/_3$ per cent. of the Noteholders (provided that any Notes held by the Swap Counterparty and/or its affiliates (to the extent of the TRS Noteholding only) shall be disregarded and deemed not to be in issue for the purposes of determining whether such Noteholder consent has been obtained) .

8.3 **Resignation with cause**

The Portfolio Manager may resign from its position on 15 days' notice (a) in circumstances of a breach of any material provision of the Portfolio Management Agreement or any related document by the Issuer or the Swap Counterparty or, due to circumstances beyond the Portfolio Manager's control, it becomes impossible or illegal for it to perform its obligations or exercise its authorities under the Portfolio Management Agreement or (b) if the Senior Management Fees or the Junior Management Fees become subject to any value added taxes or similar tax or any withholding tax (and such amounts are not grossed-up by the Issuer) or the Portfolio Manager becomes aware that the fees will become subject to such tax. If following a resignation, a successor portfolio manager is not found within 45 days (or 15 days, in circumstances where due to circumstances beyond the Portfolio Manager's control, it becomes illegal for it to perform its obligations or exercise its authorities under the Portfolio Management Agreement) of the date of the notice of such resignation, the Swap Counterparty, the majority of the Noteholders or the resigning Portfolio Manager may petition any court of competent jurisdiction for the appointment of a successor portfolio manager.

8.4 **Resignation without cause**

The Portfolio Manager may at any time, provided that it has found a suitable successor, resign from its position on 90 days' notice. If following a resignation, a successor portfolio manager is not found within 75 days of the date of the notice of such resignation, the Swap Counterparty, the majority of the Noteholders or the resigning Portfolio Manager may petition any court of competent jurisdiction for the appointment of a successor portfolio manager.

9. **CONFLICTS OF INTEREST**

The parties have agreed that the Portfolio Manager may have certain interests and act in different capacities in relation to the Reference Entities and the Reference Assets of the Global Reference Portfolio and that its directors, officers and employees may hold certain offices in respect of any Reference Entity. The parties have further agreed that the Portfolio Manager may have certain conflicts of interest in respect of the Global Reference Portfolio and may advise other clients differently in respect of similar reference portfolios. Further, the Portfolio Manager may refrain from making any change to the Global Reference Portfolio where the change involves any Reference Entity for which the Portfolio Manager acts as financial adviser, underwriter or broker or in relation to which the Portfolio Manager holds price sensitive information, or in circumstances

where persons connected with the Portfolio Manager are also connected with such Reference Entity.

10. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

The Swap Counterparty is a third party beneficiary to the Portfolio Management Agreement for the sole purpose of enforcing its rights in relation to consenting to the delegation, assignment or transfer of the Portfolio Manager's or Issuer's rights under the Portfolio Management Agreement. No other person who is not party to the Portfolio Management Agreement has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Portfolio Management Agreement.

11. LIMITED RECOURSE AND NON-PETITION

The Portfolio Management Agreement contains limited recourse and non-petition provisions corresponding to those in the Trust Deed.

12. GOVERNING LAW

The Portfolio Management Agreement is governed by English law.

SUMMARY OF THE TRADING AGENCY AGREEMENT

The following is a summary of the relevant terms of the Trading Agency Agreement between BNP Paribas, AIG Global Investment Corp. (Europe) Ltd. and the Issuer.

1. HEDGING ARRANGEMENTS

In connection with the Portfolio Manager's trading activities on behalf of the Issuer under the Performance Swap Confirmation and the Portfolio Management Agreement, the Swap Counterparty has required (and the Issuer has requested and authorised) that the Portfolio Manager enter into certain hedging arrangements on behalf of the Swap Counterparty from time to time in connection with each Global Reference Sub-Portfolio and adjustments made by the Portfolio Manager in connection therewith. BNP Paribas as Swap Counterparty (the "**Principal**") appoints AIG Global Investment Corp. (Europe) Ltd. (the "**Trading Agent**") as its agent under such hedging arrangements (the "**Trading Agency Agreement**").

Under the Trading Agency Agreement, the Trading Agent agrees on each occasion on which an adjustment (other than an Interclass Adjustment) is made to any Reference Sub-Portfolio (including following a Rebalancing Event) to effect a corresponding hedging transaction on behalf of the Principal. The Trading Agent agrees not to enter into any hedging transaction if the corresponding adjustment would not satisfy the management guidelines set out in the Performance Swap Confirmation.

2. TERMINATION

The appointment of the Trading Agent may be terminated by the Principal:

(a) in circumstances of the fraud, wilful misconduct or gross negligence of the Trading Agent or if a material breach of the Trading Agency Agreement by the Trading Agent has occurred, subject, in each case, to a grace period of 30 days following receipt of notice from the Swap Counterparty to the Trading Agent requiring the same to be remedied, where such circumstances are remediable;

(b) in circumstances of a material change in ownership or corporate structure (including any intra-group reorganisation) which has a material adverse effect on the ability of the Trading Agent to perform its functions under the Trading Agency Agreement;

(c) on the termination or non-renewal of licences or authorisations of the Trading Agent required by it in order to perform its obligations under the Trading Agency Agreement;

(d) if the Trading Agent becomes subject to certain insolvency events; or

(e) if the Trading Agent is convicted of a criminal offence related to the Trading Agent's services to the Principal by a court of appropriate jurisdiction in the United Kingdom or United States.

The appointment of the Trading Agent under the Trading Agency Agreement shall terminate automatically upon termination of the appointment of the Portfolio Manager under, and in accordance with, the terms of the Portfolio Management Agreement.

Following the termination of the appointment of the Trading Agent under the Trading Agency Agreement, the parties shall endeavour in good faith for a period of 30 calendar days to agree alternative hedging arrangements.

3. SUSPENSION

If the Principal would have right to terminate the appointment of the Trading Agent pursuant to paragraph (a) of paragraph 2 (*Termination*) above (but for the lapse of the grace period) or has the right to terminate the appointment of the Trading Agent in any other circumstance pursuant to paragraph 2 (*Termination*) above, the Principal may suspend the authorisation of the Trading Agent by notice for a period of up to 30 days from the giving of such notice.

4. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person who is not party to the Trading Agency Agreement has any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Trading Agency Agreement.

5. LIMITED RECOURSE AND NON-PETITION

The Trading Agency Agreement contains limited recourse and non-petition provisions corresponding to those in the Trust Deed.

6. GOVERNING LAW

The Trading Agency Agreement is governed by English law.

CONDITIONS OF THE NOTES

The following Conditions, together with any Further Conditions in respect of any Tap Issue or Further Class of Notes, will incorporate the Information Table (save for Part 5 (Fees), Part 6 (Repo and Performance Swap Information) and Part 7 (Administrative and settlement data)) and together will comprise the terms and conditions of the Notes of each Class which will be endorsed upon, or attached to, each Global Note and Note Certificate.

This Note is one of a Class of Notes issued with the benefit of the Trust Deed. References herein to the "**Issuer**" shall be to Aquarius + Investments Plc.

References herein to the "**Notes**" shall, unless otherwise provided, be references to the Notes of this Class and shall mean any Global Note or any Note Certificate.

The Notes are constituted and secured by, and in accordance with, the Amended and Restated Master Trust Deed dated 22 March 2007 (as amended and/or supplemented and/or restated from time to time, the "**Master Trust Deed**") between, *inter alios*, the Issuer and BNP Paribas Trust Corporation UK Limited (the "**Trustee**") as trustee and the Supplemental Trust Deed (the "**Supplemental Trust Deed**" and together with the Master Trust Deed, the "**Trust Deed**") dated the Issue Date between, *inter alios*, the Issuer, the Swap Counterparty, the Collateral Providers and the Trustee relating to the Notes.

The Notes have the benefit of an Amended and Restated Agency Agreement dated 22 March 2007 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**"), between, *inter alios*, the Issuer and the Trustee as trustee, BNP Paribas Securities Services, Luxembourg Branch as principal paying agent (the "**Principal Paying Agent**"), BNP Paribas Securities Services, Dublin Branch (together with the Principal Paying Agent, the "**Paying Agents**"), BNP Paribas, London Branch as redemption agent (the "**Redemption Agent**"), BNP Paribas Securities Services, Luxembourg Branch as registrar (the "**Registrar**", which expression shall include any additional or successor registrar, BNP Paribas Securities Services, Luxembourg Branch as transfer agent (the "**Transfer Agent**") and BNP Paribas, London Branch as calculation agent (the "**Calculation Agent**"). There is an Account Bank Agreement dated 15 July 2005 (as amended and/or supplemented and/or restated from time to time, the "**Account Bank Agreement**") between, *inter alios*, the Issuer and BNP Paribas, London Branch as account bank (the "**Account Bank**"). There is also an Amended and Restated Custodial Services Agreement dated 17 May 2004 (as amended and/or supplemented and/or restated from time to time, the "**Custodial Services Agreement**") between, *inter alios*, the Issuer and BNP Paribas, London Branch as custodian (the "**Custodian**"). The Principal Paying Agent, the other Paying Agents, the Redemption Agent, the Calculation Agent, the Account Bank, the Transfer Agent, the Registrar and the Custodian are together referred to herein as the "**Agents**".

Subject as provided below, any reference to "**Noteholders**" or "**holders**" in relation to any Notes shall mean the persons in whose names the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below.

As used herein, "**Class**" means all of the Notes which are expressed in the Information Table to be a single "Class" and "**this Series**" means each of the Classes of Notes set out in the Information Table together, together with any Further Classes.

References to any party shall include references to any additional or successor party thereto.

Copies of the Programme Documents are available for inspection, during normal business hours, at the Specified Office of each of the Paying Agents. Copies of the prospectus in relation to the issue of the Notes may be obtained at the office of the Principal Paying Agent in Luxembourg. The Noteholders are deemed to have notice of all the provisions of the Programme Documents and the Issue Documents which are applicable to them and are entitled to the benefit of and are bound by the terms of the Trust Deed. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Programme Documents and the Issue Documents.

1. **FORM, DENOMINATION, TITLE, TRANSFER AND EXCHANGE**

(a) **Form and Denomination**

The Notes are in registered form and, in the case of Note Certificates, serially numbered, in the Notes Currency and in denominations of the Specified Denomination.

(b) **Transfer and Title**

Subject as set out below, title to Notes will pass upon registration of transfers in the Register (as defined in sub-condition (c) below), which the Issuer shall procure to be kept by the Registrar, in accordance with these Conditions and the provisions of the Trust Deed and the Agency Agreement.

Each Class of Notes will be represented by a permanent registered global note (a "**Global Note**") registered in the name of a nominee for, and deposited with a common depositary on behalf of, Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Prior to expiry of the applicable Distribution Compliance Period required by Regulation S, beneficial interests in a Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person and may not be held otherwise than through Euroclear and Clearstream, Luxembourg. The Issuer reserves the right, subject to the consent of the Trustee, at any time, to select any other clearing system (including VPC AB ("**VPC**")) through which all or certain Classes of Notes may be cleared.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Trustee and the Issuer and its agents as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest (if any) on such principal amount of such Notes, for which purpose the relevant common depositary shall be treated by the Trustee and the Issuer and its agents as the holder of such principal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

(c) **Registration**

The Issuer will cause to be kept at the Specified Office of the Registrar for the time being, a register (the "**Register**") on which shall be entered the names and addresses of the holders from time to time of the Notes, together with the particulars of the Notes held by them respectively and of all transfers of Notes. The registrations in the Register constitute the exclusive proof of ownership of the Notes. The Issuer will procure that, as soon as practicable after the Issue Date, the Register is duly made up in respect of the subscribers of the Notes and certificates evidencing the relevant registrations in the Register of the said subscribers of the Notes will be despatched. The Issuer has appointed the Registrar acting through its Specified Office. The Issuer has also appointed the Transfer Agent for the purpose of facilitating exchanges of Notes, in which case references in these Conditions to the Registrar shall include, where the context so permits, references to such Transfer Agent. The Issuer reserves the right, with the approval of the Trustee, at any time to vary or terminate the appointment of the Registrar and to appoint another or a further Registrar, provided that there will at all times be a Registrar and/or Transfer Agent with a specified office in such place as the Trustee may approve and as may be required by the rules of the Irish Stock Exchange. Any variation or termination of appointment shall only take effect (other than in the case of insolvency of the Registrar, when it shall be of immediate effect) after not more than 60 nor less than 45 days' notice thereof shall have been given to the Noteholders in accordance with Condition 15 (*Notices*) and any change in the Specified Office of the Registrar shall also be promptly so notified.

(d) **Transfer of Notes**

(i) Interests in a Global Note will be exchangeable (free of charge), in whole but not in part, for Note Certificates only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means that (i) an Event of Default has

occurred and is continuing, (ii) if such Notes are held for the account of Euroclear and Clearstream, Luxembourg and if the Issuer has been notified by the Trustee or any Agent that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system acceptable to the Trustee is available, or (iii) the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7(b) (*Early redemption for taxation reasons*) which would not be required were the Notes in definitive form and a certificate to such effect is given by the Issuer to the Trustee.

(ii) Note Certificates may, subject to Condition 1(b) and to the provisions of the Trust Deed and of the Agency Agreement, be transferred by the registered holder free of and without regard to any set-off, counterclaim or equities between the Issuer and the first or any subsequent registered holder of such Notes, in whole or in part (in the Specified Denomination of the Notes or an integral multiple thereof), by delivery of the relevant certificate or certificates (as referred to in sub-Condition (c)) above to the Transfer Agent at its Specified Office together with the form of transfer in writing endorsed thereon duly completed and signed and upon compliance with such reasonable requirements as the Issuer may prescribe without charge but upon payment of any taxes, duties and other governmental charges in respect of such transfer. No transfer of a Note shall be recognised by the Issuer unless entered on the Register. A Note may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number) and the Transfer Agent will not accept transfers of Notes to "bearer". The Registrar will within 14 days of any duly made request to register the transfer of a Note procure the entry of the transferee in the Register and authenticate and deliver (or procure the authentication and delivery of) a Note Certificate to the transferee (and, in the case of transfer of part only of a Note, a Note Certificate for the untransferred balance to the transferor), at the Specified Office of the Transfer Agent in Luxembourg, or (at the risk and, if mailed at the request of the transferee or, as appropriate, transferor otherwise than by ordinary uninsured mail, expense of the transferee or, as appropriate, transferor) mail the Note Certificate to such address, as the transferee (or, as appropriate, the transferor) may request. In the case of the transfer of part only of a Note, a new Note in respect of the balance of the Note not transferred will be delivered (as described above) to, and at the risk of, the transferor.

(iii) In the event of a partial redemption of Notes under Condition 7 (*Redemption*), neither the Issuer nor the Registrar will be required to register the transfer of Notes (or parts of Notes) or to effect exchanges of interests in Global Notes for Note Certificates or vice versa during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive).

2. STATUS OF THE NOTES

The Notes are obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Conditions 11 (*Enforcement*) and 12 (*Limited Recourse*), and rank and will rank *pari passu* without any preference among themselves.

3. SECURITY

(a) Security

The obligations of the Issuer under the Notes and the Charged Agreements are secured in the Trust Deed by:

(i) security interests over the Charged Assets, such security interests to take the form of a first fixed charge over any account (each an "**Account**") in which any Charged Assets are deposited and all present and future Charged Assets deposited in such Account(s) or represented by such Account(s) from time to time, together with the

debts and/or other interests represented thereby, all related interests and all proceeds of such Charged Assets;

(ii) a first priority assignment by way of security of all of the Issuer's rights under the Agency Agreement and the Custodial Services Agreement to the extent they relate to the Notes (including, without limitation, the rights of the Issuer in respect of all funds and/or assets held from time to time by the Principal Paying Agent, the other Paying Agents, the Custodian and/or the Redemption Agent for payment of principal or coupons in respect of the Notes or otherwise in relation to the Notes);

(iii) a first priority assignment by way of security of all of the Issuer's rights, title and interest in respect of the Charged Agreements to the extent they relate to the Notes and any sums of money, securities or other property received or receivable by the Issuer thereunder; and

(iv) a first priority assignment by way of security of all of the Issuer's rights, title and interest in and to any of its bank accounts established in respect of the Notes and the debts represented thereby (excluding, for the avoidance of doubt, the Issuer's, bank accounts in its jurisdiction of incorporation or elsewhere containing the paid up ordinary share capital and any transaction fees of the Issuer, and any interest accrued thereon, in each case).

The assets of the Issuer relating to the relevant Class which are the subject of the security referred to in paragraph (a) above are herein referred to as "**Mortgaged Property**".

(b) **Charged Assets**

The Charged Assets, or documents comprising, evidencing, representing and/or transferring the Charged Assets, will be deposited with or held by the Custodian (on behalf of the Issuer, subject to the charges in favour of the Trustee, pursuant to the provisions of the Custodial Services Agreement).

The Trustee is exempted under the Trust Deed from any liability in respect of any loss or theft of the Charged Assets (other than as a result of the Trustee's negligence, fraud or wilful misconduct), from any obligation to insure the Charged Assets and from any claim arising from the fact that the Charged Assets are held by the Custodian, in a clearing system or in safe custody by a bank or other custodian. The Trust Deed also provides that the Trustee may accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Charged Assets and is not bound to make any investigation into the same or into the Charged Assets in any respect.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any obligor in respect of the Charged Assets, the validity of any such obligor's obligations under or in respect of the Charged Assets or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets, the Charged Agreements and the Notes are matched) or to monitor the value of any Charged Assets.

The Trust Deed provides, where applicable, for the release of the Charged Assets (or part thereof) from the security constituted by the Trust Deed to realise the same and apply the net proceeds thereof in or towards satisfaction of the Issuer's obligations on any redemption thereof pursuant to Condition 7 (*Redemption*).

(c) **Charged Agreements**

The Issuer has entered into the Swap Agreement with the Swap Counterparty, the Repo with the Repo Counterparty, the Deposit Agreement with the Deposit Counterparty and the Portfolio Management Agreement with the Portfolio Manager.

The Swap Agreement, the Repo, the Deposit Agreement and the Portfolio Management Agreement are together referred to as the "**Charged Agreements**" and each a "**Charged Agreement**".

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any of the Swap Counterparty, any Collateral Provider or the Portfolio Manager, the validity of any

obligations of the Swap Counterparty, the Collateral Providers or the Portfolio Manager under or in respect of the Charged Agreements or any of the terms of the Charged Agreements (including, without limitation, whether the cashflows from the Charged Assets, the Charged Agreements and the Notes are matched).

(d) **Realisation of Mortgaged Property upon redemption under Condition 10 (Events of Default)**

In the event of the security constituted under the Trust Deed over the Mortgaged Property becoming enforceable on an early redemption of the Notes as provided in Condition 10 (*Events of Default*), the Trustee may in its discretion or shall (as applicable under Condition 10 (*Events of Default*)) realise the Mortgaged Property and/or take such action as may be permitted under applicable laws against any obligor in respect of such Mortgaged Property, provided that the Trustee shall not be required to take any such action unless indemnified to its satisfaction.

(e) **Application of proceeds**

On any date on which the Notes redeem prior to their scheduled maturity, the Calculation Agent or, following the enforcement of the security for the Notes, the Trustee, will determine the amounts available to the Issuer to make such payments in respect of the relevant Class or Classes of Notes (including, following enforcement of the security for the Notes, the Realisation Amount). For such purpose, (i) any payment made or received in respect of the Repo or the Deposit Agreement on any date since the preceding such payment date shall be treated as having made or received in respect of each Class of Notes then outstanding in proportion to their respective Repo Shares or Deposit Shares (as applicable), (ii) any payment made or received in any currency on any date since the preceding such payment date in respect of any Performance Swap, Currency Swap or the Portfolio Management Agreement shall, to the extent referable to a given Class of Notes, be treated as having been made or received in respect of such Class of Notes and, to the extent not so referable, shall be treated as having been made or received in respect of the relevant Classes of Notes by reference to their respective claims to payment under the relevant instrument in the relevant currency on the relevant date and (iii) any other payment made or received by the Issuer shall be treated as having been made or received in respect of each Class of Notes then outstanding in proportion to their respective Outstanding Nominal Amounts (converted, where applicable, into EUR at the related FX Rate).

Following determination as referred to above, amounts available to the Issuer for making payments in respect of each Class of Notes (including the Realisation Amount) shall be applied as follows:

(i) in payment on a *pari passu* basis to any Collateral Provider of any termination payment due to such Collateral Provider under the Repo or, as applicable, the Deposit Agreement (save (a) in respect of the Repo, where the Repo Counterparty is the "Defaulting Party" for the purposes of the Global Master Repurchase Agreement, (b) in respect of the Deposit Agreement, where the Deposit Provider is in default under the Deposit Agreement, or (c) if the Repo Counterparty and the Deposit Provider are the same entity, in either case);

(ii) in payment of the accrued and unpaid fees and expenses of the Trustee, subject to a maximum (in respect only of any such fees and expenses incurred by the Trustee prior to the occurrence of an event referred to in Conditions 7(b) (*Early redemption for taxation reasons*), (c) (*Early Redemption upon termination of the Collateral Agreements*) or an Event of Default) of the Expenses Cap;

(iii) in payment of the accrued and unpaid fees of the Agents, together with other operating expenses subject to a maximum (when aggregated with any payments which are subject to the Expenses Cap in (ii) above) of the Expenses Cap;

(iv) in payment to the Swap Counterparty of any TRS Early Termination Amount, PS Early Termination Amount and CS Early Termination Amount (if any) (each as defined in the ISDA Master Agreement) due to the Swap Counterparty under the ISDA Master Agreement (save where the Swap Counterparty is the "Defaulting Party" or sole "Affected Party" for the purposes of the ISDA Master Agreement) or, on the Redemption Date, in payment to the Swap Counterparty of any payments (other than any Gap Risk Swap Payments) payable by the Issuer to the Swap

Counterparty under the Swap Agreement on the applicable Redemption Date (save where the Swap Counterparty is the "Defaulting Party" or sole "Affected Party" for the purposes of the ISDA Master Agreement);

(v) in payment, on a *pari passu* basis, of any Gap Risk Termination Payments (as defined in the ISDA Master Agreement) or, on the Redemption Date, Gap Risk Swap Payments due to the Swap Counterparty under the Swap Agreement and in payment of any Senior Management Fees payable to the Portfolio Manager in accordance with the Portfolio Management Agreement;

(vi) in payment, on a *pari passu* basis, to the Noteholders of the Redemption Amount, in an amount not exceeding the aggregate Protected Amount;

(vii) in payment of any accrued and unpaid Final Coupon Amount (if any) to the Noteholders, to the extent that the aggregate Protected Amount exceeds the Redemption Amount;

(viii) in payment of any amounts payable to the Portfolio Manager in accordance with clause 7.3 (*Issuer's Indemnity*) of the Portfolio Management Agreement;

(ix) in payment, on a *pari passu* basis, to the Swap Counterparty of any TRS Early Termination Amount, PS Early Termination Amount and CS Early Termination Amount (if any) (each as defined in the ISDA Master Agreement) due to the Swap Counterparty under the ISDA Master Agreement where the Swap Counterparty is the "Defaulting Party" or sole "Affected Party" (as defined in the ISDA Master Agreement) or, on the Redemption Date, in payment to the Swap Counterparty of any payments (other than any Gap Risk Swap Payments) payable by the Issuer to the Swap Counterparty under the Swap Agreement on the applicable Redemption Date where the Swap Counterparty is the "Defaulting Party" or sole "Affected Party" for the purposes of the ISDA Master Agreement or to any Collateral Provider of any termination payment due to such Collateral Provider under the Repo or, as appropriate, the Deposit Agreement, to the extent not paid under (i) above;

(x) in payment, on a *pari passu* basis, to the Noteholders of the Redemption Amount (to the extent not paid in (vi) above);

(xi) in payment of any accrued and unpaid Guaranteed Coupons (if any) relating to the Notes;

(xii) in payment of Junior Management Fees on any related Junior Management Fee Payment Date other than a date where Final Coupons are payable;

(xiii) in payment of Final Coupons (if any) relating to the Notes in an amount up to the relevant Target Rate (to the extent such amount has not been paid as a Final Coupon Amount pursuant to paragraph (vii) above) (assuming for such purpose that the reference to "Junior Management Fee Period" in the definition of Target Rate refers instead to the period from (and including) the last Junior Management Fee Payment Date to (but excluding) the applicable early redemption date);

(xiv) in payment, on a *pari passu* basis, of (A) any Junior Management Fees payable to the Portfolio Manager in accordance with the Portfolio Management Agreement on its early termination date from (and including) the last Junior Management Fee Payment Date to (but excluding) the applicable early redemption date and (B) an amount to the Noteholders equal to four times the amount in (A) above as a Final Coupon (if any);

(xv) in payment to the Trustee and any receiver appointed in relation to the Notes of all fees and expenses incurred in connection therewith (to the extent not paid in (ii) above);

(xvi) in payment on a pro rata basis to the Agents and each other applicable person of the accrued and unpaid fees of the Agents and other operating expenses (to the extent not paid in (iii) above); and

(xvii) in payment of the remaining proceeds to the Noteholders as a Final Coupon.

For the purposes of these Conditions, "Realisation Amount" means the equivalent in the Notes Currency of the net proceeds of the realisation or, as the case may be, redemption of the Mortgaged Property (or, as the case may be, part thereof) received by or on behalf of the Issuer (or, in the case of enforcement, by or on behalf of the Trustee), having taken into account, for the avoidance of doubt, any costs, expenses and currency conversions which may be incurred by or on behalf of the Issuer or Redemption Agent or (in the case of enforcement) the Trustee, including taxes and other charges in connection with the sale of any Charged Assets.

4. RESTRICTIONS

So long as any of the Notes remain outstanding, the Issuer will not, without the written consent of the Trustee, the Portfolio Manager, the Swap Counterparty and the Collateral Providers:

(a) engage in any activity or do anything whatsoever, provided that it may without such consent:

(i) issue Notes (as defined in the Master Trust Deed) which do not form part of this Series as contemplated by the Trust Deed or enter into or incur indebtedness in respect of moneys borrowed or raised where such indebtedness is incurred on terms (A) that such indebtedness is secured on specified assets of the Issuer (other than its share capital) which do not form part of the Mortgaged Property in respect of the Notes or the security in respect of any other obligations of the Issuer and the value of which is not determined by reference to a portfolio of assets substantially identical to the portfolio of assets referred to in any Performance Swap, (B) that recourse in respect of such indebtedness is limited to such secured assets, (C) that the enforcement provisions relating to such indebtedness are substantially similar to those contained in these Conditions and (D) which provide for the extinguishment of all claims in respect of such indebtedness after application of the proceeds of the assets on which such indebtedness is secured (together with the Notes (as defined in the Master Trust Deed) which do not form part of this Series, the "**Debt Investments**") provided that the Issuer may not enter into or incur such indebtedness until prior notification has been made by the Issuer to the Rating Agency and the Rating Agency has confirmed in writing that the ratings of all outstanding Debt Investments of the Issuer which are rated by the Rating Agency will not be adversely affected by such indebtedness, subject to the maximum aggregate principal amount which may be outstanding under the Programme at any one time under the Programme Agreement;

(ii) acquire and own any assets used to secure any Debt Investment and exercise its rights and perform its obligations in respect thereof;

(iii) perform its obligations under the Trust Deed, the Agency Agreement, the Custodial Services Agreement, the Charged Agreements and agreements incidental to the issue and constitution of, and the granting of security for, the Notes and any agreements relating to the creation of, the granting of security for, or incidental to, any Debt Investment;

(iv) enforce any of its rights under the Agency Agreement, the Custodial Services Agreement, the Charged Agreements or the Trust Deed or otherwise under any agreement entered into in relation to any Debt Investment or the Mortgaged Property;

(v) if appropriate for the Issuer, borrow money subject to the restrictions set out in the Trust Deed; or

(vi) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Notes or entry into any Debt Investment other than Notes;

(b) have any subsidiaries;

(c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 8 (*Purchase and cancellation*));

(d) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Mortgaged Property other than those encumbrances created pursuant to, or as referred to in, the Master Trust Deed or the Supplemental Trust Deed;

(e) have any employees;

(f) declare any dividends or make any distributions of any other kind;

(g) issue any further shares; or

(h) do anything else which is expressly prohibited in the Trust Deed.

5. **COUPONS**

(a) **Final Coupons**

A coupon (a "**Final Coupon**") will be payable on each Note on the applicable Final Coupon Payment Date in an amount equal to its pro rata share of the Final Coupon Amount.

(b) **Guaranteed Coupons**

In addition, if the Notes are Guaranteed Coupon Notes, a coupon (a "**Guaranteed Coupon**") will be payable on each such Note on each Coupon Payment Date in an amount equal to its pro rata share of the Guaranteed Coupon Amount.

(c) **Determinations of coupons by Calculation Agent**

The Calculation Agent will calculate each Guaranteed Coupon Amount for each Coupon Period and the Final Coupon Amount.

(d) **Notifications**

The Calculation Agent will cause each Guaranteed Coupon Amount for each Coupon Period and the Final Coupon Amount to be notified to the Issuer, Trustee, the Principal Paying Agent, the Portfolio Manager, the Registrar and, if the Notes are listed on any stock exchange, the relevant stock exchange and cause notice to be given to the Noteholders in accordance with Condition 15 (*Notices*) as soon as possible after their determination and in any event no later than the relevant Coupon Payment Date (in respect of any Guaranteed Coupon) or the Redemption Date (in respect of the Final Coupon Amount).

(e) **Determinations of coupons by Trustee**

If the Calculation Agent at any time defaults in its obligation to determine the coupon amounts, the Trustee or an appointee thereof shall determine such Guaranteed Coupon Amount or the Final Coupon Amount (as applicable) in its absolute discretion and such determination shall be deemed to be a determination by the Calculation Agent.

(f) **Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Calculation Agent or, if applicable, the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer the Principal Paying Agent, the Registrar, the Calculation Agent, the other Agents and all Noteholders and (in the absence as aforesaid) no liability to the Issuer or the Noteholders shall attach to the Calculation Agent or the Trustee (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

6. **PAYMENTS**

(a) **Method of payment**

Subject as provided below payments will be made by credit or transfer to an account in the Notes Currency specified by the payee or, at the option of the payee, by a cheque drawn in the Notes Currency.

(b) **Payments in respect of Notes**

Payment of principal in respect of each Note will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Note at the specified office of the Registrar or any of the Paying Agents. Such payment will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Note appearing in the Register at the close of business on the fifteenth business day (being for the purposes of this paragraph (b) a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the principal amount of the Notes held by a holder is less than USD 250,000 (or its approximate equivalent in any other Specified Denomination), payment will instead be made by a cheque in the Specified Denomination drawn on a Designated Bank (as defined below). For these purposes, "**Designated Account**" means the account maintained by a holder with a Designated Bank and identified as such in the Register and "**Designated Bank**" means (in the case of a payment in a Specified Denomination other than euro) a bank in the principal financial centre of the country of such Specified Denomination (which, if the Specified Denomination is New Zealand dollars or Australian dollars, shall be Auckland and Sydney, respectively) and (in the case of a payment in euro) any bank which processes payments in EUR.

Payments of coupons (if any) in respect of each Note will be made by a cheque in the Specified Denomination drawn on a Designated Bank and mailed by uninsured mail on the business day immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Note appearing in the Register at the close of business on the Record Date at his address shown in the Register and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days before the due date for any payment of coupons or an instalment of principal (other than the final instalment) in respect of a Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of coupons (other than coupons due on redemption) and instalments of principal (other than the final instalment) in respect of the Notes which become due and payable to the holder who made the application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the coupon due in respect of each Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Note.

Holders of Notes will not be entitled to any coupon or other payment for any delay in receiving any amount due in respect of any Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or coupon in respect of the Notes.

(c) **General provisions applicable to payments**

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg, as the case may be, as the beneficial holder of a particular principal amount of Notes represented by any Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment made by the Issuer or to the order of, the holder of such Global Note. Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as such Global Note is outstanding and the Issuer will be discharged by payment to the holder of such Global Note in respect of each amount so paid.

Every payment of principal or coupons in respect of the Notes to or to the account of the relevant Paying Agent and/or the Redemption Agent (as the case may be) in the manner provided in the Agency Agreement relating to such Notes shall operate in satisfaction pro tanto of the relative obligation of the Issuer in respect of such Notes to pay such principal or coupons except to the extent that there is default in the subsequent payment thereof in accordance with the Conditions of

such Notes to the Noteholders of such Notes. Any receipt by the Custodian of any proceeds in respect of the Charged Assets or any other assets forming part of the Mortgaged Property which are required to be applied to pay principal in respect of the Notes shall operate in satisfaction pro tanto of the relative obligation of the Issuer in respect of such Notes to pay such principal or coupons except to the extent that there is any default in the subsequent payment thereof by the Custodian to the relevant Paying Agent and/or the relevant Redemption Agent.

(d) **Payment Day**

If the date for payment of any amount in respect of any Note is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to coupons or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 9 (*Prescription*)) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) if the Notes are in definitive form, the relevant place of presentation and Ireland; and

(ii) any Business Day Centre.

(e) **Interpretation of principal**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include the Redemption Amount of the Notes.

7. **REDEMPTION**

(a) **Scheduled redemption**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer on the Redemption Date at its Redemption Amount in the applicable Notes Currency.

(b) **Early redemption for taxation reasons**

If the Issuer:

(i) is or will be required by law to withhold or account for tax in respect of payments due under the Notes;

(ii) is or will suffer tax in respect of its income or gains in respect of the Charged Assets or payments made to it under a Charged Agreement; or

(iii) is or will receive net of tax any payment in respect of the Charged Assets or a Charged Agreement, so that it would be unable to make payment of the full amount due in respect of the Notes,

the Issuer shall as soon as reasonably practicable so inform the Trustee, the Swap Counterparty, the Collateral Providers, the Portfolio Manager and the Rating Agency and may use its reasonable endeavours to (i) change the place of residence of the Issuer for taxation purposes or (ii) arrange the substitution of it as obligor of a company approved in writing by the Trustee, the Swap Counterparty, the Collateral Providers and the Portfolio Manager (such approval of the Swap Counterparty, the Collateral Providers and the Portfolio Manager not to be unreasonably withheld or delayed) incorporated in another jurisdiction in which such withholding would not be applicable or such tax would not be accountable or suffered (subject to prior notification to the Rating Agency and written confirmation from the Rating Agency that there would be no adverse change to the credit rating assigned to the Notes by the Rating Agency). As long as the Notes are listed on the Irish Stock Exchange the Issuer will maintain a Paying Agent in Ireland (and, if at any time the Notes are listed on any other stock exchange, the Issuer shall appoint such additional paying agents as may be necessary in connection therewith).

If the Issuer is unable to arrange such substitution before the next payment is due in respect of the Notes (or is unable to do so in a tax-efficient manner), the Issuer shall as soon as reasonably practicable so notify the Trustee, the Swap Counterparty, the Collateral Providers, the Portfolio

Manager and the Rating Agency, and the Swap Counterparty and the Collateral Providers shall have the right under the related Swap Agreement, the Repo or the Deposit Agreement, as applicable, to elect within 20 days of notification by the Issuer to transfer the booking of the Swap Agreement or the Repo or the Deposit Agreement, as applicable, to another jurisdiction such that the relevant withholding (if applicable) does not apply or to pay to the Issuer such amounts as will enable the Issuer (after such withholding, accounting or suffering) to pay (and, in such event, the Issuer will be obliged to pay) on such next due date for payment to the Noteholders the amounts which they would have received in the absence of such withholding, accounting or suffering and, if the Swap Counterparty or any Collateral Provider so exercises such right, no redemption under this Condition 7(b) shall occur.

If neither the Swap Counterparty nor any Collateral Provider exercises such right, the Issuer shall forthwith give notice thereof to the Trustee and the Redemption Agent. The Redemption Agent shall, as soon as reasonably practicable and subject to the provisions of the Trust Deed, arrange and administer the liquidation of the Mortgaged Property. The Issuer shall at the same time give notice, which notice shall be irrevocable, to the Noteholders in accordance with Condition 15 (*Notices*) and to the Principal Paying Agent, the Registrar, the Swap Counterparty, the Collateral Providers and the Portfolio Manager that the Notes are to be redeemed pursuant to this Condition 7(b). Forthwith upon receipt of the liquidation proceeds of the Mortgaged Property (including the sale proceeds of the Charged Assets), the Issuer shall (unless otherwise agreed by the Trustee) give not more than ten nor less than five Business Days' notice, which notice shall be irrevocable, to the Noteholders, in accordance with Condition 15 (*Notices*) and to the Trustee, the Principal Paying Agent, the Registrar, the Swap Counterparty, the Collateral Providers and the Portfolio Manager, of the date upon which the Notes are to be redeemed. Upon the expiry of such notice the Issuer shall apply the Realisation Amount in accordance with Condition 3(e) (*Application of proceeds*) and all but not some only of the Notes shall be redeemed.

In the event of any such redemption becoming due to be made by the Issuer in accordance with this Condition 7(b), the security constituted by the Trust Deed shall become enforceable and the Trustee may take such action as is provided in Condition 11 (*Enforcement*).

Notwithstanding the foregoing, if any of the taxes referred to in this Condition arises:

(i) owing to any connection of any Noteholder with the taxing jurisdiction to which the Issuer is subject otherwise than by reason only of the holding of this Note or receiving principal or coupons in respect thereof;

(ii) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax;

(iii) where such withholding or deduction is imposed on payment made or secured for the benefit of an individual or a non-corporate entity pursuant to the European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000 on the taxation of saving income or any other law implementing or complying with, or introduced in order to conform to, such Directive, or any arrangements entered into between the Member States and certain other third countries and territories in connection with the Directive; or

(iv) (if applicable) which could have been avoided if the relevant Noteholder presented the relevant Note to another Paying Agent in a Member State of the European Union,

then, to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and the provisions of the preceding paragraph shall not apply. Any such deduction shall not constitute an Event of Default under Condition 10 (*Events of Default*).

(c) **Early redemption upon termination of the Collateral Agreements**

Following the termination of either of the Repo or the Deposit Agreement (in whole but not in part) for any reason other than in connection with a redemption or purchase of the Notes pursuant to Condition 7 (*Redemption*), Condition 8 (*Purchase and cancellation*) or Condition 10 (*Events of Default*), the Issuer shall forthwith give notice thereof to the Trustee and the Redemption Agent.

On the date of receipt of such notice from the Issuer, the Redemption Agent shall, as soon as reasonably practicable and subject to the provisions of the Trust Deed, arrange and administer the liquidation of the Collateral Agreements. Forthwith upon receipt of the liquidation proceeds of the Collateral Agreements, the Issuer shall apply such proceeds (i) firstly, in payment to the Repo Counterparty of any termination amount due to the Repo Counterparty under the Repo and in payment to any amount due to the Deposit Provider under the Deposit Agreement (provided that, where the Repo Counterparty is the "Defaulting Party" for the purposes of the Global Master Repurchase Agreement or where the Deposit Agreement is terminated as a result of a default by the Deposit Provider, such amount shall be paid to the Repo Counterparty or the Deposit Provider (as applicable) (a) if the Issuer is able to invest the balance of such proceeds in an Alternative Permitted Asset, on the date of such investment or (b) otherwise, in accordance with Condition 3(e) (*Application of proceeds*) on the date on which the Notes are redeemed, pending which it shall be retained in the Issuer's account referred to below) and (ii) secondly, in investment in an Alternative Permitted Asset (or, pending such investment, in the Issuer's account with the Account Bank relating to the Notes).

Following the termination of the Collateral Agreements, the Issuer will, with the help of the Swap Counterparty, identify and appoint advisers and, in consultation with such advisers, shall use reasonable efforts to enter into one or more repo contracts, deposit agreements or guaranteed investment contracts approved in writing by the Trustee, the Swap Counterparty and the Portfolio Manager, and in respect of which Rating Agency Confirmation has been received (each an "**Alternative Permitted Asset**"), provided always that any such successor repo counterparty, guaranteed investment contract provider or deposit provider must:

a) be legally qualified and have the capacity to act as repo counterparty, guaranteed investment contract provider or deposit provider (as applicable) in respect of the Notes; and

b) enter into a legally binding agreement in writing to assume all of such Collateral Provider's duties and obligations, on the same terms as such Collateral Provider, or such other terms as may be approved by the Issuer and Portfolio Manager, prior to its appointment becoming effective.

If the relevant portion of the proceeds of liquidation of the Collateral Agreements have not been reinvested in an Alternative Permitted Asset within 30 calendar days of the termination of the such Collateral Agreements, the Redemption Agent shall, as soon as reasonably practicable and subject to the provisions of the Trust Deed, arrange and administer the liquidation of the Mortgaged Property. The Issuer shall at the same time give notice, which notice shall be irrevocable, to the Noteholders in accordance with Condition 15 (*Notices*) and to the Principal Paying Agent, the Registrar, the Swap Counterparty and the Portfolio Manager that the Notes are to be redeemed pursuant to this Condition 7(c). Forthwith upon receipt of the liquidation proceeds of the Mortgaged Property (including the sale proceeds of the Charged Assets), the Issuer shall (unless otherwise agreed by the Trustee) give not more than ten nor less than five Business Days' notice, which notice shall be irrevocable, to the Noteholders, in accordance with Condition 15 (*Notices*) and to the Trustee, the Principal Paying Agent, the Registrar, the Swap Counterparty, the Collateral Providers and the Portfolio Manager, of the date upon which the Notes are to be redeemed. Upon the expiry of such notice the Issuer shall apply the Realisation Amount in accordance with Condition 3(e) (*Application of proceeds*) and all but not some only of the Notes shall be redeemed.

In the event of any such redemption becoming due to be made by the Issuer in accordance with this Condition 7(c), the security constituted by the Trust Deed shall become enforceable and the Trustee may take such action as is provided in Condition 11 (*Enforcement*).

(d) **Cancellation**

All Notes which are redeemed will forthwith be cancelled. On the liquidation or realisation of the Mortgaged Property, if security over any Notes forms part of the Mortgaged Property, such Notes shall forthwith be cancelled. All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 8 (*Purchase and cancellation*) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

8. PURCHASE AND CANCELLATION

The Issuer may, provided that no Event of Default has occurred and is continuing, purchase any Notes at any time and from time to time with the consent of the Swap Counterparty at their market value as determined by the Calculation Agent.

All Notes purchased by the Issuer pursuant to this Condition 8, and all Notes the beneficial title to which is acquired by the Issuer by any other means, shall be cancelled in accordance with the provisions of Condition 7(d) (*Cancellation*).

9. PRESCRIPTION

The Notes will become void unless presented for payment within a period of 10 years (in the case of principal) after the Relevant Date therefor.

The Issuer shall be discharged from its obligation to pay principal on a Note to the extent that a cheque which has been duly despatched remains uncashed at the end of the period of 10 years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay coupons on a Note to the extent that a cheque which has been duly despatched remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment.

"**Relevant Date**" means the date on which payment of principal and coupons first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15 (*Notices*).

10. EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the Holders of at least one fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall, (subject in any such case to being indemnified to its satisfaction) give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at the applicable Redemption Amount, and the security constituted by the Trust Deed shall become enforceable (as provided in the Trust Deed) and the Mortgaged Property shall be realised in accordance with Condition 3(d) (*Realisation of Mortgaged Property upon redemption under Condition 10 (Events of Default)*) if any of the following events shall occur and be continuing (each an "**Event of Default**"):

(a) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Notes or any of them; or

(b) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed (the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Noteholders) and such failure continues for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied (and for these purposes, a failure to perform or observe an obligation shall be deemed to be remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or

(c) if any applicable bankruptcy, insolvency, liquidation, moratorium or reprieve from payment, controlled management, fraudulent conveyance, general settlement or composition with creditors, reorganisation or similar laws affecting the rights of creditors generally is applied with respect to the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved in advance by the Trustee; or

(d) if any corporate action is taken by the Issuer (or the shareholders of the Issuer) or any legal proceedings (including presentation of a petition or filing of documents with the court for administration but not including proceedings for winding up or dissolution which are being contested in good faith and are discharged within 21 days) are started, for the winding up, dissolution, administration or appointment of a liquidator, receiver,

administrator, administrative receiver, trustee or similar officer of the Issuer, or of any or all of the Issuer's revenues and assets or formal notice is given of an intention to appoint an administrator or any application is made or petition lodged or documents are filed with the court for administration in relation to the Issuer, or if an examiner is appointed in respect of the Issuer.

11. ENFORCEMENT

At any time after the Notes or any of them shall have become due and repayable and have not been repaid, the Trustee may, at its discretion and without notice, institute such proceedings against the Issuer as it may think fit to enforce repayment thereof and to enforce the provisions of the Notes and the Trust Deed, but it shall not be bound to institute any such proceedings unless:

(a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth of the principal amount of the Notes then outstanding (in which event it shall be obliged so to act, subject as provided in Condition 10 (*Events of Default*) and subject as provided below, irrespective of the effect thereof on the interests of the Swap Counterparty and the Collateral Providers) or so directed by the Swap Counterparty or any Collateral Providers (in which event it shall be obliged so to act, subject as provided in Condition 10 (*Events of Default*) and subject as provided below, irrespective of the effect thereof on the interests of the Noteholders); and

(b) it shall have been indemnified to its satisfaction.

No Noteholder shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. Except as aforesaid, only the Trustee may enforce the rights of the Noteholders, the Swap Counterparty, the Collateral Providers, the Portfolio Manager, the Agents or the Custodian against the Issuer.

After realising the security which has become enforceable and distributing the Realisation Amount in accordance with Condition 3 (*Security*), the obligations of the Issuer with respect to the Trustee, the Swap Counterparty, the Collateral Providers, the Portfolio Manager, any Agent, the Custodian, any Noteholder in respect of the Notes, the Trust Deed, any Charged Agreement, the Agency Agreement and the Custodial Services Agreement shall be satisfied and none of the foregoing parties may take any further steps against the Issuer to recover any further sums in respect thereof and the right to receive any such sums shall be extinguished.

In particular, none of the Trustee, the Swap Counterparty, the Collateral Providers, the Portfolio Manager, any Agent, the Custodian, any Noteholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer or for the appointment of an examiner or administrator in respect of the Issuer.

12. LIMITED RECOURSE

(a) Limited Recourse

All payments to be made by the Issuer hereunder in respect of the Notes will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property (as defined in Condition 3(a) (*Security*)) in respect of the Notes (applied, if applicable, in accordance with the order of priority set out in Condition 3(e) (*Application of proceeds*) (such sums, as so applied, "**Relevant Sums**").

(b) Shortfall

To the extent that the amount received by the Noteholders from the Relevant Sums is less than the amount which they may have expected to receive if Condition 12(a) above did not apply (the difference being referred to herein as a "shortfall"), such shortfall will be borne by such Noteholders in accordance with these Conditions. No such shortfall shall constitute an Event of Default under Condition 10 (*Events of Default*).

(c) Agreement of Noteholders

Each Noteholder, by subscribing for or purchasing Notes, will be deemed to accept and acknowledge that it is fully aware that:

(i) it shall look solely to the Relevant Sums for payments to be made by the Issuer to it in respect of the Notes;

(ii) the obligations of the Issuer to make payments in respect of the Notes will be limited to the Relevant Sums and it shall have no further recourse to the Issuer in respect of the Notes;

(iii) without prejudice to the foregoing, any right of it to claim payment of any amount exceeding its pro rata share of the Relevant Sums shall be automatically extinguished; and

(iv) it shall not be able to institute, or join with any other person in bringing, instituting or joining, insolvency proceedings (whether court based or otherwise) in relation to the Issuer or in the appointment of an examiner or administrator in respect of the Issuer, as a consequence of any such shortfall.

(d) **Issuer solely responsible**

None of the Trustee, the shareholders or directors of the Issuer, the Swap Counterparty, the Portfolio Manager or the Collateral Providers has any obligation to any Noteholder in relation to any failure by the Issuer to make payment of any amount due in respect of the Notes.

13. **REPLACEMENT OF NOTES**

Should any Note be lost, stolen, mutilated, defaced or destroyed, it may, subject to applicable laws and regulations, be replaced at the Specified Office of the Registrar and, so long as the Notes are listed on the Irish Stock Exchange, a Paying Agent in Ireland upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

14. **AGENTS, PORTFOLIO MANAGER AND SWAP COUNTERPARTY**

(a) **General**

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the Specified Office through which any Agent acts, provided that, so long as any of the Notes is outstanding, the termination of the appointment of any Agent (whether by the Issuer or by the resignation of such Agent) shall not be effective unless upon the expiry of the relevant notice there is:

(i) a Principal Paying Agent;

(ii) so long as the Notes are listed on the Irish Stock Exchange, a Paying Agent in Ireland;

(iii) a Custodian;

(iv) a Redemption Agent;

(v) an Account Bank;

(vi) a Calculation Agent;

(vii) a Registrar; and

(viii) a Transfer Agent.

Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 15 (*Notices*).

In addition, the Issuer shall maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive. As long as

the Notes are listed on the Irish Stock Exchange the Issuer will maintain a Paying Agent in Dublin (and, if the Notes are listed on any other stock exchange, the Issuer shall appoint such additional paying agents as may be necessary in connection therewith).

In acting under the Agency Agreement and except as otherwise provided in the Trust Deed, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

The Issuer may appoint additional agents from time to time in respect of all or certain Classes of Notes as it may deem necessary or appropriate from time to time in connection with the listing or clearing of the Notes, subject to the consent of the Trustee.

(b) **Downgrade of Agents**

In the event that the Custodian Assigned Rating, Account Bank Assigned Rating or Principal Paying Agent Assigned Rating is less than the Custodian Required Rating, Account Bank Required Rating or Principal Paying Agent Required Rating (as applicable), the Custodian, Account Bank or Principal Paying Agent shall notify the Trustee and the Issuer forthwith and, as the case may be, such Custodian's, Accounts Bank's or Principal Paying Agent's appointment in respect of the Notes shall be terminated with effect from the date falling 30 days thereafter provided that such termination shall not be effective until a successor has been appointed, and the Issuer shall use reasonable efforts to appoint a successor with the ratings required by the Rating Agency. The Custodian, Account Bank or Principal Paying Agent being replaced shall bear the Issuer's reasonable costs and expenses incurred in appointing a successor.

(c) **Portfolio Manager**

The Portfolio Manager acts solely as Portfolio Manager of the Issuer. The Portfolio Manager will assume, and will have, no obligation or responsibility under the Portfolio Management Agreement, the Trust Deed (including the Conditions) or any other Transaction Document to any person other than the Issuer.

All elections, calculations and determinations made by the Portfolio Manager in respect of each Performance Swap shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Agents and the Noteholders. The Portfolio Manager shall have no responsibility to any person for any errors or omissions in any election, calculation or determination by the Calculation Agent or the Swap Counterparty.

(d) **Appointment of successor Portfolio Manager**

Until such time as a successor portfolio manager is appointed, the Issuer shall have the right to appoint a successor portfolio manager without the consent of the Noteholders or any other person in the event that the appointment of the Portfolio Manager is terminated as a result of a termination event pursuant to clause 8.1 (*Termination*) of the Portfolio Management Agreement provided always that 25 per cent of the Noteholders of all Classes of Notes of this Series may object to the appointment of such successor portfolio manager within 30 days of such appointment.

The successor portfolio manager shall fulfil the requirements set out for a "Replacement Manager" in clause 8.8(a) of the Portfolio Management Agreement.

(e) **Appointment of successor Swap Counterparty**

If the Swap Agreement is terminated (in whole but not in part) for any reason other than in connection with a redemption or purchase of the Notes pursuant to Condition 7 (*Redemption*), Condition 8 (*Purchase and cancellation*) or Condition 10 (*Events of Default*), then the Issuer shall forthwith give notice thereof to the Trustee and the Redemption Agent. On the date of receipt of such notice from the Issuer, the Redemption Agent shall, as soon as reasonably practicable and subject to the provisions of the Trust Deed, arrange and administer the liquidation of the Swap Agreement. Forthwith upon receipt of the liquidation proceeds of the Swap Agreement, the Issuer shall apply the realisation amount of the liquidation of the Swap Agreement (i) firstly, in payment to the Swap Counterparty of any TRS Early Termination Amount, CS Early Termination Amount (if any) and any PS Early Termination Amount (each as defined in the ISDA Master Agreement) due

to the Swap Counterparty under the ISDA Master Agreement (except where the Swap Counterparty is the "Defaulting Party" or sole "Affected Party" for the purposes of the ISDA Master Agreement, in which case such amounts shall be paid to the Swap Counterparty (a) where a successor swap counterparty is appointed, on the date of the appointment of such successor swap counterparty or (b) where no successor swap counterparty is appointed, (in the case of EUR Notes) on the date on which a Portfolio Close-Out Event is deemed to occur or (in the case of FX Notes) on the date on which the Notes redeem early, in each case in accordance with Condition 3(e) (*Application of proceeds*)) and (ii) secondly, in payment of the remaining proceeds into a guaranteed investment contract in respect of which Rating Agency Confirmation has been received.

The Issuer shall use reasonable efforts to appoint a successor swap counterparty in the event that the Swap Agreement is terminated (in respect of FX Notes, either in respect of the related Performance Swap and the related Currency Swap or, failing which, in respect of the related Currency Swap only) without the consent of any other person (save as otherwise provided below), provided always that:

(a) any such successor swap counterparty must:

(i) be legally qualified and have the capacity to act as swap counterparty in respect of the Notes, as successor to the Swap Counterparty in the assumption of all the responsibilities, duties and obligations of the Swap Counterparty under the Swap Agreement;

(ii) enter into a legally binding agreement in writing to assume all of the Swap Counterparty's duties and obligations under the Swap Agreement, on the same terms as the Swap Counterparty, or such other terms as may be approved by the Issuer and the Portfolio Manager, prior to its appointment becoming effective; and

(b) the appointment of the successor swap counterparty has been approved by an Extraordinary Resolution of the Noteholders.

In respect of any EUR Notes, if a successor swap counterparty is not appointed by the Issuer within 90 calendar days of the termination of the Swap Agreement, a Portfolio Close-Out Event is deemed to occur.

In respect of any FX Notes, if a successor swap counterparty is appointed by the Issuer in respect of the related Currency Swap only within 90 calendar days of the termination of the Swap Agreement, a Portfolio Close-Out Event is deemed to occur.

Otherwise, in respect of any FX Notes, if a successor swap counterparty is not appointed by the Issuer within 90 calendar days of the termination of the Swap Agreement, the Redemption Agent shall, as soon as reasonably practicable and subject to the provisions of the Trust Deed, arrange and administer the liquidation of the Mortgaged Property. The Issuer shall at the same time give notice, which notice shall be irrevocable, to the Noteholders in accordance with Condition 15 (*Notices*) and to the Principal Paying Agent, the Registrar, the Collateral Providers and the Portfolio Manager that the Notes are to be redeemed pursuant to this Condition 14(e). Forthwith upon receipt of the liquidation proceeds of the Mortgaged Property (including the sale proceeds of the Charged Assets), the Issuer shall (unless otherwise agreed by the Trustee) give not more than ten nor less than five Business Days' notice, which notice shall be irrevocable, to the Noteholders, in accordance with Condition 15 (*Notices*) and to the Trustee, the Principal Paying Agent, the Registrar, the Swap Counterparty, the Collateral Providers and the Portfolio Manager, of the date upon which the Notes are to be redeemed. Upon the expiry of such notice the Issuer shall apply the Realisation Amount in accordance with Condition 3(e) (*Application of proceeds*) and all but not some only of the Notes shall be redeemed.

In the event of any such redemption becoming due to be made by the Issuer in accordance with this Condition 14(e), the security constituted by the Trust Deed shall become enforceable and the Trustee may take such action as is provided in Condition 11 (*Enforcement*).

15. **NOTICES**

(a) Notices to Holders of Notes will be posted to them at their respective addresses in the Register and deemed to have been given on the fourth business day (being a day other

than a Saturday or a Sunday on which banks in New York and London are open for business) after the date of posting. Other notices to Noteholders will be valid if published in a leading English language daily newspaper published in London (which is expected to be the Financial Times) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language daily newspaper of general circulation in Europe. Any such notice (other than as specified above) shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

(b) A copy of all notices provided pursuant to this Condition 15 shall also be given to Euroclear, Clearstream, Luxembourg and any other relevant clearing system.

(c) So long as any Notes are represented by Global Notes notices in respect of those Notes may be given by delivery of the relevant notice to Euroclear or Clearstream, Luxembourg (or other relevant clearing system) for communication by them to entitled account holders in substitution for publication in a daily newspaper with general circulation in London or Europe as applicable.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of these Conditions or other provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing in the aggregate not less than 75 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes so held or represented. An Extraordinary Resolution passed at any meeting of Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trustee may agree, without the consent of the Noteholders (but subject to prior notification by the Issuer to the Rating Agency and written confirmation from the Rating Agency as to there being no adverse change to the credit rating of the Notes granted by the Rating Agency), to (i) any modification of, or to any waiver or authorisation of any breach or proposed breach of, any of these Conditions or any provision of the Trust Deed or, in the case of modification, the Agency Agreement or any Charged Agreement which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders, provided however that no such modification shall be effective without the consent of the Swap Counterparty, the Collateral Providers and the Portfolio Manager (such consent not to be unreasonably withheld or delayed), or (ii) any modification to any of the same which is of a formal, minor or technical nature or to correct a manifest error. The Trustee may agree, without the consent of the Noteholders, but with the consent of the Swap Counterparty, Portfolio Manager and Collateral Providers, to any modification to any of these Conditions to the extent that such modification is required for the purposes of listing the Notes on the Irish Stock Exchange or any other stock exchange.

Subject as provided in the Trust Deed, the Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders, may agree, without the further consent of the Noteholders (such Noteholders as aforesaid being deemed to have given such consent by their purchase of the Notes) (but subject to prior notification to the Rating Agency as aforesaid and written confirmation from the Rating Agency as to there being no adverse change to the credit rating of the Notes granted by the Rating Agency), to the substitution of any other company in place of the Issuer as principal debtor under the Trust Deed, the Notes. No such substitution shall be effective without the consent of the Swap Counterparty, the Collateral Providers and the Portfolio Manager (such consent not to be unreasonably withheld or delayed). Under the Trust Deed, the Issuer has covenanted to use reasonable endeavours to procure the substitution as principal debtor of a company incorporated in some other jurisdiction than that of the Issuer in the event of the Issuer becoming subject to any greater tax on its income than that at the Issue Date or any tax on payments in respect of the Notes, related Swap Agreement, Repo, Deposit Agreement or Portfolio Management Agreement.

As more fully provided for in the Trust Deed, 50 per cent. by outstanding principal amount of the Noteholders of all Classes of Notes of this Series (provided that whilst the Trustee is an affiliate of the Swap Counterparty, any Notes held by the Swap Counterparty and/or its affiliates shall be disregarded and deemed not to be in issue for the purposes of determining whether such

percentage of Noteholders' votes has been obtained) voting together as a Series may remove the Trustee and the Issuer shall use reasonable endeavours to procure that a new trustee is appointed as soon as practicable thereafter. Subject as provided in the Trust Deed, the Issuer has the power to appoint a new trustee provided always that 50 per cent by outstanding principal amount of the Noteholders of all Classes of Notes of this Series voting together as a Series have approved such appointment.

In connection with any exercise of its trusts, powers, authorities or discretions, the Trustee shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, no person shall be entitled to claim, whether from the Issuer, any substitute Issuer, the Swap Counterparty, the Collateral Providers, the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon any person.

Any such modification, waiver, authorisation or substitution shall be binding on all Noteholders and any such modification or substitution shall be notified to the Noteholders by the Issuer in accordance with Condition 15 (*Notices*) as soon as practicable thereafter unless, in the case of a modification, the Trustee agrees otherwise.

17. FURTHER ISSUES

(a) The Issuer shall be at liberty from time to time, without the consent of the Noteholders, the Swap Counterparty, the Collateral Providers, the Portfolio Manager or the Trustee, to create and issue Notes (as defined in the Master Trust Deed) which shall not form part of this Series in accordance with the Trust Deed provided that the value of such Notes is not determined by reference to a portfolio of assets substantially identical to the portfolio of assets referenced in any of the Performance Swaps.

(b) The Issuer shall be at liberty from time to time, without the consent of the Noteholders or the Trustee but with the consent of the Swap Counterparty, the Collateral Providers and the Portfolio Manager, to create and issue further Notes (each such further issue, a "**Tap Issue**") or further classes of notes (each, a "**Further Class**") which shall form part of this Series upon such terms as the Issuer may agree with the Swap Counterparty and the Collateral Providers at the time of the issue thereof, provided that:

(i) in the case of a Further Class, prior notification is made by the Issuer to the Rating Agency;

(ii) the Mortgaged Property relating to the Notes is correspondingly increased (in the case of a Tap Issue) or acquired (in the case of a Further Class);

(iii) the terms and conditions of any such Tap Issue are identical in all respects to these Conditions except for the applicable Issue Date, first Coupon Payment Date (if any) and/or Issue Amount; and

(iv) the terms and conditions of any such Further Class include terms which are equivalent to Condition 12 (*Limited Recourse*).

Any such Notes shall be constituted in accordance with the Trust Deed. The Issuer shall give notice to the Noteholders of the issuance of any Tap Issue or Further Class.

18. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is exempted from any liability (other than as a result of the Trustee's negligence, fraud or wilful misconduct) in respect of any loss, diminution in value or theft of all or any part of the Mortgaged Property, from any obligation to insure all or any part of the Mortgaged Property (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder), to procure the same to be insured or to monitor the adequacy of any insurance arrangements in respect of the Mortgaged Property and from any claim arising if all or any part of the Mortgaged Property (or any such document aforesaid) are held in an account with Euroclear or Clearstream, Luxembourg or any

other clearing system in accordance with that system's rules or otherwise held in safe custody by the Custodian or a bank or other custodian whether or not selected by the Trustee.

19. TRUSTEE CONTRACTING WITH ISSUER AND OTHER PARTIES

The Trust Deed contains provisions pursuant to which the Trustee or any of its subsidiary or associated companies is entitled, inter alia, (i) to enter into business transactions with the Issuer and/or the Swap Counterparty and/or Collateral Providers and/or the Portfolio Manager and/or any obligor in respect of the Mortgaged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer, the Swap Counterparty and/or the Collateral Providers and/or any obligor in respect of the Mortgaged Property and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations, and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeships without regard to the interests of the Noteholders, the Swap Counterparty, the Collateral Providers or the Portfolio Manager and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

20. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term of the Notes under the Contracts (Rights of Third Parties) Act 1999.

21. GOVERNING LAW AND SUBMISSION TO JURISDICTION

(a) Governing law

The Trust Deed, the Agency Agreement, the Custodial Services Agreement and the Notes are governed by, and shall be construed in accordance with, English law.

(b) Submission to jurisdiction

The Issuer agrees, for the exclusive benefit of the Noteholders, that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Notes and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Notes may be brought in such courts.

The Issuer hereby irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition 21 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

The Issuer appoints BNP Paribas, London Branch as its agent for service of process, to receive, for it and on its behalf, service of process in any Proceedings in England and Wales and each undertakes that, in the event of such person ceasing so to act or ceasing to be domiciled in England, it will appoint another person domiciled in England as its agent for service of process in England in respect of any Proceedings.

Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

22. DEFINITIONS

The following expressions shall have the following meanings for the purposes of these Conditions:

"**Account**" has the meaning given to it in Condition 3(a) (*Security*).

"**Account Bank**" (which expression shall include any additional or successor account banks) has the meaning given to it in the introductory paragraphs to these Conditions.

"**Account Bank Agreement**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Agency Agreement**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Agents**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Assigned Rating**" means, in respect of the Swap Counterparty, any Collateral Provider, the Custodian, the Account Bank or the Principal Paying Agent, the rating assigned to the Relevant Unsecured Indebtedness of such entity (or, in the case of the Principal Paying Agent, any guarantor of such entity) by the Rating Agency. For these purposes, the "**Relevant Unsecured Indebtedness**" of an entity means either the long-term unsecured unsubordinated indebtedness or the short-term unsecured unsubordinated indebtedness of such entity, indicated in the Information Table as either "Long-term" or "Short-term" respectively.

"**Business Day**" means a day on which commercial banks and foreign exchange markets are generally open to settle payments in each Business Day Centre. If "TARGET" is specified as a Business Day Centre, it means a day on which the TARGET System is open.

"**Business Day Centre**" means, in respect of each Class, each financial centre specified as such in the Information Table in relation to such Class.

"**Business Day Convention**" means that where any date referred to in these Conditions is specified to be subject to adjustment in accordance with the Business Day Convention and would otherwise fall on a day which is not a Business Day, then such date shall be postponed to the next day which is a Business Day.

"**Calculation Agent**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Charged Agreements**" has the meaning given to it in Condition 3(c) (*Charged Agreements*).

"**Charged Assets**" means, in respect of each Class, the assets transferred from time to time to the Issuer by the Collateral Providers pursuant to the applicable Collateral Agreement relating to such Class of Notes and the assets transferred from time to time to the Issuer by the Swap Counterparty pursuant to the related Swap Agreement.

"**Class**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Clearstream, Luxembourg**" has the meaning given to it in Condition 1(b) (*Transfer and Title*).

"**Collateral Agreements**" means, together, the Repo and the Deposit Agreement (each a "**Collateral Agreement**").

"**Collateral Amount**" means, in respect of any Class of Notes and any date, the sum of the related Repo Share of the then-current nominal of the Repo on such date and the related Deposit Share of the principal amount of the Deposit on such date.

"**Collateral Provider**" means each of the Repo Counterparty and the Deposit Provider (together, the "**Collateral Providers**").

"**Coupon Rate**" means, in respect of any Class of Notes, the applicable percentage specified as such in the Information Table.

"**Coupon Payment Date**" means, in respect of each Class of Notes, each date of each year specified as such in respect of such Class in the Information Table commencing on the applicable date specified therein, subject to adjustment in accordance with the Business Day Convention.

"**Coupon Period**" means, in respect of each Class and:

(a) in respect of the first Coupon Payment Date in respect of such Class of Notes, the period from the Issue Date in respect of such Class to (but excluding) the fifth Business Day preceding such Coupon Payment Date;

(b) in respect of any Coupon Payment Date other than the first Coupon Payment Date in respect of such Class or the final Coupon Payment Date in respect of such Class of Notes, the period from (and including) the fifth Business Day preceding the last Coupon Payment Date to (but excluding) the fifth Business Day preceding the current Coupon Payment Date; and

(c) in respect of the final Coupon Payment Date in respect of such Class of Notes, the period from (and including) the fifth Business Day preceding the penultimate Coupon Payment Date to (but excluding) the final Coupon Payment Date.

"**Currency Swap**" has the meaning given to it in the Currency Swap Confirmation.

"**Currency Swap Confirmation**" means the confirmation described as such and dated the Issue Date.

"**Custodial Services Agreement**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Custodian**" (which expression shall include any additional or successor custodians) has the meaning given to it in the introductory paragraphs to these Conditions.

"**Day Count Fraction**" means, in respect of the calculation of an amount of a Guaranteed Coupon Amount for any Coupon Period in respect of any Class of Notes, the applicable day count fraction specified in the Information Table, and for this purpose (a) "Act/360" means the actual number of days in the Coupon Period divided by 360; and (b) "Act/365" means the actual number of days in the Coupon Period divided by 365 (or if any portion of the Coupon Period falls in a leap year, the sum of (i) the actual number of days in the portion of the Coupon Period falling in a leap year divided by 366 and (ii) the actual number of days in the portion of the Coupon Period falling in a non-leap year divided by 365).

"**Debt Investments**" has the meaning given to it in Condition 4 (*Restrictions*).

"**Deposit**" means the deemed indebtedness of the Deposit Provider under the Deposit Agreement.

"**Deposit Agreement**" means the deposit agreement dated the initial Issue Date between the Issuer and the Deposit Provider, as amended and/or supplemented and/or restated from time to time (including in respect of any Further Class of Notes).

"**Deposit Provider**" means BNP Paribas, London Branch, in its capacity as deposit provider under the Deposit Agreement, which expression shall include any successor deposit provider.

"**Deposit Share**" means, in respect of any Class of Notes at any time, the percentage share of the principal amount of the Deposit allocated to such Class of Notes at such time.

"**Designated Account**" has the meaning given to it in Condition 6(c) (*Payments in respect of Global Notes*).

"**Designated Bank**" has the meaning given to it in Condition 6(c) (*Payments in respect of Global Notes*).

"**Effective Reserve**" has the meaning given to it in the Performance Swap Confirmation.

"**EUR**" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Communities, as amended.

"**EURIBOR**" means, in relation to any Coupon Period, a rate equal to the Floating Rate (as defined in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the ISDA Definitions) for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) the Calculation Period (as defined in the ISDA Definitions) in respect of which the Floating Rate is being calculated is such Coupon Period;

(b) the Floating Rate Option (as defined in the ISDA Definitions) is EUR-EURIBOR-Telerate;

(c) the Designated Maturity (as defined in the ISDA Definitions) is the scheduled duration of such Coupon Period;

(d) the relevant Reset Date (as defined in the ISDA Definitions) is the first day of such Coupon Period;

(e) "Linear Interpolation" is specified as applicable in respect of the first and last scheduled Calculation Periods; and

(f) the relevant Reference Banks (as defined in the ISDA Definitions) are the Reference Banks determined in accordance with the ISDA Definitions for the relevant Floating Rate Option.

"**EUR Notes**" means Notes denominated in EUR.

"**Euroclear**" has the meaning given to it in Condition 1(b) (*Transfer and Title*).

"**Event of Default**" has the meaning given to it in Condition 10 (*Events of Default*).

"**Exchange Event**" has the meaning given to it in Condition 1(b) (*Transfer and Title*).

"**Expenses Cap**" means, in respect of each Class of Notes, the amount specified as such in the Information Table apportioned across all Classes of Notes by the Issuer in its discretion but with particular reference to the initial Issue Amount of such Class, converted (if necessary) into the applicable Notes Currency using the prevailing Spot Rate.

"**Extraordinary Resolution**" has the meaning given to it in the Master Trust Deed.

"**Final Coupon**" has the meaning given to it in Condition 5 (*Coupons*).

"**Final Coupon Amount**" means, in respect of each Class of Notes, any amounts which are available for application as a Final Coupon in accordance with sub-paragraphs (vii), (xii), (xiii) and (xvi) of Condition 3(e) (*Application of proceeds*) above, in each case after satisfaction in full of the applicable Redemption Amount.

"**Final Coupon Payment Date**" means, in respect of each Class of Notes, the date specified as such in respect of such Class of Notes in the Information Table, subject to adjustment in accordance with the Business Day Convention.

"**Further Class**" has the meaning given to it in Condition 17 (*Further Issues*).

"**Further Conditions**" means, in respect of any Tap Issue or any Further Class of Notes, the supplemental terms and conditions relating to the issue of such Tap Issue or Further Class (as applicable).

"**FX Notes**" means any Notes denominated in a currency other than EUR.

"**FX Rate**" has the meaning given to it in the Currency Swap Confirmation.

"**FX Sensitivity Event**" has the meaning given to it in the FX Performance Swap Confirmation.

"**Gap Risk Swap Payments**" means, in respect of each Class of Notes, each Gap Risk Swap Payment (as defined in the Performance Swap Confirmation) payable by the Issuer to the Swap Counterparty in respect of the related Performance Swap under the Performance Swap Confirmation.

"**Guaranteed Coupons**" has the meaning given to it in Condition 5 (*Coupons*).

"**Guaranteed Coupon Amount**" means, in respect of each Class and any Coupon Payment Date, an amount equal to the aggregate of:

(a) the applicable Guaranteed Coupon Rate; multiplied by

(b) the applicable Day Count Fraction; multiplied by

(c) the Outstanding Nominal Amount of such Class as of five Business Days prior to the relevant Coupon Payment Date.

"**Guaranteed Coupon Notes**" means any Class of Notes designated with a "GC" suffix in the Information Table.

"**Guaranteed Coupon Rate**" means, in respect of any Class of Notes, the applicable percentage specified as such in the Information Table.

"**GBP**" means the lawful currency of the United Kingdom.

"**Global Master Repurchase Agreement**" means the TBMA/ISMA global master repurchase agreement dated the Issue Date between the Issuer and the Collateral Providers, to the extent that it relates to this Series.

"**Global Note**" has the meaning given to it in Condition 1(b) (*Transfer and Title*).

"**Information Table**" means the table specified as such below.

"**Investment Companies Act**" has the meaning given to it in Condition 1(b) (*Transfer and Title*).

"**Investor Noteholding**" means, in respect of each Class of Notes, on any day, the Outstanding Nominal Amount of the Notes of such Class other than any Notes held by the Swap Counterparty or its affiliates and designated by the Swap Counterparty as forming part of the TRS Noteholding on such day.

"**Investor Noteholding Ratio**" means, in respect of each Class of Notes, on any day, the Investor Noteholding in respect of such Class on such day divided by the Outstanding Nominal Amount of the Notes of such Class on such day.

"**ISDA Master Agreement**" means the ISDA 2002 Master Agreement (including the related schedule) dated the Issue Date between the Issuer and the Swap Counterparty, to the extent that it relates to the Notes.

"**Issue Amount**" means, in respect of each Class of Notes, the amount specified as such in the Information Table in respect of such Class.

"**Issue Date**" means, in respect of each Class of Notes, the initial issue date specified as such in the Information Table.

"**Issue Documents**" means the prospectus in relation to the Notes, the Supplemental Trust Deed, the ISDA Master Agreement, the Global Master Repurchase Agreement, the Performance Swap Confirmation, each applicable Currency Swap Confirmation (in the case of FX Notes), the Total Return Swap Confirmation, the Collateral Agreements and the Portfolio Management Agreement.

"**JPY**" means the lawful currency of Japan.

"**Junior Management Fee**" has the meaning given to it in the Portfolio Management Agreement.

"**Junior Management Fee Payment Date**" has the meaning given to it in the Portfolio Management Agreement.

"**Liquidity Event**" has the meaning given to it in the Performance Swap Confirmation.

"**Master Trust Deed**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Mortgaged Property**" has the meaning given to it in Condition 3(a) (*Security*).

"**NIBOR**" means, in relation to any Coupon Period, a rate equal to the Floating Rate (as defined in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the ISDA Definitions) for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) the Calculation Period (as defined in the ISDA Definitions) in respect of which the Floating Rate is being calculated is such Coupon Period;

(b) the Floating Rate Option (as defined in the ISDA Definitions) as "NOK-NIBOR-NIBR";

(c) the Designated Maturity (as defined in the ISDA Definitions) is the scheduled duration of such Coupon Period;

(d) the relevant Reset Date (as defined in the ISDA Definitions) is the first day of such Coupon Period;

(e) "Linear Interpolation" is specified as applicable in respect of the first and last scheduled Calculation Periods; and

(f) the relevant Reference Banks (as defined in the ISDA Definitions) are the Reference Banks determined in accordance with the ISDA Definitions for the relevant Floating Rate Option.

"**NOK**" means the lawful currency of Norway.

"**Note Certificate**" means a certificate representing a Noteholder's entire holding of Notes.

"**Noteholders**" has the meaning given to it in the introductory paragraphs of these Conditions.

"**Notes Currency**" means, in respect of each Class of Notes, the applicable currency in which such Class of Notes is denominated.

"**Notional Cash Account**" has the meaning given to it in the Performance Swap Confirmation.

"**Outstanding Nominal Amount**" means, in respect of any Class of Notes, on any date, the aggregate nominal amount of the Notes of that Class that are outstanding on such date.

"**Paying Agents**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Payment Day**" has the meaning given to it in Condition 6(d) (*Payment Day*).

"**Performance Swap**" means, in respect of each Class of Notes, the swap transaction between the Issuer and the Swap Counterparty in respect of such Class of Notes confirmed under the Performance Swap Confirmation.

"**Performance Swap Confirmation**" means the confirmation described as such and dated the Issue Date between the Issuer, the Calculation Agent, the Portfolio Manager and the Swap Counterparty.

"**Portfolio Account**" has the meaning given to it in the Performance Swap Confirmation.

"**Portfolio Close-Out Event**" has the meaning given to it in the Performance Swap Confirmation.

"**Portfolio Manager**" has the meaning given to it in the Portfolio Management Agreement.

"**Portfolio Management Agreement**" means the agreement described as such dated the Issue Date between the Issuer and the Portfolio Manager specified therein.

"**Principal Paying Agent**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Principal Protection Ratio**" means, in respect of each Class of Notes, the percentage specified as such in the Information Table.

"**Proceedings**" has the meaning given to it in Condition 21 (*Governing Law and Submission to Jurisdiction*).

"**Programme**" means the USD 10,000,000,000 Limited Recourse Secured Debt Issuance Programme established by, amongst others, the Issuer.

"**Programme Agreement**" means the amended and restated programme agreement dated 22 March 2007 between the Issuer and BNP Paribas as dealer under the Programme.

"**Programme Documents**" means the Programme Agreement, the Master Trust Deed, the Agency Agreement and the Custodial Services Agreement.

"**Protected Amount**" means, in respect of any Class of Notes on any date, an amount equal to the present value, as of such date, of an amount equal to the product of (i) the related Outstanding Nominal Amount on such date and (ii) the related Principal Protection Ratio, discounted for the period from (but excluding) the related Redemption Date to but (and including) such date at the prevailing Reserve Zero-Coupon Yield (or, if so specified, the prevailing Zero-Coupon Yield) on such date, as determined by the Calculation Agent.

"**Rating Agency**" means Moody's Investors Service Inc., or any successor to its ratings business.

"**Rating Agency Confirmation**" means written confirmation from the Rating Agency that the then current ratings by the Rating Agency of the Notes will not be adversely affected.

"**Realisation Amount**" has the meaning given to it in Condition 3(e) (*Application of proceeds*).

"**Record Date**" has the meaning given to it in Condition 3(a) (*Security*).

"**Redemption Agent**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Redemption Amount**" means, in respect of each Note, the nominal amount of such Note.

"**Redemption Date**" means, in respect of such Class of Notes, the date specified as such in the Information Table, subject to adjustment in accordance with the Business Day Convention.

"**Register**" has the meaning given to it in Condition 1(b) (*Transfer and Title*).

"**Registrar**" has the meaning given to it in the introductory paragraph to these conditions.

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

"**Relevant Date**" has the meaning given to it in Condition 9 (*Prescription*).

"**Repo** " means, in respect of each Class of Notes, the single agreement comprised by the Global Master Repurchase Agreement (to the extent that it relates to such Class of Notes) and the Repo Confirmation (to the extent that it relates to each Long-Term Repo Transaction relating to such Class of Notes) or, as applicable, the series of transactions the subject thereof.

"**Repo Confirmation**" means the form of confirmation described as such and dated the Issue Date between the Issuer and the Repo Counterparty, as amended and/or supplemented from time to time.

"**Repo Share**" means, in respect of any Class of Notes at any time, the percentage share of the nominal amount of the Repo allocated to such Class of Notes at such time.

"**Required Floor Rating**" means, in respect of any Collateral Provider, the rating of the Relevant Unsecured Indebtedness (as defined in the definition of "Assigned Rating") of such Collateral Provider specified as such in the Information Table.

"**Required Rating**" means, in respect of the Swap Counterparty, any Collateral Provider, the Custodian, the Account Bank or the Principal Paying Agent, the rating of the Relevant Unsecured Indebtedness (as defined in the definition of "Assigned Rating") of such entity specified as such in the Information Table.

"**Reserve Zero-Coupon Yield**" means, in respect of any Business Day, the Zero-Coupon Yield for the related Class of Notes on such Business Day minus the greater of (i) 0.10% and (ii) the product of (x) the applicable reserve zero-coupon haircut specified in the Performance Swap Confirmation and (y) the prevailing Zero-Coupon Yield for the related Class of Notes on such Business Day.

"**Securities Act**" means the Securities Act of 1933 (as amended).

"**SEK**" means the lawful currency of Sweden.

"**Senior Management Fee**" means the Senior Management Fee (as defined in the Portfolio Management Agreement) payable quarterly by the Issuer to the Portfolio Manager in respect of each Class of Notes in accordance with the Portfolio Management Agreement.

"**Series**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Specified Denomination**" means, in respect of each Class of Notes, the denomination specified as such in the Information Table.

"**Specified Office**" means, in relation to any party, the office of such party set out in the prospectus relating to the Notes or such other office as such party may specify by notice from time to time to the Issuer.

"**Spot Rate**" means, at any time (a) in relation to notionally converting cash between the Note Account and a Portfolio Account under any Performance Swap, the spot exchange rate quoted by the Swap Counterparty at noon New York time (which shall be the rate available offered by the entity which is the Swap Counterparty to other customers of the entity which is the Swap Counterparty at such time generally), or (b) otherwise, the applicable spot exchange rate quoted by the entity which is the Swap Counterparty at the Valuation Time on the applicable date (which shall be the rate offered by the entity which is the Swap Counterparty to other customers of the entity which is the Swap Counterparty at such time generally).

"**STIBOR**" means, in relation to any Coupon Period, a rate equal to the Floating Rate (as defined in the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (the "**ISDA Definitions**") that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent (as defined in the ISDA Definitions) for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(a) the Calculation Period (as defined in the ISDA Definitions) in respect of which the Floating Rate is being calculated is such Coupon Period;

(b) the Floating Rate Option (as defined in the ISDA Definitions) as "SEK STIBOR SIDE" ;

(c) the Designated Maturity (as defined in the ISDA Definitions) is the scheduled duration of such Coupon Period;

(d) the relevant Reset Date (as defined in the ISDA Definitions) is the first day of such Coupon Period;

(e) "Linear Interpolation" is specified as applicable in respect of the first and last scheduled Calculation Periods; and

(f) the relevant Reference Banks (as defined in the ISDA Definitions) are the Reference Banks determined in accordance with the ISDA Definitions for the relevant Floating Rate Option.

"**Supplemental Trust Deed**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Swap Agreement**" means, in respect of each Class of Notes, the single agreement comprised by the ISDA Master Agreement (to the extent that it relates to such Class of Notes), the Performance Swap Confirmation (to the extent that it relates to the Performance Swap relating to such Class of Notes) and the Total Return Swap Confirmation (to the extent that it relates to such Class of Notes) and, in addition, in the case of any Class of FX Notes, the related Currency Swap Confirmation (to the extent that it relates to such Class of FX Notes) (if any).

"**Swap Counterparty**" means BNP Paribas, London Branch, in its capacity as swap counterparty under each Swap Agreement, which expression shall include any successor swap counterparty.

"**Tap Issue**" has the meaning given to it in Condition 17 (*Further Issues*).

"**Target Rate**" has the meaning given to it in the Portfolio Management Agreement.

"**TARGET System**" means the Trans-European Automated Real-time Gross settlement Express Transfer system.

"**Total Return Swap**" means, in respect of each Class of Notes, the swap transaction between the Issuer and the Swap Counterparty in respect of such Class of Notes confirmed under the Total Return Swap Confirmation.

"**Total Return Swap Confirmation**" means the confirmation described as such and dated the Issue Date between the Issuer and the Swap Counterparty.

"**Tradable Amounts**" means, in respect of each Class of Notes, an amount equal to the Specified Denomination in respect of such Class.

"**Transaction Documents**" means the Issue Documents and the Programme Documents, together.

"**Transfer Agent**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**TRS Noteholding**" means, in respect of any Class of Notes at any time, the Outstanding Nominal Amount of the aggregate amount of Notes of such Class held by the Swap Counterparty or any affiliate at such time and designated at such time by the Swap Counterparty as forming part of the "TRS Noteholding".

"**Trust Deed**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**Trustee**" has the meaning given to it in the introductory paragraphs to these Conditions.

"**USD**" means the lawful currency of the United States of America.

"**U.S. Persons**" has the meaning given to it in Regulation S.

"**Valuation Time**" means 3 p.m. New York time.

"**Zero-Coupon Purchase Shortfall Amount**" has the meaning given to it in the Performance Swap Confirmation.

"**Zero-Coupon Yield**" means, in respect of any Class of Notes on any day, the yield of a zero-coupon bond denominated in the currency of such Class, with a start date on such day, a maturity date on the Redemption Date of such Class of Notes or date on which the applicable payment would have been payable (as applicable) and determined on the basis of the swap rate curves for such currency published on specified internal Reuters pages of the Swap Counterparty, provided that if such rates are not published on such pages the Swap Counterparty will determine such rates from such other sources as it, in its absolute discretion, may deem appropriate. For the avoidance of doubt, the swap rate curves used for the purpose of calculating such Zero-Coupon Yield shall be adjusted by a spread corresponding to the "Spread 2" in respect of such Class of Notes set out in the applicable Currency Swap Confirmation.

THE PORTFOLIO MANAGER

American International Group, Inc., a Delaware corporation ("**AIG**"), is a holding company which, through its subsidiaries, is engaged in a broad range of insurance and related activities in the United States and abroad. AIG's primary activities include both general and life insurance operations. Other significant activities include retirement services, financial services and asset management. AIG Global Investment Group ("**AIGGIG**") comprises a group of international companies which provide investment advice and market asset management products and services to clients around the world.

The Portfolio Manager will be AIG Global Investment Corp (Europe) Ltd. (the "**Portfolio Manager**"), a private limited company incorporated under the laws of England and Wales, and authorized and regulated by the United Kingdom Financial Services Authority with permission to manage investments. AIG Global Investment Corp., a New Jersey corporation and an investment advisor registered with the United States Securities and Exchange Commission, will provide sub-advisor services to the Portfolio Manager. Each of the Portfolio Manager and AIG Global Investment Corp. are wholly-owned subsidiaries of AIG.

As of March 31, 2007, AIGGIG managed approximately U.S. dollars 687.5 billion of assets, of which approximately U.S. dollars 578.6 billion related to AIG affiliated assets (including those managed by joint ventures and certain other AIG investment advisor subsidiaries, but not including assets sub-advised to third party managers) and approximately U.S. dollars 108.9 billion related to client assets. AIGGIG manages more than U.S. dollars 565.5 billion in fixed income investments. AIGGIG's managed fixed income investments include investment grade bonds, high yield bonds, private investments, leveraged loans, municipal bonds and mortgage loans. AIGGIG presently has more than 2,000 employees worldwide.

Personnel

Information regarding the background and experience of key personnel who are expected to be involved, directly or indirectly, in the selection and management of the Global Reference Portfolio is set out below. Such persons may not necessarily continue to be employed by AIGGIG for the entire term of the Portfolio Management Agreement and/or may not perform or continue to perform services in relation to the Global Reference Portfolio or the Portfolio Management Agreement.

Amit Agrawal, Vice President, Senior Portfolio Manager, Credit Derivatives and Synthetics

Mr. Agrawal joined AIGGIG in 2002 and is a Senior Portfolio Manager responsible for managing credit derivatives, synthetic CDOs, and preferred stock portfolios. Since joining, Mr. Agrawal has been involved in building AIGGIG's credit derivatives portfolio. Prior to AIGGIG, Mr. Agrawal worked with MetLife as a Corporate Bond Strategist. His responsibilities there included developing quantitative and relative value tools, portfolio strategy, credit derivatives, and risk management. Prior to MetLife, he was at Bear Stearns in their Corporate Bond Strategy Group. Prior to that, he worked as a Corporate Bond Economist at Moody's Investors Service. Mr. Agrawal received an MBA in Finance from City University of New York and a BE in Engineering from Birla Institute of Technology in India.

Jeremy Baldwin, Vice President, Senior Credit Analyst, High Grade Fixed Income

Mr. Baldwin joined AIGGIG in 2002. He is primarily involved in high grade credit research and oversees the global consumer cyclical research team. In addition, he has regional sector responsibility for European chemicals, building materials, and general industrials. Prior to this role, Mr. Baldwin was a portfolio manager responsible for managing a range of Sterling and Euro balance sheet and total return portfolios. Prior to joining AIGGIG, he worked as a portfolio manager in the UK Life Insurance subsidiary of Commonwealth Bank of Australia. Mr. Baldwin is a qualified Accountant and is an Associate Member of the Chartered Institute of Management Accountants (CIMA). He received a BA (Honours) in Accounting and Finance from Nottingham Business School and is an Associate Member of the United Kingdom Society of Investment Professionals (UKSIP).

Richard Scott, Senior Managing Director, Head of Global Fixed Income

Mr. Scott joined AIGGIG with the acquisition of American General Investment Management ("**AGIM**") in 2001 and is responsible for AIGGIG's Global Fixed Income operations. As Chief

Investment Officer of AGIM since 1998, Mr. Scott was responsible for overseeing all aspects of AGIM's business. Prior to AGIM in 1994, Mr. Scott served as Vice Chairman, General Counsel, and Chief Investment Officer of Western National Corporation, a U.S. dollars 10 billion annuity company, based in Houston, Texas. Mr. Scott began his career at Sullivan & Cromwell in 1977. After two years with the firm, Mr. Scott moved to Vinson & Elkins, L.L.P. where he was a partner in the corporate finance and securities section of the firm. Mr. Scott received an AB (cum laude) in Economics from Duke University and a JD from Duke University Law School. He is also a member of Phi Beta Kappa.

Anders Faergemann, Vice President & Senior Investment Manager, Emerging Markets Fixed Income

Mr. Faergemann joined AIGGIG in 2004 as a Senior Investment Manager contributing to the Emerging Market Bond Team. He focuses on portfolio management of local currency debt as well as sovereign debt. Mr. Faergemann was previously the London-based emerging market currency strategist for an affiliate, AIG Trading Group. Mr. Faergemann began his investment career when he joined the AIG member companies in 1998, following roles at the Institute for Konjunktur-Analyse, the European Commission, and the Permanent Representation of Denmark to the European Union. He received a degree in Economics from the University of Copenhagen and a MA in Economics of the European Union from the University of Exeter.

Bryan Petermann, Managing Director, Co-Head of High Yield

Mr. Petermann joined AIGGIG as Head of High Yield Research in 2001 with the acquisition of AGIM. Mr. Petermann became a high yield Portfolio Manager for AIGGIG in October 2003 and Co-Head of High Yield in 2005. At AGIM, Mr. Petermann served as the media/communications group head. Mr. Petermann was with Union Bank of California where he most recently served as Vice President covering the media and communications sectors. Prior to that, Mr. Petermann served as Vice President in the media and communications groups of Societe Generale and Banque Paribas. He also worked as an associate in corporate finance at Manufacturers Hanover Trust Company. Mr. Petermann began his career in the audit division of Touche Ross & Co. He received a BA, summa cum laude, in economics-business from UCLA, and an MBA from the University of California, Berkeley. He is a member of Phi Beta Kappa.

Keith Dionis, Managing Director, Head of High Grade Corporate Bond Trading

Mr. Dionis joined AIGGIG in 1999 and is a Managing Director and Head of High Grade Corporate Trading, overseeing trading for both the New York and London trading desks. Mr. Dionis also is responsible for trading U.S. corporate bond and credit derivative markets for the airlines, autos, energy, and REITs sectors. Since joining AIGGIG, Mr. Dionis has been involved in integrating trading teams from both SunAmerica and American General, as well as the high grade team in London. Prior to joining AIGGIG, Mr. Dionis was a Fixed Income Trader and Portfolio Manager for Seix Advisors and a Management Associate with Dean Witter InterCapital. Mr. Dionis received a BA in Economics and Business from Lafayette College.

Rajeev Mittal, Managing Director, Head of Emerging Markets Debt

Mr. Mittal joined AIGGIG in 1992 and is Head of Emerging Markets Debt. He is responsible for the portfolio management of emerging sovereign strategies in hard and local currencies and credit default swaps for internal and non-affiliated clients. Prior to his current position and responsibilities at AIGGIG, his responsibilities included portfolio management of single currency U.S. Dollar, Sterling, and Irish Punt portfolios as well as global bond portfolios. Mr Mittal is a member of the Fixed Income Asset Allocation Team and also represents emerging markets debt in the Global Asset Allocation Committee meetings. He received a BSc (Honours) in Mathematics and Statistics from the University of Bradford.

Timothy Grant, Vice President, Trader, High Grade Fixed Income

Mr. Grant joined AIGGIG in October 1999 and is currently based in New York, and is responsible for trading dollars in the following sectors: Aerospace/Defense, Healthcare, Homebuilders, Hotels, Gaming, Consumer Products, Retail and Supermarkets. Mr. Grant was based in London from November 2003 to January of 2006, where he traded dollars, euros and sterling in the following sectors: Autos, Financials Chemicals, Metals, Supermarkets, Retail, Sovereigns, Supranationals, U.S. treasuries and U.S. agencies. From July 2000 to November 2003, Mr. Grant was based in

New York and traded Consumer Products, Defence, Banks, Brokers, Healthcare, Sovereigns, Supranational, Agencies, other services and all floating rate paper. Upon joining AIGGIG, he worked in the Systems Department as a Front Office Systems Analyst where he implemented several different fixed income and equity analytical systems. Prior to joining AIGGIG, Mr. Grant was a Senior Pricing Analyst at Scudder Kemper Investments. He received a BS in Business Administration and a Minor in Economics from the University of New Hampshire. He holds Series 7 and 63 licenses and the Investment Management Certificate.

Rick Scott, Fixed Income Trader, Investment Grade Fixed Income

Mr. Scott joined AIGGIG in 2004 and is a member for the London High Grade team trading Financials, Utilities, Defence, Pharmaceuticals, and Consumer Products in both cash and CDS. Prior to joining AIGGIG, Mr. Scott was an underwriting trainee at OdysseyRe. He received a BA in Religion from Colgate University.

Charles Carlton, Managing Director, Head of Fixed Income Trading Desk, London

Mr. Carlton joined AIGGIG in 1999 and is the Head of Fixed Income Trading in London. His responsibilities include trading corporate bonds and credit default swaps within balance sheet and total return portfolios. Mr. Carlton also manages three other traders in the London office and is the dedicated emerging market trader focusing on both hard currency and local government markets. Previously, Mr. Carlton was at Cigna Investment Managers, most recently as a Fixed Income Manager. Prior to Cigna, he was employed by First Interstate Capital Markets and Lloyds Bank Overseas Division in different capacities in the money market area. Mr. Carlton received his Investment Management Certificate and completed the Security and Financial Derivatives Examination.

Jayne Winthrop, CFA, Vice President, Investment Manager, Fixed Income Investment Grade

Ms. Winthrop joined AIGGIG in 2002 as a Fixed Income Investment Manager. Her primary responsibility includes managing single currency portfolios with a credit bias. She began her career as an Investment Manager for Schroder Investment Management on the European Fixed Income team specializing in European credit portfolios. Ms. Winthrop graduated from Warwick University with a BSc degree in Economics. She has completed the Investment Management Certificate and IIMR. Ms. Winthrop is a member of the CFA Institute and the United Kingdom Society of Investment Professionals (UKSIP). She is a CFA charterholder.

Don McHugh, Chief Credit Officer, Global Fixed Income

Mr. McHugh joined AIGGIG in 2000 and is the Chief Credit Officer for Global Fixed Income with responsibilities that span various asset classes and geographies. He also chairs AIGGIG's International Credit Committee. Prior to his current duties, Mr. McHugh served as Managing Director of High Grade Fixed Income Research, where he oversaw a team of 16 investment professionals responsible for over U.S.D.185 billion in assets. Prior to joining AIGGIG, Mr. McHugh worked for New York Life Investment Management for 12 years, serving as an analyst covering various industry sectors, then as a manager in various credit functions. Previously, he worked in the Controller's Department of New York Life for 6 years where he focused on investment accounting, mergers and acquisitions, competitive analysis and strategic planning. Mr. McHugh is a member of the New York Society of Security Analysts and has served on the Board of the Fixed Income Analysts Society, Inc. (FIASI), where he remains a member. He holds an MBA in Finance from New York University's Stern School of Business and a BS in Accounting from Villanova University.

Sonia Hamstra, CFA, Managing Director, Fixed Income Capital Markets of AIGGIG

Ms. Hamstra is responsible for AIG's Matched Investment Program, as well as coordinating AIGGIG's other fixed income capital markets initiatives. Ms. Hamstra is also responsible for overseeing AIGGIG's Structured Credit business including investments in third-party-managed CDO transactions and issuance of AIGGIG CDO transactions. Ms. Hamstra held a similar position at AGIM where she also directed the firm's investments in asset-backed and commercial mortgage-backed securities. Ms. Hamstra joined AIGGIG with the acquisition of AGIM in 2001, and American General in 1987 as a member of the real estate group. Her prior experience was in real estate banking. Ms. Hamstra earned a BA degree in sociology and an MBA degree in Finance from the University of Texas at Austin. Ms. Hamstra is a CFA charterholder.

Mark E. Pauly, CFA, Vice President, High Yield Trader, High Yield Group

Mr. Pauly rejoined AIGGIG's High Yield Team in 2002. Mr. Pauly was a high yield portfolio manager with Criterion Investment Management. Over the ten years that he has been associated with AGIM, Mr. Pauly had been involved in many different aspects of the company's financial business including systems, marketing services, securities accounting, portfolio forecasting and analysis and, beginning in 1996, high yield trading. Prior to joining AGIM in 1991, Mr. Pauly was a municipal bond trader with J.J. Kenny, Inc. and a financial analyst and trader for Dean Witter Reynolds, Inc. He received a BS in Finance from the University of Arkansas in 1984 and an MBA in Finance from Tulane University in 1991. He is a CFA charterholder.

Anthony King, Vice President, Senior Investment Manager

Mr. King joined AIGGIG in 2000 and is a Vice President and Senior Investment Manager responsible for interest rate and currency and credit risk on both multi-currency and single currency bond portfolios. Since joining AIGGIG, he has been in charge of initiating both Euro and Global Bond products. Mr. King's industry experience began in 1989 at JP Morgan Investment Management where he was responsible for managing single and multi-currency bond portfolios on behalf of pension funds and private clients. During his 11 years at JP Morgan, Mr. King undertook positions in capital markets research, fixed income trading and portfolio management focusing on risk management techniques, use of derivatives and macro economic analysis. Mr. King holds a BSc degree (honours) in Geography and Statistics from the University of Southampton. He holds the IMC and is registered as a holder of the CFTC Series 3 qualification.

Melanie Davis, CFA, Vice President, Structured Credit

Ms. Davis joined AIGGIG in 2004. Ms. Davis invests in and manages a portfolio of third-party-managed CDO transactions and assists in the issuance of AIGGIG CDO transactions. Previously, Ms. Davis was employed at TIAA-CREF, where she was responsible for recommending investments in the CDO sector and was the analyst for the CDO portfolio. In addition, Ms. Davis was part of the management team for two TIAA-managed CDOs backed by structured finance securities. Ms. Davis has a BA in Economics (magna cum laude) from Tufts University and an MBA in Finance from New York University, Stern School of Business. Ms. Davis is a CFA charterholder.

Mark Gross, Managing Director, High Grade Research

Mr. Gross joined AIGGIG in 2000 as a Senior Credit Analyst covering financial institutions. In October 2004, he became Director of High Grade Research, and is responsible for managing a group of 17 Credit Analysts in New York and London. Prior to joining AIGGIG, Mr. Gross spent 13 years at IBCA, where he was responsible for building up IBCA's credit ratings of financial institutions in the U.S. as well as covering banks in many other countries. Mr. Gross began his investment career in 1977 at the Federal Reserve Bank of New York as an Analyst in the Bank Supervision Group. He received a BS in Mathematics and Economics, and an MS in Industrial Administration, both from Union College. He also received an APC in Finance from New York University. Mr. Gross has passed Level II of the CFA Program.

Gary Sparago, CFA, Vice President, Senior Credit Analyst, High Grade Fixed Income

Mr. Sparago joined AIGGIG in 2000 as a Senior Credit Analyst focusing on metals and capital goods. Mr. Sparago was formerly with Goldman Sachs Asset Management where he worked as an Analyst covering aerospace/defense, retail, transportation and conglomerates. Prior to joining GSAM, he worked as a sell-side Bond Analyst at Deutsche Bank Securities following the capital goods, chemicals, defense, retail and transportation industries. He began his career in 1987 at Nomura Securities where he was involved with both High Grade and High Yield credit analysis. He earned a BA degree in Economics from City University of New York (CUNY), Staten Island. Mr. Sparago is a CFA charterholder.

James Hentges, CFA, Vice President, Portfolio Manager, Third Party Portfolio Management Group

Mr. Hentges joined AIGGIG with the acquisition of AGIM in 2001. He is responsible for the portfolio management of investment grade collateralized debt obligations (CDO), as well as synthetic investment grade CDOs. Mr. Hentges has 14 years of investment experience. Prior to joining

AGIM in 2000, Mr. Hentges was a High Yield Bond Analyst with GE Financial Assurance covering oil services, homebuilding, building materials, technology, and wireless communications. Mr. Hentges received his BA degree in Finance from the University of Texas at Arlington. He is a CFA charterholder.

Alexis Taylor, Assistant Portfolio Manager, Third Party Portfolio Management Group

Miss Taylor joined AIGGIG in 2004 after graduating from New York University's Stern School of Business with an undergraduate degree in Finance and Accounting. She is responsible for maintaining and monitoring synthetic CDO portfolios and providing support to the senior portfolio managers. Prior to joining AIGGIG, Miss Taylor worked at Deutsche Bank in the Fixed Income Operations group while completing her studies. She is currently a level III candidate in the CFA Charterholder program.

Scott M. Storey, Vice President, Senior Trader, High Grade Fixed Income

Mr. Storey joined AIGGIG in 2004 and is a Senior Trader responsible for trading telecom, cable, media, technology, and utilities bonds. Prior to joining AIGGIG, Mr. Storey was a Vice President at Credit Suisse Asset Management responsible for trading High Yield, Emerging Market bonds, and Investment Grade bonds. He began his investment career in 1995 as a Fixed Income Trader at Loomis, Sayles & Company trading US government securities. Mr. Storey received a BBA in Finance from the University of Massachusetts at Amherst and an MBA in Finance from New York University Stern School of Business.

Christopher Eger, Trader, High Grade Fixed Income

Mr. Eger joined AIGGIG in 2002 and is a Fixed Income Trader. Mr. Eger trades cash bonds and credit derivatives in the following sectors: Banks, Brokers, Sovereigns, Supranationals, Rails, Metals, Mining, Chemicals, Paper, Agencies, Treasuries, and Conglomerates. Mr. Eger is also responsible for trading DRD Preferred securities and floating rate credit notes. Prior to joining AIGGIG, Mr. Eger attended Yale University and graduated cum laude with a BA in Psychology. Mr. Eger is a Level II candidate in the CFA Program.

Matthew D. Meyer, Managing Director, High Grade Fixed Income

Mr. Meyer joined AIGGIG with the acquisition of AGIM in 2001. He is Managing Director of High Grade Fixed Income in the Capital Markets Group which includes all research, trading, client assets and quantitative analysis. He joined AGIM in 2000 as Vice President, Head of Corporate Trading. Prior to AGIM, he was a Portfolio Manager for corporate bonds at Key Asset Management and a Vice President trading mortgage-backed securities for McDonald & Co. and First Tennessee Bank. Mr. Meyer received a BA in Economics from the University of Virginia and an MBA from Georgetown University.

Douglas Jones, Managing Director, Global Head of Client Portfolio Management, High Grade Fixed Income

Mr. Jones joined AIGGIG in 1999 and is Managing Director and Global Head of Client Portfolio Management. He is also a member of AIGGIG's Global Asset Allocation Committee. Mr. Jones joined AIGGIG from Gartmore (formerly County NatWest Investment Management) where he managed multi-currency bond portfolios for a variety of Asian based institutions, primarily central banks and corporations. He also managed UK pension fund and unit trust assets. Mr. Jones joined Gartmore as a Global Bond and Currency Strategist and member of their Asset Allocation Committee. Prior to Gartmore, Mr. Jones was Chief Economist in charge of economic and market forecasting for Crown Agents Asset Management. Before then he was Economic Advisor to the Rt. Hon. Roy Hattersley, M.P., Shadow Chancellor of the Exchequer and Deputy Leader of the Labour Party. He also worked with Rt. Hon. Tony Blair, the current Prime Minister of the UK. His investment industry experience began in 1987. Mr. Jones received a BA in Economics and Politics (Honours) from the University of Leeds.

James S. Tsang, Ph.D., CFA, Senior Quantitative Analyst, Quantitative Analysis Group, High Grade Fixed Income

Mr. Tsang joined AIGGIG in 2002 and is a Senior Quantitative Analyst within the Quantitative Analysis Group. He is a member of the AIG Derivatives Committee, which reviews proposed

derivatives activities. Mr. Tsang and Quantitative Analysis Group have been responsible for developing models, asset allocations and risk management tools for various fixed income asset classes and derivatives instruments, and have played an important role in AIGGIG's portfolio management process. Mr. Tsang joined AIGGIG from Brown Brothers Harriman & Co where he was a Fixed Income Quantitative Analyst and Asset Backed Securities Portfolio Manager. Prior to that, he worked as a Senior Fixed Income Analyst at Ivy Mackenzie, and a strategist at EBF & Associates, a hedge fund specializing in fixed income and convertible bond arbitrage. Mr. Tsang received an M.S. in Financial Mathematics from University of Chicago and a Ph.D. in Statistics from Michigan State University. Mr. Tsang is a CFA charterholder.

Robert A. Vanden Assem, CFA, Vice President, Senior Portfolio Manager, High Grade Fixed Income

Mr. Vanden Assem joined AIGGIG in 2001 and is responsible for the portfolio management of AIGGIG's high grade total rate of return portfolios, long/short strategies and affiliated accounts. Prior to joining AIGGIG, Mr. Vanden Assem was with Morgan Stanley Dean Witter Advisors where he worked as a portfolio manager for the MSDW Strategist and Variable Strategist mutual funds as well as other institutional and individual fixed income assets. He also managed institutional and individual monies exclusively, at Dean Witter InterCapital, the precursor to MSDW Advisors. Mr. Vanden Assem's investment industry experience began in 1988. He received a BS in Accounting from Fairleigh Dickinson University and an MBA in Finance from New York University. Mr. Vanden Assem is a CFA charterholder.

Vladimir Karlov, Vice President, Head of High-Grade Quantitative Portfolio Management

Mr. Karlov joined AIGGIG in 2000 and is responsible for providing quantitative risk management support to the investment-grade credit team. Previously, Mr. Karlov was responsible for managing capital structure arbitrage and convertible portfolios. Mr. Karlov has been involved in negotiation and execution of numerous structured transactions – Equity Index Notes, Variance Bonds, Commodity Linked Notes, Convertible Asset Swaps and Credit Linked Notes, as well as the majority of derivatives transactions at AIGGIG. He is also involved in asset allocation, asset-liability management, liability driven investments, derivatives modeling, and the analysis of specific investment strategies and structures. Prior to joining AIGGIG, he was a Consultant in the Financial Risk Management Group at PricewaterhouseCoopers LLP in New York. At PwC, Mr. Karlov worked with banks, investment management companies, mortgage companies and government agencies on a wide variety of risk management projects including pricing of credit derivatives and collateralized debt obligations, developing risk analytics for market-neutral and long-short equity hedge funds, analyzing hedging strategies for guaranteed death benefits within a variable annuity portfolio, and re-engineering the asset-liability management process of a commercial bank. He received a BS and an MS (Honors) in Applied Mathematics and Cybernetics at Moscow State University in Russia, and a Doctor of Science in Operations Research from George Washington University.

Mark Girolamo, Managing Director, Director of High Grade Research

Mark Girolamo joined AIGGIG in 2006 as a Senior Credit Analyst covering financial institutions. In October 2006, he was named Director of High Grade Research, and is responsible for managing a group of credit analysts in New York and London. Prior to joining AIGGIG, Mr. Girolamo spent five years at Barclays Capital as a Managing Director and Head of Financial Institutions Research while covering US banks, brokers and finance companies. He has over twenty years experience in credit research beginning in 1987, including four years at Deutsche Bank where he also served as a Managing Director and Co-head of the U.S. High Grade Research Department and eleven years at Bear Stearns in a similar role. He has been named to Institutional Investor Magazine's All America Fixed Income Research team eleven times beginning in 1992. Mr. Girolamo graduated from the United States Military Academy at West Point and received an MBA from Syracuse University. His experience also includes several years in a management role with a Fortune 500 company and five years of service as an officer in the U.S. Army, where he attained the rank of Captain while on active duty. Additionally, Mr. Girolamo has served as a board member and as President of the Fixed Income Analysts Society.

AQUARIUS + INVESTMENTS PLC

General

Terms defined in this section shall supersede for the purposes of this section any other definitions of such terms set out elsewhere in this Prospectus.

Aquarius + Investments plc (being the legal and commercial name) was incorporated in Ireland under the Irish Companies Acts, 1963-2001 under the name Toucan Investments Limited as a private limited liability company with unlimited duration on 26 November 2001 with registered number 350538 and under the name Toucan Investments Limited.

On 12 June 2003 the company was reregistered as a public limited company with the name Toucan Investments plc. On 1 April 2004 a subsequent name change to its current name, Aquarius + Investments plc was registered. Aquarius + Investments plc has been established as a special purpose vehicle. The principal activities of the Issuer are the issuance of financial instruments, the acquisition of financial assets and the entering into of other legally binding arrangements.

The registered office of Aquarius + Investments plc is at 4th Floor, 25-28 Adelaide Road, Dublin 2, Ireland (telephone number: +353 1 605 3000). The authorised share capital of Aquarius + Investments plc is €100,000,000 divided into 100,000,000 Ordinary Shares of €1 each (the "**Shares**"). Aquarius + Investments plc has issued 40,000 Shares all of which are fully paid. The issued Shares are held equally by Eurydice Charitable Trust Limited, Medb Charitable Trust Limited and Bedb Charitable Trust Limited in each case of 30 Herbert Street, Dublin 2, Ireland (in this section, each a "**Share Trustee**", and together, the "**Share Trustees**") and four nominees who hold one Share each on behalf of the Share Trustees. The Share Trustees are charitable trusts incorporated under the laws of Ireland as companies limited by guarantee. The Share Trustees will share equally in any profits derived from Aquarius + Investments plc and apply any income derived by them from Aquarius + Investments plc solely for charitable purposes. Declarations of Trust are in place, together with the terms of the articles of association of the Share Trustees, to ensure that control of Aquarius + Investments plc by the Share Trustees is not abused.

Under the terms of the Trust Deed, Aquarius + Investments plc may issue only rated Notes under the Programme. If Aquarius + Investments plc issues more than one Series of rated Notes under the Programme, before issuing further Series, prior notification will be made by the Issuer to any relevant Rating Agency of such further issue and written confirmation from such relevant Rating Agency (if applicable) to the Trustee that the issuance of such further Series of rated Notes shall not result in the downgrading by such relevant Rating Agency of any outstanding Series of Notes.

Directors

The Directors of Aquarius + Investments plc are as follows:

Name:	Business Address:	Principal Outside Activities:
Adrian Masterson	4th Floor, 25-28 Adelaide Road, Dublin 2, Ireland	Company Director
Stephen Hodgins	6 Upper Prince Edward Terrace Blackrock, co. Dublin	Company Director

Corporate Services Provider

Marsh Management Services (Dublin) Limited has agreed to act as the corporate services provider (the "**Corporate Services Provider**") to Aquarius + Investments plc under an agreement for the provision of corporate services (the "**Corporate Services Agreement**") dated 10 June 2002. The office of the Corporate Services Provider serves as the general business office of Aquarius + Investments plc. Through this office and pursuant to the terms of the Corporate Services Agreement, the Corporate Services Provider will perform various management functions on behalf of Aquarius + Investments plc, including communications with the general public and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider will receive various

fees and other charges payable by Aquarius + Investments plc at rates provided for in the Corporate Services Agreement plus expenses. The Corporate Services Provider will be subject to the overview of the Board of Directors of Aquarius + Investments plc.

BNP PARIBAS GROUP

The information contained in this section related to and has been obtained from BNP Paribas. The information concerning the BNP Paribas and the Group contained herein is furnished solely to provide limited introductory information regarding the BNP Paribas and the Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of the BNP Paribas or the Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

The BNP Paribas Group (the "**Group**") (of which BNP Paribas is the parent company) is a European leader in banking and financial services. It has around 140 000 employees, 110 000 of whom are based in Europe. The group occupies leading positions in three significant fields of activity: Corporate and Investment Banking, Asset Management & Services and Retail Banking. It is present in 85 countries and has a strong presence in all the key financial centres. Present throughout Europe, in all its business lines, France and Italy are its two domestic markets in retail banking. BNP Paribas enjoys a significant and growing presence in the United States and leading positions in Asia and in emerging markets.

At 31 December 2006, the Group had consolidated assets of €1,440.3 billion (compared to €1,258.1 billion at 31 December 2005), consolidated loans and receivables due from customers of €393.1 billion (compared to €301.2 billion at 31 December 2005), consolidated items due to customers of €298.7 billion (compared to €247.5 billion at 31 December 2005) and shareholders' equity (Group share including income for 2006) of €49.5 billion (compared to €40.7 billion at 31 December 2005). Pre tax net income for the year ended 31 December 2006 was €10.6 billion (compared to €8.4 billion for the year ended 31 December 2005). Net income, Group share, for the year ended 31 December 2006 was €7.3 billion (compared to €5.9 billion for the year ended 31 December 2005).

As at the date of this Prospectus, the Group currently has long term senior debt ratings of "Aa2" with stable outlook from Moody's, "AA" with positive outlook from Standard & Poor's and "AA" with stable outlook from Fitch Ratings. Moody's has also assigned the Bank a Bank Financial Strength rating of "B+" and Fitch Ratings has assigned the Bank an individual rating of "A/B".

The Group has three divisions: Retail Banking, Asset Management and Services and Corporate and Investment Banking, the latter two of which also constitute "core businesses". Operationally, the Retail Banking division is itself comprised of three core businesses: French Retail Banking, International Retail Banking and Financial Services, Italian Retail Banking (BNL bc). The Group has additional activities, including those of its listed real estate subsidiary, Klépierre, that are conducted outside of its core businesses.

TAXATION

This summary is of a general nature and is included herein solely for information purposes. It is not intended to be, nor should it be construed to be, legal or tax advice. Prospective investors in the Notes should consult their own tax advisers with respect to their particular circumstances and the effects of state, local or foreign laws, including Irish tax law to which they may be subject.

EU Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted the Directive 2003/48/EC on the taxation of savings income (the "Savings Directive"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required since 1 July 2005 to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, products, premiums or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is widely defined and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of an individual.

However, throughout a transitional period, certain Member States (the Grand-Duchy of Luxembourg, Belgium and Austria), instead of using the Disclosure of Information Method used by other Member States, unless the relevant beneficial owner of such payment elects for the Disclosure of Information Method, withhold an amount on interest payments. The rate of such withholding tax equals 15% during the first three years, 20% during the subsequent three years and 35% until the end of the transitional period.

Such transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Savings Directive, in addition to the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

As regards Luxembourg taxation, the Savings Directive and several agreements concluded between Luxembourg and certain dependent territories of the European Union were implemented in Luxembourg law by the laws dated 21 June 2005 (the "**Laws**").

Irish Taxation

The following is a summary of certain Irish tax consequences of the purchase, ownership and disposition of the Notes. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and may not apply to certain other classes of persons such as dealers in securities.

The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners as in effect on the date of this Prospectus, which are subject to prospective or retroactive change. Prospective investors in the Notes should consult their own advisors as to the Irish or other tax consequences of the purchase, beneficial ownership and disposition of the Notes including, in particular, the effect of any state or local tax laws.

Income Tax

In general, persons who are resident in Ireland are liable to Irish taxation on their worldwide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

A Note may be regarded as property situated in Ireland (and hence Irish source income) on the grounds that a debt is deemed to be situated where the debtor resides. However, the interest earned on such Notes is exempt from income tax if paid to a person who for the purposes of Section 198 of the Taxes Consolidation Act 1997 ("TCA 1997") is regarded as being a resident of a relevant territory. A relevant territory for this purpose is a Member State of the European Communities (other than Ireland) or not being such a Member State a territory with which Ireland has entered into a double tax treaty. A list of countries with which Ireland has entered into a double tax treaty is available on www.revenue.ie

If the above exemption does not apply it is understood that there is a long standing unpublished practice whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

(1) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or

(2) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or

(3) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that this practice will continue to apply.

Withholding Taxes

In general, withholding tax at the rate of 20 per cent. must be deducted from interest payments made by an Irish company. However, Section 246 TCA 1997 ("Section 246") provides that this general obligation to withhold tax does not apply in respect of, inter alia, interest payments made by an Irish Issuer to a person, who by virtue of the law of the relevant territory, is resident for the purposes of tax in a relevant territory (see above for details). This exemption does not apply if the interest is paid to a company in connection with a trade or business which is carried on in Ireland by the company through a branch or agency.

Apart from Section 246, Section 64 TCA 1997 ("Section 64") provides for the payment of interest on a "quoted Eurobond" without deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which:

(i) is issued by a company;

(ii) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established);

(iii) carries a right to interest.

There is no obligation imposed on an Irish Issuer to withhold tax on payments of interest on quoted Eurobonds where:

(a) the person by or through whom the payment is made is not in Ireland, or

(b) the payment is made by or through a person in Ireland, and

  (i) the quoted Eurobond is held in a recognised clearing system (Euroclear, Clearstream Banking AG and Clearstream Banking SA have been designated as recognised clearing systems); or

(ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration to this effect.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently 20 per cent.) from interest on any quoted Eurobond, where such interest is collected by a person in Ireland on behalf of any holder of Notes.

Capital Gains Tax

A holder of the Notes will not be subject to Irish taxes on capital gains if (i) such holder of Notes is neither resident nor ordinarily resident in Ireland and (ii) such holder of Notes does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the Notes are attributable.

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish domiciled, resident or ordinarily resident disponer or if the disponer's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situated in Ireland, the disponer's successor may be liable to Irish capital acquisitions tax. As stated above, Notes issued by an Irish Issuer may be regarded as property situate in Ireland. Accordingly, if such Notes are comprised in a gift or inheritance, the disponer's successor may be liable to Irish capital acquisitions tax, even though the disponer may not be domiciled in Ireland.

Stamp Duty

For as long as the Issuer is a qualifying company within the meaning of Section 110 TCA 1997, no Irish stamp duty will be payable on either the issue or transfer of Notes issued by that the Issuer, provided that the money raised by the issue of such Notes is used in the course of such Issuer's business.

Taxation in Sweden

The following summary of certain tax issues that may arise as a result of holding Notes is based on current Swedish tax legislation and is intended only as general information for holders of Notes who are resident in Sweden for tax purposes. This description does not deal comprehensively with all tax consequences that may occur for holders of Notes, nor does it cover the specific rules where Notes are held by a partnership or are held as current assets in a business operation. Special tax consequences that are not described below may also apply for certain categories of taxpayers, including investment companies, insurance companies, mutual funds and persons who are not resident in Sweden. It is recommended that prospective investors in Notes consult their own tax advisers for information with respect to the special tax consequences that may arise as a result of holding Notes, including the applicability and effect of foreign income tax rules, provisions contained in double taxation treaties and other rules which may be applicable.

Taxation of individuals resident in Sweden

Capital gains and losses

Individuals and estates of deceased Swedish individuals, who sell their Notes, are subject to capital gains taxation. The current tax rate is 30 per cent. of the gain. The capital gain or loss is equal to the difference between the sales proceeds after deduction of sales costs and the acquisition cost of the Notes. The acquisition cost is calculated according to the so-called average method (*Genomsnittsmetoden*). This means that the costs of acquiring all Notes of the same type and class are added together and calculated collectively, with respect to changes to the holding. A Note should be regarded as listed for Swedish tax purposes if the Note is regularly traded and is listed on the Regulated Market of the Irish Stock Exchange or any other foreign market that is considered as a stock exchange under Swedish tax law.

Capital losses on listed Notes qualifying as Swedish receivables (i.e. denominated in SEK) are fully deductible in the capital income category.

If the Notes are not denominated in SEK, a capital loss is deductible at 70 per cent. against any other taxable income derived from capital.

If a deficit arises in the income from capital category, a reduction of the tax on income from employment and from business, as well as the tax on real estate, is allowed. The tax reduction allowed amounts to 30 per cent. of any deficit not exceeding SEK 100,000 and 21 per cent. of any deficit in excess of SEK 100,000. Deficits may not be carried forward to a subsequent fiscal year.

Interest

Interest is subject to tax at a rate of 30 per cent. The tax liability arises when the interest is actually paid, in accordance with the so-called cash method (*Kontantprincipen*).

Net wealth tax

The Swedish government has announced that the net wealth tax shall be abolished as of 2007.

Stamp duty

There is no stamp duty on the issuing, transfer or redemption of Notes in Sweden.

Taxation of Swedish legal entities

Limited liability companies and other legal entities, except for estates of deceased Swedish individuals, are normally taxed on all income (including income from the sale of Instruments) as income from business activities at a flat rate of 28 per cent. Regarding the calculation of a capital gain or loss and the acquisition cost, see "Taxation of individuals resident in Sweden" above. However, interest income is taxed on an accruals basis.

Taxation in Finland

The following is a summary of certain Finnish tax consequences for holders of the Notes who are residents of Finland for tax purposes. The summary is based on tax laws and taxation practice, as in effect and applied as at the date of this Prospectus and is intended to provide general information only. Tax laws, taxation practices and their interpretation are constantly under change, which changes may sometimes have a retroactive effect and may later change the conclusions set out in the summary.

The summary covers only the tax consequences of the subscription, purchase, ownership and disposition of the Notes by individuals who are residents of Finland taxed in accordance with the Finnish Income Tax Act and by Finnish limited liability companies taxed in accordance with the Finnish Business Income Tax Act. The summary does not cover situations where the Notes are held as current assets (i.e. allocable to the inventory) or as investment or financial assets by a limited liability company. This summary addresses neither Finnish gift nor inheritance tax consequences. The tax treatment of each holder of the Notes partly depends on the holder's specific situation. This means that special tax consequences, which are not described below, may arise for certain categories of holders of the Notes as a consequence of, for example, the effect and applicability of foreign income tax rules or provisions contained in an applicable double taxation treaty.

Each prospective investor should consult a tax adviser as to the tax consequences relating to its particular circumstances resulting from subscription, purchase, ownership and disposition of the Notes.

Individuals

Disposal and/or redemption of the Notes

All capital income of individuals – including capital gains – is currently taxed at a flat rate of 28 per cent. Capital losses are deductible from capital gains arising in the same year and the three following years, but not from other capital income (e.g. interest income).

A gain arising from the disposal of the Notes (other than the redemption thereof) constitutes capital gain for individuals. Upon the disposal of interest-bearing Notes, an amount corresponding to the interest for the time preceding the last interest payment date to the time of disposal of such Notes

must first be deducted from the sales price, which amount is deemed to constitute capital income (but is not treated as capital gain).

A gain arising from the redemption of the Notes constitutes capital income, but is likely not to be treated as capital gain. Accordingly, as capital losses are not deductible from other capital income than capital gains, it is unlikely that capital losses from other investments would be deductible from any gain realised at the redemption of such Notes.

A loss from disposal of the Notes is deductible from capital gains from other investments arising during the year of disposal and the three subsequent years and a loss from redemption of the Notes is likely to be deductible from capital income from other investments arising during the year of redemption and the ten subsequent years.

Any capital gain or loss is calculated by deducting the original acquisition cost (including the purchase price and costs) and sales related expenses from the sales price. Alternatively, individuals may, in lieu of applying the actual acquisition costs, choose to apply a so-called presumptive acquisition cost, which is equal to 20 per cent. of the sales price or 40 per cent. of the sales price if the Notes have been held for at least ten years. If the presumptive acquisition cost is used instead of the actual acquisition cost, any sales expenses are deemed to be included therein and may, therefore, not be deducted in addition to the presumptive acquisition cost.

Interest or compensation comparable to interest paid on the Notes

Any interest or compensation comparable to interest paid on the Notes during their respective loan period constitutes capital income of the individual.

Advance tax withholding

Any interest or compensation comparable to interest on the Notes, including any deemed interest upon the disposal of the Notes, and any gain on the redemption of the Notes is subject to an advance tax withholding by the Finnish paying agent at the rate of 28 per cent. Such advance tax withholding will be taken into account in connection with the individual's final taxes.

Exceptions to capital gains and losses

Capital gains arising from disposal of assets, such as the Notes, are exempted from tax provided that the sales prices of all assets sold by the individual during the calendar year do not, in the aggregate, exceed EUR 1,000. Correspondingly, capital losses are not tax deductible if the acquisition cost of all assets disposed during the calendar year does not, in the aggregate, exceed EUR 1,000.

Corporate entities

Disposal and/or redemption of the Notes

Any income received from the disposal and/or redemption of the Notes (including capital return) constitutes, as a general rule, part of the limited liability company's taxable business income. A limited liability company is subject to a corporate income tax, currently at the rate of 26 per cent. for its world wide taxable income. The acquisition cost of the Notes (including the purchase price and costs) and any sales related expenses are generally deductible for tax purposes upon disposal or redemption. Accordingly, any loss due to disposal or redemption of the Notes is deductible from the taxable business income.

Possible exchange rate gains or losses may generally be taxed/deducted either in the year when the exchange rate has changed or later when the actual payment is made.

Interest or compensation comparable to interest paid on the Notes

Any interest or compensation comparable to interest paid on the Notes during their respective loan period constitutes part of the limited liability company's taxable business income. Interest income is taxed on an accrual basis.

Wealth taxation

No wealth taxation is applicable in Finland.

Transfer Tax

Transfers of the Notes are not subject to transfer tax or stamp duty in Finland.

Taxation in Norway

Set out below is a summary of certain Norwegian tax consequences related to the offering and the purchase, holding and disposal of Notes. The summary is based on legislation as at the date of this document and is subject to any changes in law occurring after such date, which changes could be made on a retrospective basis. This summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to the Investors. Investors who wish to clarify their own tax situation should consult with, and rely upon, their own tax adviser.

As a general rule, foreign holders of Notes are not taxable in Norway. However, if a foreign holder of Notes is carrying on business activities in Norway, and the Notes are effectively connected with such activity, the foreign holder of Notes will be subject to the same taxation as Norwegian holders of Notes.

Any changes to applicable tax laws may have a retrospective effect.

Taxation of return on the Notes prior to disposal

Individuals or corporate holders of Notes are liable to tax on any kind of return received on the Notes prior to the disposal. The return is taxable as "ordinary income" subject to the flat rate of 28 per cent. and is taxed on accruals basis (i.e. regardless of when the return is actually paid).

Taxation upon disposal or redemption of the Notes

Redemption at the end of the term as well as prior disposal is treated as realisation of the Notes and may trigger a capital gain or loss. Capital gains will be taxable as "ordinary income", subject to the flat rate of 28 per cent.. Losses will be deductible in the holder's "ordinary income", i.e. all other taxable income derived from labour, business or capital gains. Losses may be carried forward indefinitely.

Any capital gain or loss is computed as the difference between the amount received by the holder on realisation and the cost price of the Notes. The cost price is equal to the price for which the Holder acquired the Notes. Costs incurred in connection with the acquisition and realisation of the Notes may be deducted from the holder's taxable income in the year of the realisation.

Norwegian withholding tax

Payments on the Notes will not be subject to Norwegian withholding tax.

Net wealth taxation

The value of the Notes at the end of each income year will be included in the computation of the holder's taxable net wealth for municipal and state net wealth tax purposes. Listed bonds are valued at their quoted value on 1 January in the assessment year, while non-listed bonds are valued at their estimated market value on 1 January in the assessment year. The marginal tax rate is currently 1.1 per cent..

Limited companies and similar entities are not subject to net wealth taxation.

Transfer taxes etc. – VAT

There are currently no Norwegian transfer taxes, stamp duty or similar taxes connected to purchase, disposal or redemption of the Notes. Further, there is no VAT on transfer of Notes.

BOOK-ENTRY CLEARANCE PROCEDURES

The information set out below has been obtained from sources which the Issuer believes to be reliable, but prospective investors should make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Trustee, the Arranger or any Agent which is a party to the Agency Agreement (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), will have any responsibility for the performance by the Clearing Systems or their respective Participants (as defined below) or accountholders of their respective obligations under the rules procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

Book-Entry Ownership

The Issuer will make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of the Notes to be represented by a Global Note. Each Global Note deposited with a nominee for Clearstream, Luxembourg and/or Euroclear will have an ISIN and a Common Code.

The Issuer reserves the right, subject to the consent of the Trustee, at any time, to select any other clearing system (including VPC) through which all or some Classes of Notes may be cleared.

All Notes will initially be in the form of a Global Note. Interests in a Global Note will be exchangeable, in whole, but not in part, for definitive registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event.

Transfers of Registered Notes

Transfers of interests in Global Notes within Clearstream, Luxembourg and Euroclear will be in accordance with the usual rules and operating procedures of the relevant clearing system.

Beneficial interests in Global Notes may only be held through Clearstream, Luxembourg or Euroclear or, if appropriate an alternative clearing system.

Definitive Registered Notes

Registration of title to the Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg or Euroclear will be permitted only in restricted circumstances. In such circumstances, the Issuer will cause sufficient definitive Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Note must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Notes.

SUBSCRIPTION AND SALE

The Dealer has, in accordance with the terms set out in an Amended and Restated Programme Agreement dated 22 March 2007 (as supplemented, amended and/or restated from time to time, the "**Programme Agreement**") agreed to purchase the Notes at an issue price of 100 per cent. of the aggregate principal amount of the Notes. The Dealer is entitled to be released and discharged from its obligations in relation to any agreement to issue and purchase the Notes under the Programme Agreement in certain circumstances prior to the Issue Date of the Notes. There shall be no additional amounts of any expenses or taxes charged to the purchaser.

Purchase and Offer by Danske Bank A/S

Under a purchase agreement entered into between the Dealer and Danske Bank A/S of 2-12 HolmensKanal, DK-1069, Copenhagen K, Denmark (together with certain of its affiliates, the "**Sole Distributor**"), a bank supervised by the Danish Financial Supervision Authority ("**DFSA**"), the Sole Distributor has agreed to purchase from the Dealer and the Dealer has agreed to sell to the Sole Distributor some or all of the Notes subscribed by the Dealer.

The Sole Distributor has informed the Dealer that it contemplates offering, in its own name and on its own behalf, Notes to the public in the Kingdom of Norway, the Kingdom of Sweden and Finland during a subscription period from (and including) 31 May 2007 to (and including) 29 June 2007. The main terms of such offering (as from time to time specified, amended or complemented by the Sole Distributor) are set out below:

Applications: Purchases from the Sole Distributor can be made by submitting a purchase commitment form provided by the Sole Distributor, or otherwise as instructed by the Sole Distributor.

Payment and delivery: Payments for the Notes shall be made to the Sole Distributor by wire transfer on or about 12 July 2007 or such other date as the Sole Distributor may specify or by internet payment upon the submission of the purchase commitment form, as instructed by the Sole Distributor.

The Sole Distributor estimates that the Notes will be delivered to the purchasers' respective book-entry securities accounts on or around 12 July 2007.

Liability for the offer: Any offers by the Sole Distributor will be made in its own name and on its own behalf and not as an agent of the Issuer or the Dealer and only the Sole Distributor will be liable for such offer. Neither the Issuer nor the Dealer accepts any liability for the offer or sale by the Sole Distributor of Notes to purchasers thereof.

Market Making Arrangements: The Issuer will not enter into any contracts with any person to make a market in the Notes. The Dealer will under normal market conditions provide on a daily basis a purchase price and, if possible, a sale price. Such prices will only be valid on the relevant date. The purchase price will be determined at the sole discretion of the Dealer and may not reflect the market value of the Notes.

The Notes (or certain Classes of Notes) may be offered to the public in other jurisdictions, or during other periods, subject to the preparation of an appropriate prospectus and to receipt of all requisite approvals.

The Dealer and the Sole Distributor may from time effect sales of Notes on a private placement basis on terms other than as set out above.

United States of America

The Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S) except in accordance with the Securities Act or an exemption therefrom and under circumstances which will not require any Issuer to register under the Investment Company Act.

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes outside the United States to non-U.S. persons and for the listing of the Notes on the Irish Stock Exchange.

Any Registered Notes that are offered, sold or transferred outside of the United States or not to or for the account or benefit of a U.S. person (as defined in Regulation S) will be issued in the form of a Global Note which will be registered in the name of a nominee for, and shall be deposited upon issuance with a common depositary on behalf of, Euroclear and Clearstream, Luxembourg.

Each of the Dealer and the Sole Distributor has severally agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver any Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the Issuer, by the Issuing and Paying Agent, within the United States or to, or for the account or benefit of, U.S. persons, and only in accordance with Rule 903 or 904 of Regulation S (the Distribution Compliance Period). Each of the Dealer and the Sole Distributor has further severally agreed that it will have sent to each dealer to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of any Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

The Issuer, the Dealer and the Sole Distributor reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Prospectus does not constitute an offer to any person in the United States or to any U.S. person. Distribution of this Prospectus by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuer of any of its contents to any such U.S. person or other person within the United States, is prohibited.

The Global Notes will bear a legend to the following effect:

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

NO U.S. PERSON (AS DEFINED IN REGULATION S OF THE UNITED STATES SECURITIES ACT OF 1933) MAY BENEFICIALLY OWN ANY PORTION OF THIS OBLIGATION AND, AS PROVIDED HEREIN, NO SUCH PERSON SHALL BE ENTITLED TO PAYMENT OF PRINCIPAL OR INTEREST ON OR IN RESPECT OF THIS OBLIGATION."

United Kingdom

Each of the Dealer and Sole Distributor has severally represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "FSMA") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Ireland

Each of the Dealer and Sole Distributor has severally agreed and each further Dealer appointed under the Programme will be required to agree that:

(i) it has not and will not do anything in Ireland in connection with the Notes which might constitute a breach of Section 9(1), 23(1), 23(6) or 23(7) of the Investment Intermediaries Act, 1995; and

(ii) it has not made and will not make an offer of Notes to the public in Ireland prior to the publication of the Prospectus in relation to the Notes, which has been approved by the Irish Financial Services Regulatory Authority pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, except in circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

General

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), each of the Dealer and the Sole Distributor have severally represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "Relevant Implementation Date") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; and (3) an annual net turnover of more than €50,000,000, as shown in its last (or, in Sweden, last two) annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Sole Distributor to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

Save for obtaining the approval of the Prospectus by the IFRSA and the notification by the IFRSA to the competent authorities of Finland, the Kingdom of Norway and the Kingdom of Sweden of certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive, no action has been or will be taken in any jurisdiction by the Issuer, the Dealer or the Sole Distributor that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Each of the Dealer and the Sole Distributor has severally undertaken that it will comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in its possession or distribute such offering material, in all cases at its own expense. Persons into whose hands this Prospectus comes are required by the Issuer, the Dealer and the Sole Distributor to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. AUTHORISATION

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes to be issued by it. The issue of the Notes was duly authorised by a resolution of the board of directors of the Issuer dated 29 May 2007.

2. USE OF PROCEEDS

The aggregate net proceeds of the issue of the Notes will be applied by the Issuer in making payments under the Performance Swap Confirmation, the Total Return Swap Confirmation, the Repo, the Deposit Agreement and the applicable Currency Swap Confirmation (if applicable). The proceeds of the issue of the Notes on the Issue Date are expected to amount of up to to EUR 500,000,000, SEK 5,000,000,000 and NOK 4,000,000,000.

3. EXPENSES

The estimate of the total expenses relating to the admission to trading of the Notes on the Irish Stock Exchange is EUR 6,300.

4. LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer.

5. FINANCIAL STATEMENTS

The Issuer issued its annual accounts for the first time in 2003, covering the period from the date of its incorporation to 31 August 2003. Other than annual accounts, the Issuer is not currently required to produce any other financial statements. The Issuer has produced financial statements for the periods ending 31 August 2005 and 31 August 2006.

The audited non-consolidated financial statements of the Issuer as at, and for the year ended, 31 August 2005 and 31 August 2006 will be deemed to be incorporated in, and form part of, this Prospectus.

6. MATERIAL ADVERSE CHANGE IN RELATION TO THE ISSUER

Save as disclosed in the Prospectus, there has been no material adverse change in the financial trading position or prospects of the Issuer since 31 August 2006 (being the date of its most recently audited financial statements).

7. STATUTORY AUDITORS OF THE ISSUER

PricewaterhouseCoopers have audited and rendered unqualified audit reports on the financial statements of the Issuer referred to in paragraph 5 (*Financial Statements*) above. PricewaterhouseCoopers are members of the Institute of Chartered Accountants in Ireland.

PricewaterhouseCoopers have given and have not withdrawn their consent to the inclusion in this Prospectus of their report in the form and content in which it is included by reference herein and have authorised the contents of such report for the purposes of Paragraph 9.1 of Annex VII to the Prospectus Regulation.

8. DOCUMENTS ON DISPLAY

From the date hereof and for so long as any Notes are outstanding, copies of the following documents (in English) will be (in the case of (d), (e) and (f) below) available for inspection by physical means and (in the case of (a), (b) and (c) below) obtainable free of charge during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the specified office of the Paying Agent for the time being in Ireland:

(a) the constitutional documents of the Issuer;

(b) the published audited annual financial statements of the Issuer for the most recent financial year and any published financial statements prepared by the Issuer in the future;

(c) this Prospectus;

(d) the Master Trust Deed (which includes the forms of the Global Notes), the Agency Agreement, the Programme Agreement, the Custodial Services Agreement, the Account Bank Agreement and the Irish Corporate Services Agreement;

(e) each Supplemental Trust Deed; and

(f) the Portfolio Management Agreement.

9. CLEARING SYSTEMS

The Notes will be accepted for clearance through Euroclear and Clearstream, Luxembourg. The common code, CUSIP numbers and ISIN for each Class of Notes are specified in the Information Table (as applicable).

10. EU SAVINGS DIRECTIVE

On 1 July 2005 a new EU directive regarding the taxation of savings income payments came into effect. The directive obliges a Member State to provide to the tax authorities of another Member State details of payments of interest or other similar income payments made by a person within its jurisdiction for the immediate benefit of an individual or to certain non-corporate entities resident in that other Member State (or for certain payments secured for their benefit). However, Austria, Belgium and Luxembourg have opted out of the reporting requirements and are instead applying a special withholding tax for a transitional period in relation to such payments of interest, deducting tax at rates rising over time to 35 per cent. This transitional period commenced on 1 July 2005 and will terminate at the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Also with effect from 1 July 2005, a number of non-EU countries and certain dependent or associated territories of Member States have adopted similar measures (either provision of information or transitional withholding) in relation to payments of interest or other similar income payments made by a person in that jurisdiction for the immediate benefit of an individual or to certain non-corporate entities in any Member State. The Member States have entered into reciprocal provision of information or transitional special withholding tax arrangements with certain of those dependent or associated territories. These apply in the same way to payments by persons in any Member State to individuals or certain non-corporate residents of those territories.

11. BNP PARIBAS

BNP Paribas is incorporated in France and its registered office is at 16, Bd des Italiens, 75009 Paris, France. The shares of BNP Paribas are listed on the Paris Stock Exchange and the debt securities of BNP Paribas are listed on, amongst other exchanges, the Luxembourg Stock Exchange.

"**Account Bank**" means BNP Paribas, London Branch in its capacity as account bank (which expression will include any additional or successor account banks).

"**Account Bank Agreement**" means the account bank agreement dated 15 July 2005 between, *inter alios*, Aquarius + Investments plc and the Account Bank.

"**Agency Agreement**" means the amended and restated agency agreement dated 22 March 2007 between, *inter alios*, Aquarius + Investments plc, the Trustee and the Agents.

"**Agent**" means each of the Principal Paying Agent, the Paying Agents, the Redemption Agent and the Calculation Agent (and together the "**Agents**").

"**Arranger**" means BNP Paribas in its capacity as arranger.

"**Calculation Agent**" means BNP Paribas, London Branch in its capacity as calculation agent (which expression will include any additional or successor calculation agent).

"**Clearstream, Luxembourg**" means Clearstream Banking Société anonyme of 42 avenue JF Kennedy, L-1855 Luxembourg.

"**Collateral Providers**" means, together, the Repo Counterparty and the Deposit Provider (each, a "**Collateral Provider**").

"**Conditions**" means the conditions of the Notes as specified under the section of this Prospectus headed "*Conditions of the Notes*" above.

"**Custodial Services Agreement**" means the amended and restated custodial services agreement dated 17 May 2004 between, *inter alios*, Aquarius + Investments plc and the Custodian.

"**Custodian**" means BNP Paribas, London Branch in its capacity as custodian (which expression will include any additional or successor custodians).

"**Dealer**" means BNP Paribas, London Branch in its capacity as dealer.

"**Distribution Compliance Period**" means the period expiring on the date falling 40 days after the completion of the distribution of the Notes (as determined and certified by the Dealer).

"**EEA**" means the European Economic Area.

"**Effective Reserve Ratio**" means in relation to each Class of Notes and any gap risk swap payments date, the greater of (a) one and (b) the ratio of (i) the related Effective Reserve as of the applicable Issue Date (in the case of the first gap risk swap payments date) or as of the date falling 2 Business Days prior to the previous gap risk swap payments date (in the case of any other Gap Risk Swap Payments date), to (ii) the related Effective Reserve as at the applicable Issue Date

"**Effective Reserve Threshold**" means, in respect of each Class of Notes, the percentage specified under the heading "Effective Reserve Threshold" in the Information Table.

"**Eligible Currency**" means each currency specified as such in the Information Table.

"**EONIA**" means, for any relevant date, the overnight rate as calculated by the European Central Bank and appearing on the Telerate Page 247 in respect of that day, if such day is TARGET Settlement Day, or otherwise the immediately preceding TARGET Settlement Day;

"**Euroclear**" means Euroclear System of 1 boulevard du Roi Albert II, B-1210 Brussels, Belgium.

"**Fees**" means Cash Intermediation Swap Payments, Gap Risk Swap Payments, Senior Management Fees and Junior Management Fees.

"**FX Floating Rate**" means, in respect of each Performance Swap and Currency Swap, the relevant rate specified as such in the Performance Swap Confirmation or Currency Swap Confirmation.

"**Global Master Repurchase Agreement**" means the TBMA/ISMA global master repurchase agreement dated the Issue Date between the Issuer and the Collateral Providers relating to the Notes.

"**Information Table**" means the table specified under the section of this Prospectus headed "Information Table" above, as may be amended in respect of the issue of any Tap Issue or Further Class of Notes.

"**Investment Company Act**" means the Investment Company Act of 1940 (as amended).

"**Irish Corporate Services Agreement**" means the corporate services agreement dated 10 June 2002 between Marsh Management Services (Dublin) Limited and the Issuer.

"**Irish Listing Agent**" means BNP Paribas Securities Services, Luxembourg Branch as listing agent.

"**Issue Amount**" means, in respect of each Class of Notes, the amount specified as such in the Information Table.

"**Issue Date**" means the date specified as such in the Information Table.

"**Issue Price**" means, in respect of each Class of Notes, the percentage of the Issue Amount specified as such in the Information Table.

"**Junior Management Fee Proportion**" means, in respect of each Class of Notes, the percentage specified as such in the Information Table in relation to such Class.

"**lower tier two instruments**" will be interpreted in accordance with the FSA Handbook of Rules and Guidance.

"**Master Trust Deed**" means the amended and restated master trust deed dated 29 March 2006 between, *inter alios*, Aquarius + Investments plc and the Trustee.

"**Member States**" means the member states of the European Union.

"**Moody's**" means Moody's Investors Service, Inc., or any successor to its ratings business.

"**Note Value**" means, in respect of each Class of Notes, an amount determined by the Swap Counterparty and displayed on its internal Bloomberg pages, equal to the mid-market value of the Notes of such Class on such date.

"**Paying Agents**" means the Principal Paying Agent together with the other paying agents specified in the Agency Agreement.

"**Performance Swap Confirmation**" means the confirmation described as such and dated the Issue Date between the Issuer, the Calculation Agent, the Swap Counterparty and the Portfolio Manager.

"**Portfolio Manager**" means AIG Global Investment Corp. (Europe) Ltd or any successor thereto.

"**Principal Paying Agent**" means BNP Paribas Securities Services, Luxembourg Branch in its capacity as principal paying agent (which expression will include any successor paying agent).

"**Programme**" means the USD 10,000,000,000 Limited Reverse Secured Debt Issuance Programme of the Issuer and certain other issues.

"**Programme Agreement**" means the programme agreement dated 22 March 2007 between, amongst others, Aquarius + Investments plc and the Dealer relating to the Programme.

"**Prospectus Regulation**" means Commission Regulation EC No 809/1004.

"**Rating Agency**" means Moody's.

"**Redemption Agent**" means BNP Paribas, London Branch as redemption agent (which expression will include any additional or successor redemption agents).

"**Redemption Date**" means, in respect of each Class of Notes, the date specified as such in the Information Table, subject to adjustment in accordance with the Business Day Convention.

"**Reference Asset**" means any Cash Reference Asset, Synthetic Reference Asset, Interest Rate Transaction or Bond Repo Transaction.

"**Reference Entity**" means, in respect of any Performance Swap as at any date, each reference entity under any Synthetic Reference Asset and the Issuer, or applicable guarantor of the issuer, of any Cash Reference Asset in the Reference Portfolio of such Performance Swap.

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

"**Required Reserve**" means, in respect of any Class of Notes on any Business Day, an amount calculated by reference to the characteristics of all Reference Assets comprised in each related Reference Sub-Portfolio, whether the notional position in such Reference Assets is long or short and the management strategy relevant to such Reference Asset (see paragraph 6 (*Management Strategies*) of the section of this Prospectus headed "*The Reference Portfolios*" for a description of the management strategies).

"**Reserve Allocation Percentage**" means, in relation to a Global Reference Sub-Portfolio, a percentage between 0 per cent. and 70 per cent., as decided by the Portfolio Manager daily, allocating the Effective Reserve to the related Global Reference Sub-Portfolio, provided that the sum of the Reserve Allocation Percentage in respect of both Global Reference Sub-Portfolios shall be lower than or equal to 100 per cent.

"**Secured Creditors**" means, in relation to each Class of Notes, the applicable Noteholders, the Trustee, the Agents, the Swap Counterparty, the Collateral Providers and the Portfolio Manager.

"**Securities Act**" means the Securities Act of 1933 (as amended).

"**Senior Management Fee Rate**" means, in respect of each Class of Notes, the rate specified as such in the Information Table in relation to such Class.

"**Strategy Asset**" means, in relation to any management strategy involving one Reference Asset, such Reference Asset and in relation to any management strategy involving two Reference Assets, the Reference Asset which is referenced as a long position in such management strategy.

"**Supplemental Trust Deed**" means the supplemental trust deed dated the Issue Date between, *inter alios*, the Issuer, the Swap Counterparty, the Collateral Providers, the Portfolio Manager and the Trustee.

"**Swap Counterparty**" means BNP Paribas, London Branch in its capacity as swap counterparty (which expression will include any additional or successor swap counterparty).

"**TARGET**" means the Trans-European Automated Real-time Gross settlement Express Transfer system.

"**Target Rate**" means, in respect of each Class of Notes, the rate specified as such in respect of such Class of Notes in the Information Table (for the purposes of determining the Junior Management Fees).

"**TARGET Settlement Day**" means a day on which the TARGET system is open.

"**tier one instruments**" will be interpreted in accordance with the FSA Handbook of Rules and Guidance.

"**Total Protected Amount**" means, in respect of each Class and any date, an amount in the related Notes Currency equal to the sum of:

(a) the Protected Amount in respect of an amount of such Class of Notes equal to the related Investor Noteholding on such date;

(b) the Gap Risk Swap Payments which would be payable on such date if a Portfolio Close-Out Event occurred on such date in respect of the related Investor Noteholding;

(c) the accrued and unpaid Fees (excluding Junior Management Fees) and Guaranteed Coupon Amounts as at such date in respect of an amount of such Class of Notes equal to the related Investor Noteholding;

(d) the present value of the Guaranteed Coupons payable in respect of such Class after such date (without double counting with accrued Guaranteed Coupons taken into account under paragraph (c) above); and

(e) the present value of expected operating expenses (up to the specified cap on such operating expenses) falling due and payable after such date, discounted at the prevailing Reserve Zero-Coupon Yield (or following a Portfolio Close-Out Event, the prevailing Zero-Coupon Yield in respect of such Notes) on such date and, in the case of FX Notes, converted into the related Notes Currency at the applicable prevailing Spot Rate, in respect of an amount of such Class of Notes equal to the related Investor Noteholding.

"**Total Protected Amount Shortfall**" means in relation to each Performance Swap and a Portfolio Close-Out Event, an amount equal to the excess (if any) of (i) the sum of (A) the relevant Total Protected Amount in respect of the related Class of Notes, (B) the cost (as determined by the Collateral Providers) as a result of the related increase or decrease in the Collateral Amount so as to be equal to the Protected Amount at the Redemption Date (or, in the case of FX Notes, the equivalent thereof at the FX Rate) and (C) any cost to the Issuer (as determined by the Swap Counterparty) as a result of the related increase or decrease in the notional amounts of the related Currency Swap, if the relevant Class of Notes are FX Notes so as to be equal to the related Protected Amount at the Redemption Date over (ii) the sum of (A) the related Collateral Amount on such date, (B) any gain to the Issuer (as determined by the Collateral Providers) as a result of the related increase or decrease in the nominal amount of the Repo and/or Deposit, (C) any gain to the Issuer (as determined by the Swap Counterparty) as a result of the related increase or decrease in the notional amounts of the related Currency Swap, if the relevant Class of Notes are FX Notes and (D) an amount in the related Notes Currency equal to the market value of such Performance Swap, as determined by the Swap Counterparty, converted where applicable into the relevant Notes Currency at the relevant prevailing Spot Rate.

"**Trust Deed**" means the Master Trust Deed and the applicable Supplemental Trust Deed together.

"**Trustee**" means BNP Paribas Trust Corporation UK Limited in its capacity as trustee (which expression will include any additional or successor trustee).

"**upper tier two instruments**" will be interpreted in accordance with the FSA Handbook of Rules and Guidance.

INDEX OF DEFINED TERMS

Page

1990 Act 2

Account 66, 83

Account Bank 64, 83, 113

Account Bank Agreement 64, 84, 113

Agency Agreement 64, 84, 113

Agent 113

Agents 64, 84, 113

AGIM 92

AIG 92

AIGGIG 92

Alternative Permitted Asset 75

Arranger 113

Assigned Rating 84

Bond Repo Transactions 42

Business Day 84

Business Day Centre 84

Business Day Convention 84

Calculation Agent 64, 84, 113

Cash Intermediation Swap Payments 39

Cash Reference Assets 42

Charged Agreement 67

Charged Agreements 67, 84

Charged Assets 84

Class 14, 64, 84

Clearstream, Luxembourg 84, 113

Collateral Agreement 84

Collateral Agreements 22, 84

Collateral Amount 84

Collateral Provider 84, 113

Collateral Providers 84, 113

Concentration Event 35

Conditions 113
Corporate Services Agreement 98
Corporate Services Provider 98
Coupon Payment Date 84
Coupon Period 84
Coupon Rate 84
Credit Impairment Event 36
Currency Limit 37
Currency Swap 48, 85
Currency Swap Confirmation 85
Custodial Services Agreement 64, 85, 113
Custodian 64, 85, 113
Daily Batch 40
Daily Valuation 41
Day Count Fraction 85
Dealer 113
Debt Investments 70, 85
Deleverage Event 36
Deposit 53, 85
Deposit Agreement 53, 85
Deposit Provider 85
Deposit Share 85
Designated Account 72, 85
Designated Bank 72, 85
Distribution Compliance Period 113
EEA 113
Effective Reserve 37, 38, 85
Effective Reserve Ratio 113
Effective Reserve Threshold 113
Eligibility Register 33
Eligible Currency 113
EONIA 113
EUR 85

EUR Notes 86
EURIBOR 85
Euroclear 86, 113
Event of Default 76, 86
Exchange Event 65, 86
Expense Amounts 30
Expenses Cap 86
Extraordinary Resolution 86
Fees 113
Final Coupon 71, 86
Final Coupon Amount 86
Final Coupon Payment Date 86
Further Class 82, 86
Further Conditions 86
FX Floating Rate 113
FX Notes 86
FX Rate 48, 86
FX Sensitivity Event 37, 86
Gap Risk Swap Payments 39, 86
GBP 87
Global Master Repurchase Agreement 87, 114
Global Note 24, 65, 87
Global Reference Portfolio 19, 27
Global Reference Sub-Portfolio 19, 27
Global Reference Sub-Portfolio 1 27
Global Reference Sub-Portfolio 2 27
Global Reference Sub-Portfolios 27
Group 100
Guaranteed Coupon 71
Guaranteed Coupon Amount 86
Guaranteed Coupon Notes 87
Guaranteed Coupon Rate 87
Guaranteed Coupons 86

Hedging Mismatch Costs 8
holder of Notes 65
holders 64
IFSRA .....
Information Table 87, 114
Initial Payment 27
Interclass Adjustment 33
Interest Rate Transactions 42
Investment Companies Act 87
Investment Company Act 114
Investor Noteholding 87
Investor Noteholding Ratio 87
Irish Corporate Services Agreement 114
Irish Listing Agent 114
ISDA Master Agreement 87
Issue Amount 87, 114
Issue Date 87, 114
Issue Documents 87
Issue Price 114
Issuer ..... , 64
JPY 87
Junior Management Fee 57, 87
Junior Management Fee Payment Date 87
Junior Management Fee Proportion 114
Laws 101
Liquidity Event 37, 87
Liquidity Event Threshold 37
Long Only Event 38
lower tier two instruments 114
Management Objective 56
Master Trust Deed 64, 87, 114
Member States 114
Moody's 114

Mortgaged Property....67, 87
Negative FX Sensitivity Event....37
NIBOR....87
NOK....88
Note Account....29
Note Certificate....88
Note Value....114
Noteholder....65
Noteholders....64, 88
Notes...., 64
Notes Currency....88
Notional Cash Account....29, 88
OECD Model Agreement....101
Outstanding Nominal Amount....88
Paying Agents....64, 88, 114
Payment Day....73, 88
Performance Swap....27, 88
Performance Swap Confirmation....88, 114
Portfolio Account....29, 88
Portfolio Class Percentage....27
Portfolio Close-Out Event....37, 88
Portfolio Management Agreement....88
Portfolio Management Termination Event....37
Portfolio Manager....88, 92, 114
Portfolio Manager Breach....58
Positive FX Sensitivity Event....37
Potential Reference Sub-Portfolio Notional....35
Principal....62
Principal Paying Agent....64, 88, 114
Principal Protection Ratio....88
Proceedings....83, 88
Programme....88, 114
Programme Agreement....89, 108, 114

Programme Documents 89
Prospectus Directive .....
Prospectus Regulation 114
Protected Amount 89
Rate Sensitivity Event 37
Rating Agency 89, 114
Rating Agency Confirmation 89
Realisation Amount 89
Rebalancing Event 34
Record Date 89
Redemption Agent 64, 89, 114
Redemption Amount 89
Redemption Date 89, 115
Reduced Gap Risk Swap Payments 39
Reference Asset 115
Reference Entity 115
Reference Portfolio 27
Reference Strategy 43
Reference Sub-Portfolio 27
Reference Sub-Portfolio Notional 35
Register 65, 89
Registrar 64, 89
Regulation S 89, 115
Relevant Date 76, 89
Relevant Sums 77
Relevant Unsecured Indebtedness 84
Repo 52, 89
Repo Confirmation 89
Repo Share 89
Required Floor Rating 89
Required Rating 89
Required Reserve 115
Reserve Allocation Percentage 32, 115

Reserve Zero-Coupon Yield 89
Secured Creditors 115
Securities Act 90, 115
SEK 90
Senior Management Fee 56, 90
Senior Management Fee Rate 115
Sensitivity Amount 37
Series 90
Share Trustee 98
Share Trustees 98
Shares 98
Sole Distributor 108
Specified Denomination 90
Specified Office 90
Spot Rate 90
STIBOR 90
Strategy Asset 115
Supplemental Trust Deed 64, 90, 115
Swap Agreement 90
Swap Counterparty 90, 115
Synthetic Reference Assets 42
Tap Issue 82, 90
TARGET 115
Target Rate 91, 115
TARGET Settlement Day 115
TARGET System 91
this Series 64
tier one instruments 115
Total Protected Amount 115
Total Protected Amount Shortfall 116
Total Return Swap 45, 91
Total Return Swap Confirmation 91
Tradable Amounts 91

Trading Agency Agreement....62
Trading Agent....62
Transaction Documents....91
Transfer Agent....64, 91
TRS Noteholding....45, 91
Trust Deed....64, 91, 116
Trustee....64, 91, 116
U.S. Persons....91
Unremedied FX Sensitivity Event....37
upper tier two instruments....116
USD....91
Valuation Cost....28
Valuation Date....29
Valuation Gain....28
Valuation Time....91
VPC....65
Zero-Coupon Purchase Excess Amount....28
Zero-Coupon Purchase Shortfall Amount....28, 91
Zero-Coupon Yield....91
Zero-Reserve Event....37

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