

EQUITY RELEASE FUNDING (NO.1) PLC

(incorporated in England and Wales with limited liability, registered number 4074907)

£35,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2026

Issue Price: 100 per cent.

£197,000,000 5.70 per cent. Class A2 Mortgage Backed Notes due 2031

Issue Price: 98.167 per cent.

£12,500,000 9.00 per cent. Class M Mortgage Backed Notes due 2031

Issue Price: 100 per cent.

Application has been made to the Financial Services Authority in its capacity as UK Listing Authority (the "UK Listing Authority") for £35,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2026 (the "Class A1 Notes"), £197,000,000 Class A2 Mortgage Backed Notes due 2031 (the "Class A2 Notes" and, together with the Class A1 Notes, the "Class A Notes") and £12,500,000 Class M Mortgage Backed Notes due 2031 (the "Class M Notes" and, together with the Class A Notes, the "Notes") of Equity Release Funding (No.1) PLC (the "Issuer") to be admitted to the Official List maintained by the UK Listing Authority (the "Official List") and application will be made to the London Stock Exchange PLC (the "London Stock Exchange") for the Notes to be admitted to trading by the London Stock Exchange which, together, under the UK Listing Rules of the UK Listing Authority, will constitute listing on the London Stock Exchange. Copies of this offering document, which comprises listing particulars with regard to the Issuer and the Notes approved in accordance with the listing rules made under Part IV of the Financial Services Act 1986 as amended (the "Financial Services Act"), have been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 149 of the Financial Services Act.

Each class of Notes will initially be represented by a temporary global note for that class in bearer form (each a "Temporary Global Note"), without coupons or talons, which will be deposited with Citibank, N.A. as common depository (the "Common Depository") for Euroclear Bank as operator of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") on or about 30 March, 2001 (or such later date as may be agreed between the Issuer and Salomon Brothers International Limited (the "Arranger"), Merrill Lynch International (together with the Arranger the "Lead Managers" and each a "Joint Lead Manager") and Barclays Bank PLC (the "Co-Manager" and, together with the Lead Managers, the "Managers") (the "Closing Date"). Interests in each Temporary Global Note will be exchangeable not earlier than 40 days after the Closing Date (and upon certification of non-US beneficial ownership) for interests in a permanent global note representing the Notes of the relevant class (each a "Permanent Global Note" and, together with each Temporary Global Note, the "Global Notes"), each in bearer form without coupons or talons attached, which will also be deposited with the Common Depository. Save in certain limited circumstances, notes in definitive form will not be issued in exchange for the Global Notes.

Interest on the Notes is payable by reference to successive interest periods (each an "Interest Period"). Interest will be payable quarterly in arrear in pounds sterling on 26 February, 26 May, 26 August and 26 November in each year, subject to adjustment as specified herein for non-Business Days (as defined below) (each an "Interest Payment Date"). The first Interest Period will commence on (and include) the Closing Date and (in the case of the Class A1 Notes (the "Floating Rate Notes")) subject to adjustment as specified herein for non-Business Days end on (but exclude) 26 May. In the case of the Floating Rate Notes each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date. In the case of the Class A2 Notes and the Class M Notes (the "Fixed Rate Notes"), each successive Interest Period will commence on and include 26 February, 26 May, 26 August and 26 November and end on (and include) 25 May, 25 August, 25 November and 25 February. The Class A1 Notes will bear interest at a rate per annum equal to the Screen Rate (as defined in Condition 4(d)(i) of the terms and conditions of the Notes (the "Conditions")) or such other rate as is determined by the Agent Bank for the purposes thereof for three months sterling deposits (save in respect of the first Interest Period, as to which see condition 4(d) of the Conditions), plus a margin of 0.45 per cent. per annum up to but excluding the Interest Payment Date falling in February 2011, and, thereafter, an additional margin of 2.05 per cent. per annum (the "Class A1 Step-Up Amount").

The Class A2 Notes will be subject to scheduled partial redemption on each Interest Payment Date commencing with the Interest Payment Date falling in May 2015. The Floating Rate Notes will be subject to partial redemption before their stated maturity date in the specific circumstances described below. In addition, the Notes will be subject to optional redemption in the specific circumstances described below.

If any withholding or deduction for, or on account of, tax is applicable to the Notes, payments of interest on, and principal of the Notes will be made subject to such withholding or deduction, without the Issuer being obliged to pay additional amounts as a consequence.

The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person. It should be noted, in particular, that the Notes will not be obligations of and will not be guaranteed by, or be the responsibility of, the Trustee, the Managers, the Swap Counterparty, the Administrator, the Agent Bank, the Paying Agents, the GIC Provider, the Liquidity Facility Provider, the Corporate Services Provider, the Start-up Loan Provider Norwich Union Equity Release Limited ("NUERL") or any company in the same group of companies as, or affiliated to, NUERL (each as referred to herein). The net issue proceeds of the Notes will be used by the Issuer to purchase Loans and Mortgages (each as defined below) from NUERL.

It is expected that the Class A1 Notes and the Class A2 Notes, when issued, will be assigned a AAA rating by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc. ("S&P") and a Aaa rating by Moody's Investors Service Limited ("Moody's" and, together with S&P, the "Rating Agencies"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each security rating should be evaluated independently of any other rating. The Issuer does not intend to seek a rating for the Class M Notes from any rating organisation.

For a discussion of certain risks and other factors that should be considered in connection with an investment in the Notes, see the section entitled "Investment Considerations" below.

Arranger
Schroder Salomon Smith Barney

Lead Managers
Schroder Salomon Smith Barney

Merrill Lynch International

Co-Manager
Barclays Capital

The date of this Offering Circular is 27 March, 2001



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The Issuer accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this document and any such information or representation not contained herein must not be relied upon as having been authorised by the Issuer, NUERL or the Managers (as defined in *Subscription and Sale* below) or any of their respective affiliates or advisers. Neither the delivery of this document nor any offer, sale or solicitation made in connection with the offering of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer or NUERL or in the information contained herein since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered within the United States or to any U.S. persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are also subject to United States tax law requirements.

Other than the approval of this document as listing particulars in accordance with the listing rules made under Part IV of the Financial Services Act and the delivery of copies of this document to the Registrar of Companies in England and Wales for registration in accordance with Section 149 of that Act, no action has been or will be taken to permit a public offering of the Notes or the distribution of this document in any jurisdiction where action for that purpose is required. The distribution of this document and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. For a description of certain further restrictions on offers and sales of Notes and distribution of this document, see *Subscription and Sale* below.

Neither this document nor any part hereof constitutes an offer of or an invitation by, or on behalf of, the Issuer or the Managers to subscribe for or purchase any of the Notes and neither this document, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

References in this document to "£", "pounds", "pounds sterling" or "sterling" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland. References in this document to "euro" or "€" are to the single currency introduced at the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March, 1957 as amended by, *inter alia*, the Single European Act of 1986 and the Treaty of European Union of 7 February, 1992 establishing the European Community, as further amended from time to time.

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IN CONNECTION WITH THE DISTRIBUTION OF THE NOTES, SALOMON BROTHERS INTERNATIONAL LIMITED MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILISE OR MAINTAIN THE MARKET PRICE OF A PARTICULAR CLASS OF NOTES AT A LEVEL WHICH MIGHT NOT OTHERWISE PREVAIL. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. SEE *SUBSCRIPTION AND SALE* BELOW.

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SUMMARY INFORMATION

The information set out below is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information presented elsewhere in this document.

Capitalised terms used in this summary but not otherwise defined herein are defined in other sections of this Offering Circular. An index of defined terms is included in the *Index of Defined Terms* below.

The Parties

The Issuer:

Equity Release Funding (No.1) PLC (the "Issuer") is a public limited company incorporated in England and Wales with registered number 4074907 and whose registered office is at 78 Cannon Street, London EC4P 5LN. The issued share capital of the Issuer comprises 50,000 ordinary shares of £1 each (of which 49,998 are paid up as to one quarter), all of which are held by Holdco and its nominee. Holdco is owned by SPV Management Limited (in such capacity, the "Share Trustee") and its nominee on discretionary trust for certain charitable institutions. (See *The Issuer* below.)

Holdco:

Equity Release Holdings Limited ("Holdco") is a private limited company incorporated in England and Wales with registered number 4056288 and whose registered office is at 78 Cannon Street, London EC4P 5LN. Holdco will, on the Closing Date, be the ultimate parent company of the Issuer.

The Originator:

Norwich Union Equity Release Limited ("NUERL" and the "Originator") is a private limited company incorporated in England and Wales with registered number 3286484 and whose registered office is at 2 Rougier Street, York YO90 1UU. NUERL is a wholly owned subsidiary of Norwich Union Life & Pensions Limited ("NUL&P"), which is an indirectly held wholly owned subsidiary of CGNU plc. The Originator writes equity release mortgages on behalf of the CGNU Group. Its operations include the marketing, processing, administration and funding of equity release mortgages introduced through intermediaries or sold directly to Borrowers. (See *Norwich Union Equity Release Limited* below.)

The Seller:

The Originator (in this capacity, the "Seller") will enter into a mortgage sale agreement with the Issuer and the Trustee on the Closing Date under the terms of which the Seller will agree to sell the Portfolio to the Issuer (the "Mortgage Sale Agreement").

The Administrator:

NUERL (in this capacity, the "Administrator") will undertake the management and servicing of the Portfolio. If the Administrator's appointment is terminated, pursuant to the terms of the Administration and Cash Handling Agreement, a substitute administrator (the "Substitute Administrator") appointed by the Issuer with the consent of the Trustee and the Rating Agencies and, in default of such appointment, by the Trustee, will perform such service and, for the avoidance of doubt, references to Administrator in this document shall include any such Substitute Administrator.

The Trustee:

The Trustee will be Citicorp Trustee Company Limited, whose principal office is 3rd Floor, Cottons Centre, Hay's Lane, London SE1 2QT (the "Trustee"). The Trustee will be appointed pursuant to a trust deed (the "Trust Deed") to be entered into on the Closing Date between the Issuer and the Trustee to represent the interests of the holders of the Notes.

The GIC Provider:

On the Closing Date Barclays Bank PLC (the "GIC Provider"), whose registered office is at 54 Lombard Street, London EC3V 9EX

("Barclays Bank"), will provide the Issuer with a bank account (the "GIC Account") pursuant to the terms of a guaranteed investment contract further described below for the deposit of all collections and other moneys from time to time received by the Issuer in respect of the Portfolio. (See *Credit Structure – Guaranteed Investment Contract and Eligible Investments* below.)

The Swap Counterparty:

The swap counterparty will be Citibank, N.A. ("Citibank") acting through its branch at 336 Strand, London WC2R 1HB (the "Swap Counterparty"). The Swap Counterparty will provide the Issuer with the benefit of two interest rate swaps pursuant to the terms of an interest rate swap agreement (the "Interest Rate Swap Agreement") and a termination swap agreement (the "Termination Swap Agreement" and, together with the Interest Rate Swap Agreement, the "Swap Agreements") to be entered into on the Closing Date between the Issuer and the Swap Counterparty.

The Liquidity Facility Provider:

Barclays Bank (in this capacity, the "Liquidity Facility Provider") will provide the Liquidity Facility to the Issuer. The Issuer will be required to maintain a liquidity facility with a bank which must have a rating assigned for its unsecured, unsubordinated and unguaranteed short-term debt obligations of at least A-1+ and P-1 (or their equivalent) from the Rating Agencies (the "Liquidity Facility Provider Requisite Rating") as at the Closing Date and, thereafter, such other short-term rating as is otherwise acceptable to the Rating Agencies. (See *Credit Structure – Liquidity Sources – Liquidity Facility* below.)

The Account Bank:

Barclays Bank will act as account bank (the "Account Bank") to the Issuer and the Trustee pursuant to the terms of a bank account agreement to be entered into by, amongst others, the Account Bank, the Issuer and the Trustee on the Closing Date (the "Bank Account Agreement").

The No Negative Equity Insurer:

NUL&P (the "No Negative Equity Insurer") is a private limited company incorporated in England and Wales with registered number 3253947. The No Negative Equity Insurer is a wholly owned subsidiary of CGNU Life Holdings Limited, which in turn is a subsidiary of Norwich Union Holdings Limited which is an indirectly held, wholly owned subsidiary of CGNU plc, the quoted holding company for the CGNU Group. The No Negative Equity Insurer, pursuant to the terms of the NUL&P Insurance Policy, provides insurance in respect of loss suffered by the Originator (and, after the Closing Date, the Issuer) arising as a result of the proceeds from a sale of a property being less than the outstanding amount under the relevant Loan where such sale has occurred following the death or need for Long Term Care of the relevant Borrower.

The Issuer will, as part of the acquisition of the Portfolio, also have the benefit of certain other Insurance Policies provided by other members of the CGNU Group as described in *The Portfolio and Administration – Insurance* below.

The Principal Paying Agent:

Citibank acting through its office at 5 Carmelite Street, London EC4Y 0PA (in this capacity, the "Principal Paying Agent") pursuant to an agency agreement to be entered into on the Closing Date by, amongst others, the Issuer and the Principal Paying Agent (the "Agency Agreement").

Terms and Conditions of the Notes

Each class of Notes will be constituted by the Trust Deed and each class of Notes will be secured by the same security.

Status and form:

The obligations of the Issuer, other than in relation to the Class A1 Step-Up Amount will rank in the following order in point of security and as to payments of interest and principal:

- (a) first, *pari passu*, the Class A1 Notes and the Class A2 Notes; and
- (b) second, the Class M Notes.

It should be noted that if amounts are outstanding under the Liquidity Facility Agreement, the Issuer's obligations in respect thereof will rank ahead of its obligations in respect of all classes of Notes. In addition, save in certain circumstances, payments to the Swap Counterparty rank in priority to the Issuer's obligations in respect of all classes of Notes (see *Summary – Priority of Payments*).

Payment of the Class A1 Step-Up Amount is subordinated to payments of interest and principal on all the Class A Notes (see *Summary Information – Priority of Payments* below) and failure to pay such Class A1 Step-Up Amount does not lead to an Event of Default under the Notes.

The Trust Deed contains provisions requiring the Trustee to have regard to the interests of all classes of Noteholders as if they formed a single class, but, where there is, in the Trustee's opinion, a conflict between such interests, the Trust Deed requires the Trustee to have regard only to the interests of the holders of the most senior class of Notes then outstanding.

The Trust Deed contains provisions limiting the powers of the Class M Noteholders, *inter alia*, to pass any Extraordinary Resolution (as described in Condition 11) or to request or direct the Trustee to take any action which may affect the interests of the Class A Noteholders.

The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person. It should be noted, in particular, that the Notes will not be obligations of and will not be guaranteed by, or be the responsibility of, the Trustee, the Managers, the Swap Counterparty, the Administrator, the Agent Bank, the Paying Agents, the GIC Provider, the Liquidity Facility Provider, the Corporate Services Provider, the Start-up Loan Provider NUERL or any company in the same group of companies as, or affiliated to, NUERL (each as referred to herein).

The net proceeds of the issue of the Notes will, on or about the Closing Date, be applied by the Issuer as described in *Use of Proceeds* below.

Final redemption:

Unless previously redeemed in full, each class of Notes will mature at its Principal Amount Outstanding, in the case of the Class A1 Notes, on the Interest Payment Date falling in February 2026 and, in the case of the Class A2 Notes, on the Interest Payment Date falling in February 2031 and, in the case of the Class M Notes, on the Interest Payment Date falling in February 2031, in each case, together with accrued but unpaid interest thereon.

Scheduled redemption:

The Class A2 Notes will be subject to scheduled *pro rata* redemption in part in quarterly instalments on each Interest Payment Date commencing on the Interest Payment Date falling in May 2015 in the amounts per £100,000 nominal amount of each Class A2 Note as set out in Condition 5(c).

Mandatory redemption:

Prior to the enforcement of the Security for the Notes, on each Interest Payment Date, other than any Interest Payment Date on which the Floating Rate Notes are to be redeemed in full, the Issuer shall apply an amount equal to the Class A1 Note Available Redemption Amount in redeeming the Class A1 Notes until all the

Class A1 Notes have been redeemed in full. (See *Credit Structure – Payments* below.)

For these purposes “Class A1 Note Available Redemption Amount” means, in respect of the immediately succeeding Interest Payment Date, an amount equal to Available Receipts after making payment in respect of amounts set out in paragraphs (a) to (g) of the Priority of Payments.

Prior to the enforcement of the Security for the Notes, on each Interest Payment Date on or after the Interest Payment Date on which the Class A2 Notes have been redeemed in full, the Issuer shall apply an amount equal to the Class M Note Redemption Amount in redeeming the Class M Notes until all the Class M Notes have been redeemed in full.

For these purposes “Class M Note Redemption Amount” means, in respect of the immediately succeeding Interest Payment Date, an amount equal to Available Receipts after making payment in respect of or providing for the amounts set out in paragraphs (a) to (n) of the Priority of Payments.

Optional redemption:

The Notes may, at the option of the Issuer, be redeemed in whole or in part through the issue of replacement notes or new notes as referred to in *Summary Information – Further Issues and New Issues* below.

Notes will be redeemed *pro rata* within each class of Notes, but (other than in relation to the Class M Notes) the Issuer shall be entitled to redeem separate classes of Notes in any order.

The Issuer will redeem the relevant class of Notes in the following amounts:

- (a) the Class A1 Notes will be redeemed at par;
- (b) the Class A2 Notes will be redeemed in an amount equal to the amount required to redeem the Class A2 Notes pursuant to Condition 5(d)(iii)(B) (spens formula); and
- (c) the Class M Notes will be redeemed in an amount equal to the amount required to redeem the Class M Notes pursuant to Condition 5(d)(iii)(B) (spens formula)

Redemption for taxation reasons:

In the event of certain tax changes affecting the Notes and/or the Swap Agreements, including in the event that the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes and/or in respect of the Swap Agreements (although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction), the Issuer may (but is not obliged to) redeem all (but not some only) of the Notes at their Principal Amount Outstanding, together with accrued but unpaid interest thereon up to and including the date of repayment, subject to and in accordance with the provisions set out in Condition 5(e). No class of Notes may be redeemed under such circumstances unless each other class of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

Early Redemption of the Class A2 Notes:

On any Interest Payment Date following the Interest Payment Date falling in February 2004 but prior to the Year 10 Interest Payment Date (any such Interest Payment Date being a “Relevant Interest Payment Date”) on which:

- (a) the Class A1 Notes have been redeemed in full;

- (b) the Swap Agreements have been terminated and all payments in relation thereto (including the Scheduled Payments) have been made in full;
- (c) the Aggregate Loan Amount is equal to or less than £75 million; and
- (d) the weighted average GIC Rate (weighted by reference to balances standing to the credit of the GIC Account as at each Interest Payment Date) for the period beginning on the Closing Date and ending on the Relevant Interest Payment Date is less than the Investment Rate applicable to such Aggregate Loan Amount,

((a) – (d) together being the “Early Redemption Conditions”) the Issuer will be obliged to apply an amount equal to Available Receipts after making payment in respect of or providing for the amounts payable as set out in paragraphs (a) to (f) of the Priority of Payments to redeem the Class A2 Notes (in whole or in part) on the Relevant Interest Payment Date in an amount equal to the aggregate of the Principal Amount Outstanding in respect of the Class A2 Notes plus the Spens Amount provided that, if the Issuer has insufficient funds available to it on a Relevant Interest Payment Date to pay in full the Spens Amount, payment in respect of any Spens Shortfall will be deferred to an Interest Payment Date falling after the Relevant Interest Payment Date as described in *Investment Considerations – Early Redemption of Class A2 Notes*.

However, it should be noted that the Issuer will have the right to use amounts standing to the credit of the GIC Account in order to purchase Replacement Loans at any time after the Aggregate Loan Amount is equal to or below £100 million as described in *Credit Structure – Payments – Early Redemption of Class A2 Notes*.

Interest:

Interest on each class of Notes is payable by reference to successive Interest Periods. In respect of each class of Notes “Interest Period” shall mean the period from (and including) an Interest Payment Date (or, in respect of the first Interest Amount (as defined in Condition 4(f)), the Closing Date) to (but excluding) the immediately succeeding Interest Payment Date. Interest will be payable quarterly in arrear in sterling and in respect of the Principal Amount Outstanding (as defined in Condition 5(f)) of each class of Notes on 26 February, 26 May, 26 August and 26 November, of each year (unless such day is not a day on which commercial banks and foreign exchange markets settle payments in London (a “Business Day”), in which case interest will be payable on the next Business Day) (each such day being an “Interest Payment Date”). In the case of the Class A1 Notes (the “Floating Rate Notes”), the first Interest Period will commence on (and include) the Closing Date and (subject to adjustment as specified herein for non-Business Days) end on (but exclude) 26 May. In the case of the Floating Rate Notes each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date. In the case of the Class A2 Notes and the Class M Notes (the “Fixed Rate Notes”), each successive Interest Period will commence on and include 26 February, 26 May, 26 August and 26 November and end on (and include) 25 May, 25 August, 25 November and 25 February.

The interest rate payable from time to time in respect of the Floating Rate Notes (the “FRN Rate of Interest”) will be determined by the Agent Bank on each Interest Payment Date save in respect of the first Interest Period commencing on the Closing Date, where the

FRN Rate of Interest will be determined by the Agent Bank on the Closing Date (each an "Interest Determination Date").

Interest on the Class A1 Notes will be payable at an annual rate equal to the sum of LIBOR for three months deposits in sterling (or, in respect of the first interest payment, the rate for deposits in sterling for the length of the first Interest Period, calculated using a linear interpolation of LIBOR for two months and three months deposits in sterling) plus a margin of 0.45 per cent. per annum up to but excluding the Interest Payment Date falling in February 2011 and, thereafter, an additional margin of 2.05 per cent. per annum (the "Class A1 Step-Up Amount").

The rate of interest payable in respect of:

- (a) the Class A2 Notes shall be 5.70 per cent. per annum (the "Class A2 Rate of Interest"); and
- (b) the Class M Notes shall be 9.00 per cent. per annum (the "Class M Rate of Interest").

The holders of the Class M Notes will only be entitled to receive payments of interest on the Class M Notes on any Interest Payment Date to the extent that the Issuer has funds available for the purpose and in accordance with the Priority of Payments (as described in *Summary Information – Priority of Payments* below). Such payment will only be made after making payment on such Interest Payment Date of any amounts ranking in priority to payments of interest on the Class M Notes (including, amongst other things, all amounts of interest payable on the relevant Interest Payment Date in respect of the Class A Notes), all as provided in the Conditions, the Deed of Charge and the Administration and Cash Handling Agreement and as described below in *Summary Information – Priority of Payments*.

Any interest on any Class M Notes not paid on an Interest Payment Date will itself accrue interest and will be paid to the holder of such Class M Notes on subsequent Interest Payment Dates to the extent the Issuer has funds available for such purpose, after paying in full on such Interest Payment Date all payments ranking in priority thereto as described above.

Withholding tax:

Payments of interest and principal on the Notes will be made subject to any applicable withholding or deduction for or on account of any tax and neither the Issuer nor the Principal Paying Agent will be obliged to pay any additional amounts as a consequence.

Rating:

It is expected that the Class A1 Notes and the Class A2 Notes, when issued, will be assigned a AAA rating by Standard & Poor's Rating Services, a division of the McGraw-Hill Companies Inc. ("S&P") and will be assigned a Aaa rating by Moody's Investors Service Limited ("Moody's" and, together with S&P, the "Rating Agencies").

The Issuer does not intend to seek a rating for the Class M Notes from any rating organisation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each security rating should be evaluated independently of any other rating. Any reference to matters approved by the Rating Agencies refers to confirmation that the proposed action would not adversely affect or cause the withdrawal of the then current rating of the Notes.

Further Issues and New Issues:

The Issuer will be entitled (but not obliged), subject to certain terms and conditions, at its option from time to time and on any date, without the consent of the Noteholders, to raise further funds by the creation and issue of:

- (a) further notes which will be in bearer form and carry the same terms and conditions in all respects (save as regards the first Interest Period) as and so that the same shall be consolidated and form a single series and rank *pari passu* with the relevant class of Notes ("further Notes"); or
- (b) new notes of a new class which may rank *pari passu* with, ahead of, or after any class of Notes then in issue, save that no New Notes which rank ahead of the Class A Notes may be issued ("New Notes").

It shall be a condition precedent to the issue of any further Notes and/or New Notes that:

- (i) the aggregate principal amount of all further Notes and/or New Notes to be issued on such date is not less than £10 million;
- (ii) the proceeds of any such issue be applied towards payment to the Originator or the refinancing of any subordinated debt incurred in respect of any Further Advances;
- (iii) such further Notes are assigned the same ratings as are then applicable to the relevant class of Notes then outstanding;
- (iv) the Rating Agencies confirm the then current rating of the relevant class of Notes then outstanding will not be adversely affected as a result of the issue of such further Notes and/or New Notes; and
- (v) no Event of Default has occurred or would occur as a result of the further issue.

Listing:

Application has been made to list the Notes on the London Stock Exchange.

Purchases:

The Issuer is not permitted to purchase Notes.

Governing law:

English.

Liquidity Facility:

On the Closing Date the Issuer will enter into an agreement with the Liquidity Facility Provider and the Trustee (the "Liquidity Facility Agreement") pursuant to which the Liquidity Facility Provider will agree to make available to the Issuer, from the Closing Date, a committed revolving facility of £70 million for a term of 364 days (the "Liquidity Facility"). The Liquidity Facility will be available to the Issuer on any Interest Payment Date to meet certain of its payment obligations falling due on such date to the extent that it receives insufficient funds for that purpose from Borrowers.

For a more detailed description of the Liquidity Facility see *Credit Structure – Liquidity Sources – Liquidity Facility*, below.

Swap Agreements:

On the Closing Date the Issuer and the Trustee will enter into the Interest Rate Swap Agreement and the Termination Swap Agreement with the Swap Counterparty. The Issuer's obligations under the Swap Agreements will be secured pursuant to the Deed of Charge.

For a more detailed description of the Swap Agreements see *Credit Structure – Hedging Arrangements*, below.

GIC:

On the Closing Date the Issuer and the Trustee will enter into a guaranteed investment contract (the "Guaranteed Investment Contract") with the GIC Provider in relation to the Issuer's GIC Account pursuant to which the GIC Provider will agree to pay to the Issuer interest on the GIC Balance.

For a more detailed description of the Guaranteed Investment Contract see *Credit Structure – Guaranteed Investment Contract and Eligible Investments*, below.

Security and application of funds

Security for the Notes:

A deed of charge will be entered into on the Closing Date (the "Deed of Charge") by, amongst others, the Issuer, the Swap Counterparty, the Liquidity Facility Provider, the Administrator and the Trustee.

Under the terms of the Deed of Charge, the Issuer will grant the following security in favour of the Trustee who will hold such security on trust for the benefit of itself and the other Secured Creditors:

- (a) a first fixed charge expressed by way of legal mortgage over the Issuer's interest in the Portfolio (other than the Scottish Mortgages and the Scottish Loans secured thereby);
- (b) an assignment by way of first fixed security of all of its right, title, interest and benefit in and to the Transaction Documents and all rights in respect of and incidental thereto;
- (c) an assignment by way of first fixed security of all of its right, title, interest and benefit, present and future, in and to each of the Insurance Policies under which it is an insured party and to all claims payable and paid thereunder;
- (d) a first fixed charge over all of its right, title, interest and benefit, present and future, in and to all moneys at any time and from time to time standing to the credit of the GIC Account, the Liquidity Facility Reserve Account, the Optional Guarantee Insurance Account, the Redemption Account and the Transaction Account together with all rights relating or attached thereto;
- (e) a first fixed charge over all of its right, title, interest and benefit, present and future, in and to all Eligible Investments which, in certain circumstances, may be purchased on behalf of the Issuer using moneys standing, from time to time, to the credit of the GIC Account; and
- (f) a first floating charge over the whole of its assets and undertaking not effectively charged by the first ranking fixed security (but extending over all of its assets situated in or governed by the law of Scotland including those charged pursuant to the Scottish Assignment in Security referred to below), all as more particularly set out in the Deed of Charge.

In addition, the Deed of Charge provides that on transfer of the legal title to the Mortgages over properties situated in or governed by the laws of England and Wales pursuant to the Mortgage Sale Agreement, the Issuer shall execute in favour of the Trustee such legal assignments, legal charges and/or sub-charges, legal mortgages and/or sub-mortgages in relation to the Charged Property and give or join in giving notice thereof to the relevant Borrowers, Insurers and other persons and all in such form as the Trustee may require.

A Scottish assignment in security will also be entered into on the Closing Date (together with any deed supplemental thereto, the "Scottish Assignment in Security") by, amongst others, the Issuer and the Trustee pursuant to which the Issuer will assign in security to the Trustee its rights, title and interest as beneficiary under a declaration of trust by NUERL under the terms of the Mortgage Sale Agreement in respect of the Scottish Loans and the Scottish Mortgages (together with any deed supplemental thereto, the "Scottish Declaration of Trust").

In addition, the Mortgage Sale Agreement provides that on transfer

of the legal title to the Scottish Mortgages pursuant thereto, the Issuer will grant to the Trustee:

- (i) standard securities over the Issuer's interest as creditor under the Scottish Mortgages; and
- (ii) assignments in security of the Issuer's rights, title and interest in and to the related Scottish Loans (together the "Post-Transfer Scottish Security").

The assets of the Issuer, which will constitute the security for the Notes, will also stand as security for amounts payable by the Issuer, amongst other things:

- (a) to the Trustee under the Deed of Charge, the Scottish Assignment in Security, the Post-Transfer Scottish Security, the Trust Deed and the Agency Agreement;
- (b) to the Administrator under the Administration and Cash Handling Agreement and the Deed of Charge;
- (c) to the Liquidity Facility Provider under the Liquidity Facility Agreement and the Deed of Charge;
- (d) to the Swap Counterparty under the Swap Agreements and the Deed of Charge;
- (e) to the Account Bank under the Bank Account Agreement and the Deed of Charge;
- (f) to the GIC Provider under the Guaranteed Investment Contract and the Deed of Charge;
- (g) to the Principal Paying Agent under the Agency Agreement and the Deed of Charge, and
- (h) to the Agent Bank under the Agency Agreement and the Deed of Charge.

Use of Ledgers:

The Administrator will be required to record all principal and interest amounts, fees and any other amounts in respect of the Loans received from Borrowers and, in the case of Insurance Claims, from any Insurer during each Interest Period in a ledger for the purpose (the "Receipts Ledger") (see *Credit Structure – Available Receipts* below).

In addition, the Administrator will be required to maintain, on behalf of the Issuer, the following additional ledgers:

- (a) a ledger for the purpose of recording actual losses in respect of principal and/or interest receipts received from Borrowers (the "Deficiency Ledger")
- (b) a ledger for the purpose of recording any shortfalls referred to in paragraph (i) above where an Insurance Claim has been made (the "Insurance Claims Ledger") pending receipt of such amounts from the relevant Insurer(s) (see *Credit Structure – Deficiency Ledger and Insurance Claims Ledger* below);
- (c) a ledger for the purpose of recording the aggregate amount, on each Calculation Date, of: (i) the Available Receipts (as defined below) as at the immediately succeeding Interest Payment Date less an amount equal to the aggregate of amounts comprising Available Receipts payable by the Issuer on such Interest Payment Date in accordance with the Priority of Payments; and, (ii) the Liquidity Reserve Fund Ledger balance (the "GIC Fixed Deposit Ledger")
- (d) a ledger for the purpose of recording principal and interest amounts, fees and any other amounts received into the GIC Account from and including each Interest Payment Date up to

and including the next succeeding Calculation Date (the "GIC Current Deposit Ledger") (see *Credit Structure – Liquidity Sources*);

- (e) a ledger for the purpose of recording the balance, from time to time, of the Liquidity Reserve Fund (the "Liquidity Reserve Fund Ledger");
- (f) a ledger for the purpose of recording the drawdown and the undrawn commitment, from time to time, under the Liquidity Facility (the "Liquidity Facility Ledger") (see *Credit Structure – Liquidity Sources* below);
- (g) a ledger for the purpose of recording any Replenishment Amount which arises on any Interest Payment Date (the "Reserve Ledger") (see *Credit Structure – Payments* below); and
- (h) a ledger for the purpose of recording all amounts received from NUL&P by way of settlement of an Optional Guarantee Insurance Claim and, in addition, all amounts which are paid to Borrowers in settlement of claims under their Optional Guarantees (the "Optional Guarantee Insurance Claims Ledger") (see *Investment Considerations – Optional Guarantee* below).

Priority of Payments

Available Receipts:

Until an Event of Default has occurred and is subsisting, the Administrator will, on each Calculation Date (being the fourth Business Day prior to an Interest Payment Date) calculate the aggregate of the following in respect of the then current Interest Period:

- (a) the balance of amounts standing to the credit of the GIC Account on such Calculation Date provided that on any Calculation Date prior to the Year 10 Interest Payment Date (excluding the Calculation Date immediately prior to the Year 10 Interest Payment Date), the Administrator shall deduct from such balance any amount comprising the Liquidity Reserve Fund;
- (b) all interest receivable in respect of balances standing to the credit of the GIC Account between such Calculation Date and the immediately succeeding Interest Payment Date;
- (c) the balance of amounts standing to the credit of the Transaction Account on such Calculation Date (such amounts to include any payments to be received by the Issuer into the Transaction Account pursuant to the Swap Agreements on the immediately succeeding Interest Payment Date);
- (d) all other payments receivable by the Issuer into the Transaction Account up to (but excluding) the immediately succeeding Interest Payment Date;
- (e) all interest receivable in respect of balances standing to the credit of the Transaction Account between such Calculation Date and the immediately succeeding Interest Payment Date;
- (f) the balance of amounts standing to the credit of the Redemption Account on such Calculation Date;
- (g) all interest receivable in respect of balances standing to the credit of the Redemption Account up to (and including) such Calculation Date; and
- (h) all interest and other payments receivable by the Issuer in

respect of Eligible Investments (if any) up to (but excluding) the immediately succeeding Interest Payment Date.

(such aggregate amount being hereinafter referred to as "Available Receipts"), which shall be applied by the Issuer on the immediately succeeding Interest Payment Date in the following order of priority (including in each case any value added tax payable thereon):

Priority of Payments Pre-Enforcement:

- (a) *first*, to pay or provide for the fees or other remuneration and indemnity payments (if any) payable to the Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and any of the other Transaction Documents (together with interest thereon as provided for therein);
- (b) *secondly*, to pay or provide for, in no order of priority among themselves, but *pro rata* according to the respective amounts then due or to be provided:
 - (i) the fees (up to a maximum of 0.10 per cent. per annum, inclusive of any value added tax, of the aggregate Outstanding Balance in respect of the Loans in the case of the Portfolio Administration Services and a maximum of 0.30 per cent. per annum, inclusive of any value added tax, of the aggregate Principal Amount Outstanding in respect of the Notes in the case of the Cash Handling Services) together, in each case, with any indemnity payments payable to the Administrator pursuant to the Administration and Cash Handling Agreement and any value added tax payable thereon, and any costs, charges, liabilities and expenses incurred by it under the provisions of the Administration and Cash Handling Agreement and any of the other Transaction Documents (together with interest thereon as provided for therein);
 - (ii) the fees or other remuneration and indemnity payments (if any) payable to the Paying Agents and the Agent Bank and any costs, charges, liabilities and expenses incurred by any of them under the provisions of the Agency Agreement and any of the other Transaction Documents (together with interest thereon as provided for therein); and
 - (iii) the fee (up to a maximum of 0.10 per cent. per annum, inclusive of any value added tax, of the aggregate amount of assets under management) together with any indemnity payments (if any) payable to any entity appointed on behalf of the Issuer by the Administrator to act as Investment Manager in the circumstances described in *Credit Structure – Payments* below;
- (c) *thirdly*, to pay or provide for, in no order of priority among themselves, but *pro rata* according to the respective amounts then due or to be provided, the fees and expenses (other than any incurred on the issue of the Notes) of the Rating Agencies, any legal advisers, accountants and auditors and of the Corporate Services Provider appointed by the Issuer and any other sums due to third parties under obligations incurred in the course of the Issuer's business, including corporation tax due from the Issuer in respect of Issuer Profit, (but excluding any sums referred to in paragraphs (d) to (q) below) (together with interest thereon as provided for therein);
- (d) *fourthly*, in or towards payment of all amounts of principal,

interest, commitment fees and any Mandatory Costs due, or accrued due but unpaid, to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement but, in the case of the Mandatory Costs, only up to a maximum aggregate amount of 0.20 per cent. per annum of the maximum aggregate amount available to be drawn under the Liquidity Facility (the amount in excess of 0.20 per cent. per annum being the "Liquidity Subordinated Amounts");

- (e) *fifthly*, in or towards payment of all amounts due and payable by the Issuer to the Swap Counterparty on or before such Interest Payment Date, other than any amounts (not including any Scheduled Payments under the terms of the Interest Rate Swap Agreement) to be paid upon termination of the Swap Agreements following:
 - (i) a ratings downgrade of the Swap Counterparty and a failure to take such remedial steps following such ratings downgrade as are specified in the Swap Agreements; or
 - (ii) a default by the Swap Counterparty;
- (f) *sixthly*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of interest due, or accrued due but unpaid, in respect of the Class A1 Notes and the Class A2 Notes (other than that proportion of the interest equal to the Class A1 Step-Up Amount on the Class A1 Notes on such Interest Payment Date);
- (g) *seventhly*, in or towards payment of all amounts of principal payable in respect of the Class A2 Notes in accordance with Condition 5(c) and Condition 5(f);
- (h) *eighthly*, in or towards payment of all amounts of principal payable in respect of the Class A1 Notes in accordance with Condition 5(b);
- (i) *ninthly*, in or towards payment of all amounts to the Swap Counterparty in respect of:
 - (i) any prepayment (in whole or in part) of the Scheduled Payments due after such Interest Payment Date under the terms of the Interest Rate Swap Agreement; and/or
 - (ii) any termination payments due following (I) a ratings downgrade of the Swap Counterparty and a failure to take such remedial steps following such ratings downgrade as are specified in the Swap Agreements; or (II) a default by the Swap Counterparty;
- (j) *tenthly*, in or towards payment of the Replenishment Amount into the GIC Account;
- (k) *eleventhly*, in or towards payment of all Class A1 Step-Up Amounts then due and payable;
- (l) *twelfthly*, to pay or provide for any sums due from the Issuer to meet its liabilities to any taxation authority (excluding corporation tax in respect of Issuer Profit);
- (m) *thirteenthly*, in or towards payment of all amounts of principal and interest due, or accrued due but unpaid, to the Start-up Loan Provider under the terms of the Start-up Loan Agreement;
- (n) *fourteenthly*, in or towards payment of all amounts of interest due, or accrued due but unpaid, in respect of the Class M Notes;

- (o) *fifteenthly*, in or towards payment of all amounts of principal payable in respect of the Class M Notes in accordance with Condition 5(g);
- (p) *sixteenthly*, in or towards payment of any other amounts (including the Liquidity Subordinated Amounts) due under the Liquidity Facility Agreement to the Liquidity Facility Provider; and
- (q) *seventeenthly*, to the extent permitted by law, and after deducting an amount equal to the aggregate of any Issuer Profit and any accrued but unpaid Issuer Profit determined on an earlier Calculation Date less any amount of corporation tax in respect of such Issuer Profit or accrued but unpaid Issuer Profit already accounted for under paragraph (c) above, in paying any balance due to the Originator by way of deferred consideration under the terms of the Mortgage Sale Agreement (the "Deferred Consideration").

For the purposes of the foregoing:

"Issuer Profit" means an amount determined on a Calculation Date to be equal to 0.01 per cent. of the product of the weighted average rate of interest accruing on the Portfolio for the then current Interest Period and the aggregate Outstanding Balance of all Loans comprising the Portfolio as at the beginning of that Interest Period.

To the extent that the Available Receipts on the relevant Interest Payment Date are insufficient to make payment in respect of amounts set out above, the Issuer may, in certain circumstances, draw on Liquidity Sources to meet certain of the payments set out above as described more particularly in the *Credit Structure – Liquidity Sources* below.

Priority of Payments Post-Enforcement:

Following the service of an Enforcement Notice (as defined in Condition 9), the Trustee is required to apply moneys available in (i) the GIC Account, (ii) the Redemption Account and (iii) the Transaction Account for distribution in or towards the satisfaction of the following amounts in the following order of priority (and, in each case, only if and to the extent that payments or provisions of a higher priority have been made in full, including in each case any value added tax payable thereon):

- (a) *first*, to pay or provide for the fees and or other remuneration and indemnity payments (if any) payable to the Trustee and any Receiver appointed by the Trustee and any costs, charges, liabilities and expenses incurred by the Trustee and any Receiver under the provisions of the Trust Deed, the Deed of Charge and any of the other Transaction Documents (together with interest thereon as provided for therein);
- (b) *secondly*, to pay or provide for, in no order of priority among themselves, but *pro rata* according to the respective amounts then due or to be provided:
 - (i) the fees or other remuneration and indemnity payments (if any) payable to the Administrator in respect of the Cash Management Services and the Portfolio Administration Services and any value added tax payable thereon and any costs, charges, liabilities and expenses incurred by it under the provisions of the Administration and Cash Handling Agreement and any of the other Transaction Documents, (together with interest thereon as provided for therein); and

- (ii) the fees or other remuneration and indemnity payments (if any) payable to the Paying Agents and the Agent Bank and any costs, charges, liabilities and expenses incurred by any of them under the provisions of the Agency Agreement and any of the other Transaction Documents (together with interest thereon as provided for therein);
- (c) *thirdly*, in or towards payment of all amounts of principal, interest, and commitment fees and any Mandatory Costs due, or accrued due but unpaid, to the Liquidity Facility Provider under the terms of the Liquidity Facility Agreement but, in the case of Mandatory Costs, excluding any Liquidity Subordinated Amounts;
- (d) *fourthly*, in or towards payment of all amounts due and payable by the Issuer to the Swap Counterparty, other than any amounts (not including any Scheduled Payments under the terms of the Interest Rate Swap Agreement) to be paid upon termination of the Swap Agreements following:
 - (i) a ratings downgrade of the Swap Counterparty and a failure to take such remedial steps following such ratings downgrade as are specified in the Swap Agreements; or
 - (ii) a default by the Swap Counterparty;
- (e) *fifthly*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of interest due, or accrued due but unpaid, in respect of the Class A1 Notes (other than any Class A1 Step-Up Amounts) and the Class A2 Notes;
- (f) *sixthly*, in or towards payment, *pro rata* according to the respective amounts thereof, of all amounts of principal in respect of the Class A1 Notes and the Class A2 Notes until redemption in full;
- (g) *seventhly*, in or towards payment of all amounts due to the Swap Counterparty in respect of any termination payments due following:
 - (i) a ratings downgrade of the Swap Counterparty and a failure to take such remedial steps following such ratings downgrade as are specified in the Swap Agreements; or
 - (ii) a default by the Swap Counterparty;
- (h) *eighthly*, in or towards payment of all Class A1 Step-Up Amounts then due and payable;
- (i) *ninthly*, in or towards payment of all amounts of principal and interest due, or accrued due but unpaid, to the Start-up Loan Provider under the terms of the Start-up Loan Agreement;
- (j) *tenthly*, in or towards payment of all amounts of interest due, or accrued due but unpaid, in respect of the Class M Notes;
- (k) *eleventhly*, in or towards payment of all amounts of principal payable in respect of the Class M Notes until redemption in full;
- (l) *twelfthly*, in or towards payment of any other amounts (including the Liquidity Subordinated Amounts) due under the Liquidity Facility Agreement to the Liquidity Facility Provider; and
- (m) *thirteenthly*, to pay or provide for any Deferred Consideration payable under the Mortgage Sale Agreement.

Assignment of the Initial Portfolio

The Portfolio:

The Loans (as defined in *The Portfolio and Administration – General Introduction* below) were originated by NUERL and are secured by way of first fixed legal mortgages over residential properties situated in England and Wales and by way of first ranking standard securities over residential properties situated in Scotland.

The Trustee, the Issuer and the Administrator will have the benefit of warranties given by NUERL in relation to the Loans and the Mortgages, including warranties in relation to the Lending Criteria applied in advancing the Loans (as to which, see *The Portfolio and Administration* below).

Mortgage Sale Agreement:

By virtue of the Mortgage Sale Agreement (and, in relation to Scottish Loans and the security therefor, the Scottish Declaration of Trust), the beneficial interest in a proportion of the Loans and Mortgages comprised in the Initial Portfolio will pass to the Issuer and the Originator will assign to the Issuer the benefit of or, in some cases acknowledge the interest of the Issuer in the related Insurance Policies. In consideration for this agreement to sell, the Issuer will pay on the Closing Date an amount equal to approximately £218 million to the Originator (the "Initial Consideration") and at later dates the Deferred Consideration. See *The Portfolio and Administration* below for details of the Portfolio and the sale thereof.

Administration and Cash Handling Agreement:

The Issuer, NUERL (in its capacity as Administrator) and the Trustee will enter into an Administration and Cash Handling Agreement on the Closing Date (the "Administration and Cash Handling Agreement").

Under the terms of the Administration and Cash Handling Agreement the Administrator will agree to administer the Portfolio on behalf of the Issuer (the "Portfolio Administration Services"). (See *The Portfolio and Administration – Administration* below.)

The Administrator will also agree to perform certain calculations on each Calculation Date, manage all cash transactions and maintain all cash management ledgers for the Issuer and the Trustee, provide the Trustee and the Rating Agencies with quarterly reports in respect of each Interest Period and undertake to maintain and manage the operation of certain bank accounts (the "Cash Handling Services").

On each Interest Payment Date, fees in respect of the Portfolio Administration Services and the Cash Handling Services will accrue to the Administrator and will be paid in accordance with the Priority of Payments subject to the maximum aggregate fee as described therein. (See *Summary – Priority of Payments* above.)

Bank Account Agreement:

The Bank Account Agreement will be entered into on the Closing Date by the Issuer, the Account Bank and the Trustee.

On or before the Closing Date, the Issuer will establish the following accounts at the Account Bank for the following respective purposes:

- (a) *Transaction Account:* The net proceeds of the issue of the Notes will be credited to the Transaction Account on the Closing Date pending payment by the Issuer to the Originator of the Initial Consideration. Thereafter, all Liquidity Facility Drawings and payments received from the Swap Counterparty under the Swap Agreements will be paid into the Transaction Account and amounts standing to the credit of the Issuer

Transaction Account will be applied, amongst other things, in making payments of interest and principal on the Notes.

- (b) *Liquidity Facility Reserve Account*: The proceeds of any drawings made by the Issuer under the Liquidity Facility upon the occurrence of certain specified events (see *Credit Structure – Liquidity Sources – Liquidity Facility*) will be credited to the Liquidity Facility Reserve Account and, to the extent funds are available, payments of any Liquidity Shortfall will be paid by the Issuer from the Liquidity Facility Reserve Account.
- (c) *Redemption Account*: All payments of principal, interest and fees received from Borrowers under the Loans will be paid into the Redemption Account.
- (d) *Optional Guarantee Insurance Account*: Payments received from NUL&P in respect of any Optional Guarantee Insurance Claims under the NUL&P Insurance Policy will be paid into the Optional Guarantee Insurance Account.

Under the Bank Account Agreement, the Account Bank will agree to operate such bank accounts subject to certain restrictions and will waive rights of set off in relation thereto, and the Issuer and the Account Bank will be prohibited from amending the mandates in relation to such accounts without the consent of the Trustee.

Start-up Loan:

On the Closing Date, the Issuer, NUERL (in this capacity the “Start-up Loan Provider”) and the Trustee will enter into a Start-up Loan Agreement pursuant to which NUERL will advance the sum of £250,000 to the Issuer (the “Start-up Loan”) under a subordinated loan facility.

Weighted Average Life of the Class A1 Notes

The weighted average life of the Class A1 Notes cannot be predicted as the actual rate of repayment of the Loans and the redemption of the Mortgages is unknown. Repayment of the Loans depends upon a number of factors including, but not limited to, actual mortality rates, the entry of Borrowers into Long Term Care (as defined in *The Portfolio and Administration – Characteristics of the Loans*) and the rate of Voluntary Prepayments. Calculations of the possible weighted average life of the Class A1 Notes can be made based upon assumptions about the factors affecting repayment of the Loans. Based upon the assumptions referred to in *Weighted Average Lives of the Notes and Assumptions* below, the weighted average life of the Class A1 Notes is likely to be approximately 9.90 years.

Weighted Average Life of Class A2 Notes

Based upon the assumptions referred to in *Weighted Average Lives of the Notes and Assumptions* below, the weighted average life of the Class A2 Notes is expected to be 22.02 years.

INVESTMENT CONSIDERATIONS

The following is a summary of certain aspects of the issue of the Notes about which prospective Noteholders should be aware. The summary is not intended to be exhaustive and prospective Noteholders should read the detailed information set out elsewhere in this document.

Limited Source of Funds

On each Calculation Date, the Administrator will, in accordance with the terms of the Administration and Cash Handling Agreement, determine whether Available Receipts in respect of the then current Interest Period are sufficient to pay or provide for the amounts set out in paragraphs (a) to (q) of the Priority of Payments (see *Summary Information – Priority of Payments* above). To the extent that there is a Receipt Shortfall (as defined below) on any Interest Payment Date prior to (and excluding) the Year 10 Interest Payment Date (as defined below), the Issuer shall pay or provide for such Receipt Shortfall by applying amounts standing to the credit of the Liquidity Reserve Fund Ledger (as defined below) to meet the amounts set out in paragraphs (a) to (g) of the Priority of Payments. To the extent that such amounts are insufficient to discharge such Receipt Shortfall, the Issuer may make a Liquidity Facility Drawing (as defined below) or, apply amounts standing to the credit of the Liquidity Facility Reserve Account (as defined below) (if applicable), to pay or provide for the amounts set out in paragraphs (a) to (g) of the Priority of Payments. From and including the Interest Payment Date falling on 26 February, 2011 (the "Year 10 Interest Payment Date"), the Liquidity Reserve Fund may be applied to meet the amounts set out in paragraphs (a) to (i) of the Priority of Payments and, in addition, to the extent that such amounts are insufficient to discharge such Receipt Shortfall, the Issuer may make a Liquidity Facility Drawing or, apply amounts standing to the credit of the Liquidity Facility Reserve Account (if applicable), to pay or provide for the amounts set out in paragraphs (a) to (h) of the Priority of Payments.

There can be no assurance that Available Receipts, as supplemented by amounts standing to the credit of the Liquidity Facility Reserve Fund Ledger, any Liquidity Facility Drawing and/or amounts standing to the credit of the Liquidity Facility Reserve Account will provide the Issuer with sufficient funds to pay or provide for the amounts described above on any given Interest Payment Date.

Repayment Considerations

The principal source of funds for repayment of the Notes is the Portfolio. Determinants which may affect the timing of repayment of the Loans include mortality rates, morbidity rates and the rate of Voluntary Prepayments (as defined below).

Whilst there can be no certainty about the timing of repayment of any Loan and therefore there can be no certainty that the Issuer will have sufficient receipts from Borrowers alone to meet its payment obligations as described in the Priority of Payments, the transaction structure described in this document (including, in particular, the sizing and nature of the Liquidity Sources and the amortisation profile of the different classes of Notes) has been based upon certain mortality expectations, certain expectations regarding the need for Long Term Care (as defined below) and certain assumptions regarding the number and timing of Voluntary Prepayments.

A Loan is repayable upon the death or the leaving of the property following the establishment of a need for Long Term Care of the Borrower or, where there are Joint Borrowers (as defined below), the last surviving Joint Borrower.

Prepayment is permitted but is subject to the payment of an Early Repayment Fee (as defined below) (except in relation to any Scottish Mortgage redeemed 20 years or more after the initial advance was made (in relation to which see *The Portfolio and Administration – Administration – Redemption Process*)).

Mortality

The mortality expectations are derived from the actuarial tables referred to as Immediate Annuities Male Lives ("IML 92") and the actuarial tables which are referred to as Immediate Annuities Female Lives ("IFL 92"). IML 92 and IFL 92 are widely used by life insurers in their UK life insurance business (including by NUL&P) and were produced by the Continuous Mortality Investigation Bureau of the Faculty and Institute of Actuaries and published in their report number 17 ("CMIR 17") dated July 1999 (a copy of which is set out in *Mortality Tables* below).

The tables are based upon information derived from UK life insurance providers during the period from 1991 to 1994. The tables have been used in conjunction with the projected mortality improvement factors described in CMIR17, the purpose of which is to vary by calendar year the mortality rate applicable to each age group.

In a White Paper entitled "Saving Lives: Our Healthier Nation" dated July 1999, HM Government sets out targets for improvements in mortality rates. If such improvements were to occur, mortality rates are expected to improve by approximately 2 per cent. per annum among the proportion of the population over the age of 60 years. CMIR 17 allows for improvements of this magnitude.

Morbidity

Expectations regarding the rate of repayment arising from the need for Long Term Care have been estimated by CGNU using a model with the following categories:

- (i) healthy and living in own residence;
- (ii) failing 2 ADLs (as defined below) and living in own residence;
- (iii) failing 3 or more ADLs and living in own residence;
- (iv) failing 2 ADLs and living in a communal establishment;
- (v) failing 3 or more ADLs and living in a communal establishment; and
- (vi) deceased.

The proportions of the population (i) in each disability category at each age and (ii) in their own residence and in communal establishments have been assumed to follow those set out in the Office of Population Censuses and Surveys report "The Prevalence of Disability among Adults" dated September, 1988.

The Activities of Daily Living tests ("ADLs") are: washing, dressing, feeding, toileting, mobility and transferring between chair and bed. These have been formulated by NUERL and are based on definitions recommended by the Association of British Insurers for use in the Long Term Care insurance business.

Expectations regarding the rate of repayment arising from the need for Long Term Care recognise that not all Borrowers who fail 2 or more ADLs will enter Long Term Care.

Voluntary Prepayments

"Voluntary Prepayments" is, for the purposes of this document, the term used for a repayment of a Loan where the Borrower has neither died nor entered into Long Term Care but has simply elected to prepay the Loan in whole or in part (including a partial repayment of a Loan following a move to a lower value property). In certain circumstances, a Borrower may be required to pay an Early Repayment Fee (as defined below).

There is no significant historical data available to assess the likely level of Voluntary Prepayments in relation to this mortgage product but, given the characteristics of this mortgage product and the characteristics of the Borrowers who have taken out such a Mortgage, it is expected that Voluntary Prepayments will be significantly lower than the rate of voluntary prepayments in relation to standard mortgage products. (See *Credit Structure – Payments* and *Credit Structure – Guaranteed Investment Contract and Eligible Investments* below.)

No Negative Equity Guarantee and the NUL&P Insurance Policy

Each of the Mortgages in the Portfolio incorporates a no negative equity guarantee (the "No Negative Equity Guarantee") from the Originator to the Borrower. The effect of the No Negative Equity Guarantee is that neither the Borrower nor his/her estate is liable for any undischarged portion of the Loan (after the sale of the relevant Property) as a result of the Property being sold for an amount which is less than the amount of the Loan secured by it. The No Negative Equity Guarantee applies on all sales of properties, irrespective of the reasons for, or circumstances of, the sale. It is a requirement of the No Negative Equity Guarantee that the property is sold at a value which is approved by the Originator. As part of the acquisition of its interest in the Loans, the Issuer will have assigned to it by the Originator, the benefit of the NUL&P Insurance Policy (as described in *The Portfolio and Administration – Insurance* below), which insures any undischarged portion of a Loan where a sale has occurred as a result of the death or the need for Long Term Care of the relevant Borrower.

Any claim under the No Negative Equity Guarantee which arises other than on death or need for Long Term Care is not insured under the NUL&P Insurance Policy. Risks which are not covered by the NUL&P Insurance Policy include losses arising on a Voluntary Prepayment or on the abandonment of a Property (as defined below) by a Borrower. Any loss in respect of such a claim sustained in relation to any Loan acquired by the Issuer will be for the account of the Issuer.

The Issuer's Ability to Meet its Obligations Under the Notes

The ability of the Issuer to meet its obligations in full in respect of payments of interest and principal on the Notes and its operating and administrative expenses, including following the occurrence of any Event of Default (as defined below) will depend upon and is limited to:

- (i) the receipt by it of funds, through the Administrator, from Borrowers upon repayment of their Mortgages;
- (ii) the receipt by it of interest on credit balances on the GIC Account and any credit balances on the Redemption Account and the Transaction Account;
- (iii) the receipt by it of payments from the Swap Counterparty under the Swap Agreements;
- (iv) receipt by it of amounts payable to it under the Insurance Policies (as applicable); and
- (v) receipt by it of interest and other amounts payable to it in respect of Eligible Investments (if any).

In addition, the Issuer will have available to it the Liquidity Reserve Fund and the Liquidity Facility for the purposes specified in the section entitled *Credit Structure* below.

Subordination of Notes

Payments of principal and interest on the Class A1 Notes and the Class A2 Notes will be made in priority to payments of principal and interest on the Class M Notes.

If on any Interest Payment Date the Issuer has insufficient funds to make payment of interest or principal on the Class M Notes then the Issuer's liability to make such payments will be deferred until the next Interest Payment Date and there will be no Event of Default for failure to make such payments. There can be no assurance that at maturity of the Class A1 Notes, the Class A2 Notes or the Class M Notes (as the case may be) the Issuer will have sufficient assets or income to pay holders of the Class A1 Notes, the Class A2 Notes or the Class M Notes (as the case may be) in full any deferred payments of principal or interest.

Enforcement Action

The ability of the Issuer to redeem all the Notes in full, including after the occurrence of an Event of Default in relation to the Notes, while any of the Loans are still outstanding may depend upon whether the Loans and their Related Security (as that term is used in the Mortgage Sale Agreement) can be realised to obtain an amount sufficient to redeem the Notes. There can be no assurance that the Loans and their Related Security will realise such an amount. The Issuer and/or the Trustee may not be able to sell the Loans on appropriate terms should either of them be required to do so.

Upon enforcement of the Security for the Notes under the Deed of Charge and/or the Scottish Assignment in Security and/or the Post-Transfer Scottish Security, the Trustee will have recourse only to the Loans and their Related Security and any other assets of the Issuer then in existence. The Issuer and the Trustee will have no recourse to NUERL, other than as provided in the Mortgage Sale Agreement in respect of a breach of warranty (see *Investment Considerations – Searches, Investigations and Warranties* below).

The terms on which the Security for the Notes will be held will provide that, upon enforcement, payments will rank in the order of priority set out in clause 6 of the Deed of Charge as described in *Summary – Priority of Payments – Post Enforcement* above. In the event that the Security for the Notes is enforced, no amounts will be paid to the Class M Noteholders until all amounts owing to the Class A Noteholders have been paid in full.

Searches, Investigations and Warranties

NUERL has warranted to the Issuer and the Trustee in the Mortgage Sale Agreement, amongst other things, that, prior to the making of each Loan advance, NUERL instructed its solicitors or licensed conveyancers to carry out all investigations, searches and enquiries in accordance with its "Mortgage Instructions to Conveyancers" or its "Mortgage Instructions for Conveyances (Scotland)" or comparable

successor instructions and/or guidelines (being, in relation to properties in England and Wales, at the date of this document the Council of Mortgage Lenders' "Lender's Handbook for England and Wales" as adapted for NUERL's requirements in respect of those Mortgages which are over properties situated in England and Wales and, in relation to properties in Scotland, at the date of this document, the latest edition of NUERL's "Mortgage Instructions for Conveyancers (Scotland)") in each case subject only to such variations as would be acceptable to a Reasonable, Prudent Mortgage Lender (as that term is used in the Mortgage Sale Agreement), and that each solicitor complied with those instructions.

Neither the Issuer nor the Trustee has undertaken nor will undertake any investigations, searches or other actions and each will rely solely on the Warranties given in the Mortgage Sale Agreement by NUERL in respect of the Mortgages sold by it (see *The Portfolio and Administration – Mortgage Sale Agreement – Representations and Warranties* below). The Issuer's and the Trustee's remedy against NUERL if any of the Warranties made by NUERL proves to be untrue as at the Closing Date (which breach or untruth has not subsequently been remedied by NUERL or any other person), provided that:

- (i) the Issuer has given NUERL not less than 20 days' notice in writing; and
- (ii) the Issuer has obtained the consent of the Trustee; and
- (iii) such breach or untruth, where capable of remedy, is not remedied within the 20 day grace period referred to in (a) above (or such longer period as the Trustee may agree),

is that the Issuer may serve upon NUERL a notice requiring NUERL to repurchase any relevant Mortgage and its Related Security by paying to the Issuer, within such period as the Issuer and the Trustee may specify (but which may not be more than 20 days from the date of the relevant notice), an amount equal to the Outstanding Balance (as defined below) in respect of the relevant Loan secured thereby. There can be no assurance that NUERL will have the financial resources to meet its obligation to make any such payment in the future in respect of a breach of Warranty.

Equitable Interest of the Issuer

Legal title to the Mortgages has, since origination, remained with NUERL and will remain with NUERL until the completion of the transfers and assignments (and all necessary registrations thereof) to the Issuer and notification of the transfers and assignments being given to Borrowers. Such transfers and assignments will only be completed and notifications given in the circumstances set out below and, until these steps are taken, the sale by NUERL to the Issuer of those Mortgages which are over properties situated in England and Wales will take effect in equity only. The sale of the Mortgages which are over properties situated in Scotland (the "Scottish Mortgages") will be effected by means of the grant of the Scottish Declaration of Trust by NUERL in favour of the Issuer. Neither the Issuer nor the Trustee will apply to H.M. Land Registry or the Registers of Scotland to register or record their interests in such Mortgages.

The position in relation to the Scottish Mortgages differs from that in relation to the Mortgages over properties situated in or governed by the laws of England and Wales due to the fact that Scots law does not recognise the concept of an equitable assignment with the consequence that the entering into of the Mortgage Sale Agreement alone will not effect the transfer of the beneficial interest in the Scottish Mortgages to the Issuer. In order to protect the Issuer's position arising from the difference between English and Scots law in this respect, the Scottish Declaration of Trust is to be granted by NUERL under the terms of which NUERL will irrevocably declare that it holds its rights, title and interest in the Scottish Mortgages (and the Scottish Loans secured thereby) on trust absolutely for the Issuer. The Notes, together with other obligations of the Issuer will be secured by the Scottish Assignment in Security (each as defined above) over the Issuer's interest as beneficiary under such Scottish Declaration of Trust. This structure should limit the risks of third party claims obtaining priority to the interests of the Issuer or the Trustee to those outlined in the following paragraph.

As a consequence of neither the Issuer nor the Trustee obtaining legal title to the Mortgages, a *bona fide* purchaser from NUERL for value of any of such Mortgages without notice of any of the interests in the Mortgages of the Issuer or the Trustee might obtain a good title to any of such Mortgages free of any such interests. However, the risk of third party claims obtaining priority to the interests of the Issuer or the Trustee in this way would be likely to be limited to circumstances arising from a breach by NUERL of its contractual obligations or fraud, negligence or mistake on the part of NUERL or the Issuer or their respective personnel or agents. Further, the rights of the Issuer and the Trustee may be or become subject to the direct rights of the Borrowers against NUERL. Such rights may include any rights of set-off existing prior to notification to the Borrowers of the sale of the Mortgages which arise in relation

to transactions entered into between certain Borrowers and NUERL, and the rights of Borrowers to redeem their Mortgages by repaying the relevant Loan directly to NUERL. These rights may result in the Issuer receiving lesser amounts than anticipated from the Mortgages. NUERL will, however, undertake in the Mortgage Sale Agreement to indemnify the Issuer in respect of any amounts which are set-off against any sums to which the Issuer is entitled under the Mortgage Sale Agreement and to hold any moneys repaid to NUERL in respect of the relevant Mortgages to the order of the Issuer. In addition, Borrowers will cease to be entitled to exercise rights of set-off following completion of the transfer to the Issuer of the legal title to the Mortgages and notification to the Borrowers as described below.

For so long as neither the Issuer nor the Trustee have obtained legal title to the Mortgages, NUERL will undertake in the Mortgage Sale Agreement for the benefit of the Issuer and the Trustee, that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings in respect of the Mortgages and their Related Security.

The transfers and assignments to the Issuer of the legal title to the Mortgages will be completed and notices of assignment or assignation to the Borrowers will be given, at the discretion of the Trustee, after the earliest of the following: (i) the service of an Enforcement Notice (as defined in Condition 9); (ii) NUERL being required, by an order of a court of competent jurisdiction, or by any regulatory authority of which NUERL is a member, or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for NUERL to comply, to perfect legal title to the Mortgages; (iii) it being rendered necessary by law to take any of such actions; (iv) the Security created under the Deed of Charge or the Scottish Assignation in Security or any material part of either of such security or the rights, title and interest of the Issuer pursuant to the Scottish Declaration of Trust or any material part thereof being in jeopardy and the Trustee deciding to take such action to reduce materially such jeopardy; (v) NUERL calling for completion of such transfer by serving notice on the Issuer; and (vi) the date on which the last of the Notes is redeemed. Pending completion of such transfer, the right of the Issuer and the Trustee to exercise powers of the legal owner of the Mortgages will be secured by irrevocable powers of attorney granted by NUERL in favour of the Issuer and the Trustee.

Relationship Between Class A1 and Class A2 Noteholders

Following enforcement of the Security all interest, principal and other amounts due to the Class A1 Noteholders and the Class A2 Noteholders will be paid to them *pro rata* to the Principal Amount Outstanding irrespective of whether they hold Class A1 Notes or Class A2 Notes. Circumstances could potentially arise in which the interests of the holders of the Class A1 Notes and the Class A2 Notes as to whether the Security should be enforced, or whether the Trustee should take or refrain from taking any other action, could differ. The Trust Deed and the terms and conditions of the Class A1 Notes and the Class A2 Notes will, however, provide that any directions given to the Trustee by the holders of any specified percentage of the Class A1 Notes and/or the Class A2 Notes will not differentiate between the Class A1 Notes and the Class A2 Notes. The Trust Deed will also provide that, except in certain cases prior to the enforcement of the Security, any matter to be considered by or resolved at any meeting of the Class A1 Noteholders and/or the Class A2 Noteholders will not be required to be passed at separate meetings of the holders of the Class A1 Notes and/or the Class A2 Notes and that at any meeting of the Class A1 Noteholders and the Class A2 Noteholders the same voting rights will attach to the Class A1 Notes as the Class A2 Notes (see *Terms and Conditions of the Notes – Meetings of Noteholders, Modifications and Waiver* below). The Trust Deed will also provide that the Trustee will at all times regard the Class A1 Notes and the Class A2 Notes as a single class and will not consider the consequences of any action taken or refrained from being taken by it as between the Class A1 Notes and the Class A2 Notes. It should be noted that, as a consequence of the application of Available Receipts in accordance with the Priority of Payments to the Class A1 Notes and to the Class A2 Notes the proportion of the sterling equivalent of the aggregate Principal Amount Outstanding of the Class A1 Notes to the aggregate Principal Amount Outstanding of the Class A2 Notes is not expected to be maintained at the proportion subsisting at the Issue Date.

Yield and Payment Considerations in Relation to the Class A1 Notes

The yield to maturity of the Class A1 Notes will depend upon, amongst other things, the amount and timing of payment of interest and principal (including prepayments, sale proceeds arising on enforcement of a Mortgage and repurchases by NUERL due to, amongst other things, any breach of

warranty under the Mortgage Sale Agreement) on the Mortgages and the price paid by the holders of the Class A1 Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgages.

Early Redemption of Class A2 Notes

The Class A2 Notes are subject to Scheduled Amortisation in accordance with Condition 5(c). However, as described above in *Summary Information – Terms and Conditions of the Notes – Early Redemption of the Class A2 Notes*, the Issuer will be obliged to redeem the Class A2 Notes (in whole or in part) on any Relevant Interest Payment Date on which the Early Redemption Conditions are satisfied in an amount equal to Available Receipts after making payment in respect of or providing for the amounts payable as set out in paragraphs (a) to (f) of the Priority of Payments.

In such circumstances, the amount payable by the Issuer will be an amount equal to the then Principal Amount Outstanding in respect of the Class A2 Notes plus an amount calculated in accordance with the Spens formula set out in Condition 5(d)(iii)(B)(2) (the "Spens Amount"). It should be noted that if, on the Relevant Interest Payment Date, the Issuer has insufficient funds to make payment in full in respect of the Spens Amount (a "Spens Shortfall"), the Issuer's liability to make payment of such Spens Shortfall will be deferred and any Spens Shortfall will be payable on subsequent Interest Payment Dates to the extent funds are then available to the Issuer for such purpose. Any such Spens Shortfall will earn interest at a rate equal to Note LIBOR (as defined below) plus 2 per cent.

Conflict Between Classes of Noteholders

The Trust Deed, the Deed of Charge and, expressly or by reference, the Scottish Assignment in Security and the Scottish Post-Transfer Security contain provisions requiring the Trustee to have regard to the interests of the Class A1 Noteholders, the Class A2 Noteholders and the Class M Noteholders, as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to the interests of the Class A1 Noteholders and the Class A2 Noteholders if, in the Trustee's opinion, there is or may be a conflict between the interests of the Class A1 Noteholders and the Class A2 Noteholders and the interests of the Class M Noteholders and/or other persons entitled to the benefit of the Security (as defined in the Trust Deed).

For a description of the relationship between the Class A1 Noteholders and the Class A2 Noteholders, see *Investment Considerations – Relationship between Class A1 Noteholders and Class A2 Noteholders* above.

Lending Criteria – Further Advances

The Mortgages were originated in accordance with NUERL's lending criteria at the relevant time which includes the criteria set out in *The Portfolio and Administration – Lending Criteria – Origination* below. Upon application by a Borrower, the Administrator may consent to a Further Advance (as defined below). The Administrator may only consent to the addition of a Further Advance to the Portfolio in circumstances where the Issuer has sufficient available funds for such purpose and the Further Advance Lending Criteria and the Substitution Criteria (as defined below) are satisfied and where the Eligibility Criteria (as defined below) will remain satisfied in respect of the Further Loan (as defined below).

As at the Closing Date, the Issuer does not have funds available to it to fund Further Advances nor is it permitted to apply principal received from Borrowers to make Further Advances to other Borrowers. In due course, the Issuer may seek a warehouse facility and/or to issue further Notes or New Notes the proceeds of which are permitted to be applied by the Issuer in funding Further Advances subject to obtaining the approval of the Trustee, the Rating Agencies and entry into such additional hedging arrangements as shall be appropriate to protect the Issuer against any interest rate risks associated with its obligation to make payments to the lender thereunder. If the Issuer were to obtain a warehouse facility, the Priority of Payments would be amended to permit the Issuer to make payments of interest and principal thereunder and such facility would rank no higher in point of security than *pari passu* with the most senior class of Notes then outstanding (save that where drawings under a warehouse facility are refinanced through an issue of further Notes or New Notes, such drawings can be repaid out of such issue without regard to the Priority of Payments). (See *Credit Structure – Substitutions and Further Advances* below.)

Administration

NUERL will be appointed Administrator of the Portfolio on the Closing Date and will perform the Portfolio Administration Services and the Cash Handling Services with the same level of skill, care and diligence as would a Reasonable, Prudent Mortgage Lender and will comply with certain other related administration covenants as set out in the Administration and Cash Handling Agreement.

If the Administrator breaches its obligations under the Administration and Cash Handling Agreement, and fails to remedy such breach within the applicable grace period, then, pursuant to the Administration and Cash Handling Agreement, either: (i) the Administrator will be required by the Trustee to sub-contract or delegate some or all of its obligations under the Administration and Cash Handling Agreement until such time as it is again able to perform its obligations in accordance with the terms of the Administration and Cash Handling Agreement; or (ii) NUERL's appointment as Administrator may be terminated by the Trustee and a third party substitute administrator may be appointed by the Issuer with the consent of the Trustee and the Rating Agencies and, the default of such appointment, by the Trustee. Any substitute administrator, sub-contractor or delegate appointed by the Issuer or the Trustee would be required to assume responsibility for the provision of the Portfolio Administration Services and the Cash Handling Services required to be performed under the Administration and Cash Handling Agreement or, in the case of a sub-contractor or delegate, such Portfolio Administration Services and Cash Handling Services as are sub-contracted or delegated to it. There can be no assurance that a substitute administrator would be found who would be willing and able to provide such services on the terms of the Administration and Cash Handling Agreement. The ability of a substitute administrator, sub-contractor or delegate, fully to perform the required services would depend, amongst other things, on the information, software and records available at the time of the relevant appointment.

Risks of Losses Associated with Declining Property Values

The Security for the Notes consists of, amongst other things, the Issuer's interest in the Mortgages. This security may be affected by, amongst other things, a decline in property values. No assurance can be given that values of the Properties have remained or will remain at the level at which they were as at the relevant Origination Date of the related Loans. If the residential property market in the United Kingdom should experience an overall decline in property values, such a decline could, in certain circumstances, result in the value of the security created by the Mortgages being significantly reduced and, ultimately, may result in losses to the Noteholders if the security is required to be enforced. (See *Investment Considerations – No Negative Equity Guarantee and the NUL&P Insurance Policy*)

There is also a risk that the value of a Property may be affected by such Property becoming subject to dilapidation after the Origination Date in respect of the relevant Loan. Checks are made on the state of Properties by means of a questionnaire sent to each Borrower and drive past surveys by valuers of a representative sample of Properties, in each case on the fifth anniversary of the date of origination of the relevant Loans and every fifth year thereafter (as described in *The Portfolio and Administration – Administration* below). However, no assurance can be given that no such dilapidation has occurred or will occur.

Optional Guarantee

As at the Closing Date certain Mortgages in the Portfolio incorporate an optional guarantee (the "Optional Guarantee") from the Originator to the Borrower representing a maximum liability of £10.8 million. The terms of the Optional Guarantee provide that when a Property is sold the Borrower or his/her estate will be guaranteed to receive a minimum of 25 per cent. of the Initial Property Value, irrespective of the Outstanding Balance of the relevant Loan. In the event that the Borrower moves to a property of a lower value, the minimum value guaranteed to the Borrower or his/her estate under the terms of the Optional Guarantee is reduced by the proportion by which the value of the new property is lower than the value of the property sold. The Optional Guarantee only applies on the sale of the Property upon either the death of the Borrower or as a consequence of the Borrower requiring Long Term Care. The Issuer's risks in relation to such Optional Guarantee are insured under the NUL&P Insurance Policy.

Upon receipt of the sale proceeds, following the sale of a Property, the sale proceeds (net of allowable selling costs) are used to discharge the Outstanding Balance of the relevant Loan. If the remaining funds were less than an amount equal to 25 per cent. of the Initial Property Value, the Issuer would be entitled to make a claim under the NUL&P Insurance Policy. Upon receipt of amounts paid by way of settlement of such claim, the Issuer will make payment to the relevant Borrower of the amounts due under the Optional Guarantee.

Variation of Loans

The Administrator will be required to give its consent to any variation of the terms and conditions applicable to a Borrower's Loan (a "Loan Variation") which is requested by a Borrower in accordance with its procedures from time to time in relation to the variation of Loans. Variations include a change in the number of Borrowers or the Property on which the Loan is secured. A variation involving a change from Joint Borrowers to a single Borrower will usually be consented to by the Administrator. Consent to a variation involving a change from a single Borrower to Joint Borrowers may carry a requirement that the Borrower repays part of the Loan to reflect the lending criteria applicable to Joint Borrowers. If a Borrower wishes to vary his Loan by substituting a new Property for the existing Property on which the Loan is secured, consent will usually depend on a valuation of the new Property to check that it is of sufficient value to secure the Loan. When there is a third party occupier living at the new Property, that person will be required to sign an Occupant's Deed (as defined below). The Administrator will also check to ensure that the variation being requested is covered by the insurance arrangements relating to the Loans.

In practice, where a variation to the terms of a Loan has been consented to, a new agreement in respect of the Loan is made with the Borrower, as this is administratively more efficient than amending the terms of the existing agreement.

The refusal of a variation to a Loan may result in the Loan being repaid early by a Borrower.

Set-off

As described in *Investment Considerations – Equitable Interest of the Issuer*, certain third party interests may in certain circumstances take priority over the interests of the Issuer and the Trustee in the Mortgages. Relevant third party rights may include rights of set-off existing between the Borrower and NUERL at the date the interest of the Issuer and the Trustee in the Mortgages arises, or which arise subsequently.

The only business which has been conducted by NUERL since its incorporation is that relating to equity release mortgage lending, in relation to which NUERL has always acted as principal. It would not be possible for a Borrower to set-off any sums due under the relevant Loan or Mortgage against any sums owed to any other member of the CGNU Group by that Borrower.

There are two narrow circumstances in which a right of set-off could arise, in the ordinary course of NUERL's business, after the origination of a Loan. These circumstances are:

- (i) in the event that NUERL were to fail to pay a Borrower any amount due under the Borrower's Optional Guarantee, although, in practice, this is unlikely to occur as the amount due to the Borrower under an Optional Guarantee is paid by NUERL, after the relevant Loan has been discharged from the proceeds of the sale of the Property received by it from the solicitor acting on the relevant sale, any shortfall in the amount due to the Borrower being insured by NUERL under the NUL&P Insurance Policy; and
- (ii) any failure by NUERL to make a Further Advance which it has become committed to make, although, as NUERL is not obliged to make any Further Advances, this is unlikely to occur.

Any right of set-off which arises in respect of a Loan would only be exercisable by a Borrower on the repayment of that Loan, as no principal or interest is due until repayment.

Regulatory Considerations

Office of Fair Trading and Financial Services Authority

The Office of Fair Trading (the "OFT") is responsible for the issue of licences under the Consumer Credit Act 1974 and the related Consumer Credit Regulations. The OFT may review businesses and operations, provide guidelines to follow and take actions when necessary with regard to the mortgage market in the United Kingdom.

It is understood that HM Treasury would like to make mortgage lending a regulated activity. If mortgage lending becomes a regulated activity, a loan or a mortgage could become unenforceable in whole or in part against the borrower if certain requirements are not met as to authorisation of originators, brokers and advertising.

No assurance can be given that the OFT, the Financial Services Authority, or any other regulatory authority will not in the future take further action or that future adverse regulatory developments will not arise with regard to the mortgage market in the UK generally, NUERL's particular section in that market or specifically in relation to NUERL. Any such action or developments may have a material adverse effect on NUERL and/or the Administrator and their respective businesses and operations.

CCA Issues

Each Loan for an initial amount of £25,000 or less is regulated by the Consumer Credit Act 1974 (as amended) and regulations made pursuant thereto (the "CCA").

If a loan agreement which is regulated by the CCA has not been executed in accordance with the provisions of the CCA, the CCA provides that such an agreement will be unenforceable without a court order being obtained. Examples of improper execution in accordance with the CCA include a failure to comply with the provisions of the Consumer Credit (Agreements) Regulations 1983 which govern the form and content of agreements regulated by the CCA.

Mortgages on land securing an agreement regulated by the CCA may only be enforced by an order of the Court. A Court Order is not necessary, however, where the relevant Borrower does not object to enforcement at the time enforcement is sought. The CCA provides no sanction for enforcement of a mortgage without the requisite Court Order, but the Court retains the power to grant an injunction restraining such action.

Generally, when considering whether to grant an order allowing enforcement of a Regulated Loan (as defined below) which has not been executed in accordance with the provisions of the CCA, the Court will also have regard to the prejudice caused to any person by the relevant contravention of the CCA and the degree of culpability of the relevant lender, creditor or owner for it. The Court has powers to amend any agreement or security which is regulated by the CCA or impose conditions on the performance of, or suspend the operation of, an enforcement order made by it in relation to any such agreement.

In common with the loans of a number of other lenders advancing loans governed by the CCA, the Regulated Loans do not and may continue not to comply in all respects with the technical requirements of the CCA. However, the Issuer has been advised that such incidences of non-compliance are of a type which courts would tend to regard as insufficient for them to decide not to enforce the relevant Loan in accordance with its original terms. The Issuer will have the benefit of a repurchase obligation or an indemnity, given by NUERL in respect of any loss suffered by the Issuer by reason of such non-compliance under the Mortgage Sale Agreement. This risk has been taken into account as part of the credit structuring of the transaction.

Unfair Terms in Consumer Contracts Regulations 1994 and 1999

The Unfair Terms in Consumer Contracts Regulations 1994 (which apply to agreements entered into between 1 July, 1995 and 30 September, 1999) and the Unfair Terms in Consumer Contracts Regulations 1999 (which apply to agreements entered into on or after 1 October, 1999) (together the "UTCCR") provide that (i) the Borrower may challenge a term in an agreement on the basis that it is an unfair term within the applicable regulations and therefore not binding on the Borrower; and (ii) the Director General of Fair Trading may seek to injunct (or, in Scotland, interdict) a business against relying on unfair terms. In addition, the Unfair Terms in Consumer Contracts Regulations 1999 provide that any "qualifying body" (as defined in those regulations) may seek to injunct (or, in Scotland, interdict) a business against relying on unfair terms.

If a Borrower successfully challenges a term as being unfair, the relevant term is struck out from the contract and, to the extent that the relevant term struck out obliged the Borrower to make a payment, the Borrower will not be liable to make such payment or, to the extent that he has made it, will be able, as against the lender or any assignee, such as the Issuer, to claim restitution of the amount or to set off the amount of such claim against the amount owing by the Borrower under the relevant Loan or under any other Loan from the same lender. Any such non-recovery, claim or set-off ultimately may adversely affect the ability of the Issuer to make payments to Noteholders. If the contract is unable to continue in existence without the relevant term, the contract will be treated as void *ab initio* and consequently both parties would be released. In such circumstances the Borrower would be required to restore the Loan, together with interest (which would be assessed by the Court), to the lender.

It is possible that the requirement in the CAP Loans for interest to be calculated on the Initial Property Value (as opposed to the Outstanding Balance) may potentially be assessable for fairness under the UTCCR. The Issuer has received advice to the effect that the risk of such an assessment being made, and such assessment resulting in a determination that the provision is unfair, is remote. The risk has however been taken into account as part of the credit structuring of the transaction.

Data Protection Acts 1984 and 1998

The Originator is registered under the Data Protection Acts 1984 and 1998 (the "DPA") to use "personal data" (as defined in the DPA) for certain purposes. The terms of the Mortgage Sale Agreement do not involve a transfer of data for the purposes of the DPA. After the Closing Date, NUERL will remain the processor of the data, and the Issuer will become the data controller, in each case for the purposes of the DPA. The Issuer's status as data controller is derived from its entitlement to call for data under the terms of the Mortgage Sale Agreement.

In addition to compliance with the terms of its registration, the Originator is required to comply with data protection principles, one of which requires the processing of data to be fair. The purpose for which the personal data is used must be an obvious one in order to be considered fair. The application forms for both CAP Loans (as defined below) and FCRP Loans (as defined below) state that the personal data provided by the Borrower may be used for the purposes of administration of the Loans by any company within the CGNU Group (as defined below), by third parties who provide services to the CGNU Group (or any member of it), the Borrower's financial advisor or a reinsurer. In addition, they state that any company within the CGNU Group may also use the personal data for marketing activities. The Borrower is given an opportunity to opt out of receiving marketing approaches. It is possible that a Borrower may allege that the use of personal data for a purpose other than those set out in the application forms amounts to a breach of the principle of fairness. If substantiated, breach of the principle may lead to enforcement action by the data protection commissioner. It is a criminal offence to fail to comply with an enforcement notice. Also, a civil action in respect of damage and distress may be taken against the Originator by the Borrower.

European Monetary Union

It is possible that prior to the maturity of the Notes, the United Kingdom may become a participating Member State in European economic and monetary union and the euro may become the lawful currency of the United Kingdom. In that event, (i) all amounts payable in respect of the Notes may become payable in euros; (ii) applicable provisions of law may allow the Issuer to redenominate the Notes into euros and take additional measures in respect of the Notes; and (iii) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect a Borrower's ability to repay its loan as well as adversely affect investors. It cannot be said with certainty what effect, if any, adoption of the euro by the United Kingdom will have on investors in the Notes.

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law (other than in respect of the Scottish Mortgages where the structure is based on Scots law) in effect as at the date of this document. No assurance can be given as to the impact of any possible change to English or Scots law or administrative practice in the UK after the date of this document.

CREDIT STRUCTURE

The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any other person. It should be noted, in particular, that the Notes will not be obligations of, or the responsibility of and will not be guaranteed by, the Trustee, the Managers, the Swap Counterparty, the Administrator, the Agent Bank, the Paying Agents, the GIC Provider, the Liquidity Facility Provider, the Corporate Services Provider, the Start-up Loan Provider, NUERL or any company in the same group of companies as, or affiliated to, NUERL (each as referred to herein).

The structure of the credit arrangements may be summarised as follows:

Available Receipts

The Administrator will maintain, on behalf of the Issuer, a ledger for the purpose of recording principal and interest amounts, fees and any other amounts in respect of the Loans (as defined below) received by the Issuer from Borrowers or, in the case of Insurance Claims (as defined below), from any Insurer (the "Receipts Ledger") during each Interest Period.

On each Calculation Date, the Administrator will, in accordance with the terms of the Administration and Cash Handling Agreement, determine the amount of Available Receipts in respect of the then current Interest Period and whether such Available Receipts are sufficient to pay or provide for the amounts payable as set out in paragraphs (a) to (q) (inclusive) of the Priority of Payments on the next succeeding Interest Payment Date. If the Available Receipts are sufficient on any Interest Payment Date to pay or provide for the amounts payable as set out in paragraphs (a) to (q) (inclusive) of the Priority of Payments, the Available Receipts will be applied in accordance with the Priority of Payments.

If the Available Receipts on the relevant Interest Payment Date are insufficient to meet the amounts payable as set out in paragraphs (a) to (g) (inclusive) of the Priority of Payments (the amount of any such shortfall being a "Receipt Shortfall"), the Issuer shall pay or provide for such Receipt Shortfall firstly by applying amounts (if any) comprising the Liquidity Reserve Fund (as defined below) to pay or provide for such amounts. Thereafter, the Issuer may make a Liquidity Facility Drawing or apply (if applicable) amounts standing to the credit of the Liquidity Facility Reserve Account to pay or provide for such Receipt Shortfall (subject to the limitations described in *Credit Structure – Liquidity Sources* below).

It is not intended that any surplus will be accumulated in the Issuer other than a Replenishment Amount (if applicable) in the circumstances described in *Credit Structure – Payments* below. If a Replenishment Amount is retained on an Interest Payment Date in accordance with the Priority of Payments, such amount will form part of the Available Receipts on the next succeeding Interest Payment Date, save to the extent that such amount has been used to purchase Eligible Investments which mature after and have not been realised prior to such Interest Payment Date.

Deficiency Ledger and Insurance Claims Ledger

The Administrator will maintain, on behalf of the Issuer, a ledger for the purpose of recording actual losses in respect of principal and/or interest receipts from Borrowers (the "Deficiency Ledger").

The Administrator will also maintain, on behalf of the Issuer, a ledger for the purpose of recording amounts due but not yet received pursuant to an Insurance Policy (each an "Insurance Claim" and, together "Insurance Claims"). Upon receipt by the Issuer from an Insurer of any amounts paid by way of settlement of an Insurance Claim, an amount equal to such settlement amount shall be credited to such ledger (the "Insurance Claims Ledger") and form part of the Available Receipts on the Interest Payment Date following the Calculation Date immediately succeeding receipt of such amounts.

Liquidity Sources

The Issuer will, on the Closing Date have two liquidity sources available to it, being the Liquidity Reserve Fund and the Liquidity Facility (the "Liquidity Sources") each of which is described below. The Issuer will be obliged to use the Liquidity Reserve Fund in full prior to making any drawing under the Liquidity Facility.

Liquidity Reserve Fund

On the Closing Date, a fund will be established to meet Receipt Shortfalls which will be funded by the Issuer crediting to the GIC Account out of the net proceeds of the issue of the Notes an amount equal to £17.5 million (the "Liquidity Reserve Fund") (see *Use of Proceeds* below).

A ledger will be maintained by the Administrator pursuant to the Administration and Cash Handling Agreement record the balance from time to time of the Liquidity Reserve Fund (the "Liquidity Reserve Fund Ledger"). Subject to the requirement referred to below, on each Interest Payment Date, an amount equal to the Liquidity Reserve Fund not used on previous Interest Payment Dates may be applied to pay or provide for the amounts payable as set out in paragraphs (a) to (g) (inclusive) of the Priority of Payments, if Available Receipts on the relevant Interest Payment Date are insufficient to make such payments or provisions. Prior to the Year 10 Interest Payment Date, the Liquidity Reserve Fund will not be used for any other purpose. From (and including) the Year 10 Interest Payment Date, amounts comprising the Liquidity Reserve Fund (to the extent then available) shall be applied in making or providing for the amounts payable as set out in paragraphs (a) to (i) of the Priority of Payments.

Use of the Liquidity Reserve Fund will be subject to the requirement that the Issuer maintain a credit balance of no less than £150,000, such amount to be used for the purpose of making payment in respect of any fees, costs and/or expenses associated with perfecting the Issuer's legal title to the Mortgages provided that such balance shall reduce from time to time to the extent that it is used for such purpose (see *Investment Considerations – Equitable Assignment*).

Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, Barclays Bank PLC (the "Liquidity Facility Provider") will provide a 364-day committed facility (the "Liquidity Facility") to the Issuer. Subject to the limits described below, the Issuer will be permitted to make drawings in aggregate of up to £70 million within such 364-day period in accordance with the terms of the Liquidity Facility Agreement in circumstances where the Available Receipts and amounts comprising the Liquidity Reserve Fund are together insufficient to pay in full on any Interest Payment Date any of the amounts payable as set out in paragraphs (a) to (g) of the Priority of Payments.

Subject to the limitations described below, the Issuer will also be able to make a Liquidity Facility Drawing (as defined in the Liquidity Facility Agreement) on any Interest Payment Date from (and including) the Year 10 Interest Payment Date to the extent that the Issuer has insufficient Available Receipts and amounts remaining in respect of the Liquidity Reserve Fund to be able to redeem in full any Class A1 Notes which remain outstanding on such Interest Payment Date.

Any Liquidity Facility Drawing on the Year 10 Interest Payment Date or any succeeding Interest Payment Date to be used for the purpose of redeeming Class A1 Notes will be subject to a requirement that the aggregate amount of the undrawn commitment following such Liquidity Facility Drawing is an amount equal to no less than £25 million.

Subject to certain conditions being met, the amount of liquidity commitment available to the Issuer is required, on certain Interest Payment Dates after the Interest Payment Date falling in May 2018, to be reduced reflecting the then current amortisation of the Class A2 Notes. If the Issuer does not have sufficient funds on the relevant Interest Payment Date to effect such reduction in the Liquidity Facility commitment, this may lead to an event of default occurring under the Liquidity Facility Agreement.

The Liquidity Facility Agreement will provide that if:

- (i) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider cease to be rated at least A-1+ by Standard & Poor's and P-1 by Moody's (the "Liquidity Facility Provider Requisite Rating"); or
- (ii) the Liquidity Facility Provider does not agree to extend the commitment period of the Liquidity Facility beyond the Liquidity Facility Commitment Termination Date (as defined in the Liquidity Facility Agreement),

the Issuer may require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the "Liquidity Facility Reserve Account"), maintained with an appropriately rated bank (which shall be the Liquidity Facility Provider if it has the requisite rating), an amount equal to the then undrawn commitment under the Liquidity Facility Agreement (a "Liquidity Facility Standby Drawing"). Amounts standing to the credit of the Liquidity Facility Reserve Account will be available to the Issuer for drawing in the circumstances described above.

The Issuer may require that the Liquidity Facility Provider transfer its rights and obligations under the Liquidity Facility Agreement to a replacement Liquidity Facility Provider which has the requisite rating provided that the then current ratings of the Class A Notes are not adversely affected thereby.

The Administrator will maintain, on behalf of the Issuer, a ledger for the purpose of recording amounts outstanding and the undrawn commitment, from time to time, under the Liquidity Facility (the "Liquidity Facility Ledger").

The Liquidity Facility Provider will be a secured creditor of the Issuer pursuant to the Deed of Charge. All amounts owing to the Liquidity Facility Provider will, on enforcement of the security for the Notes, rank in priority to the payment of all amounts of interest and principal in respect of the Class A Notes and amounts ranking *pari passu* therewith.

The Liquidity Facility Agreement will be governed by English law.

Payments

The Administrator is responsible, pursuant to the Administration and Cash Administration Agreement, for determining on each Calculation Date the amount of the various payments to be made on the next succeeding Interest Payment Date and whether certain tests have been met and for making certain other determinations as briefly set out below. All such determinations so made shall (in the absence of wilful default, bad faith or manifest error) be final and binding on the Issuer, the Trustee and all Noteholders and no liability to the Noteholders shall attach to the Issuer, the Trustee, the Reference Agent, the Paying Agent or (except as stated above) the Administrator in connection therewith.

Class A1 Note Redemption

One of the determinations to be made is the amount of the Class A1 Note Available Redemption Amount as at the next following Interest Payment Date. For these purposes "Class A1 Note Available Redemption Amount" means, broadly, in respect of the immediately succeeding Interest Payment Date an amount equal to Available Receipts after making payment in respect of amounts set out in paragraphs (a) to (g) of the Priority of Payments.

Replenishment Amount and Reserve Ledger

The Administrator shall, on each Calculation Date, determine whether any Replenishment Amount is required on the immediately succeeding Interest Payment Date and shall maintain, on behalf of the Issuer, a ledger (the "Reserve Ledger") for the purpose of recording any such Replenishment Amount which arises on any Interest Payment Date.

For the purposes of the foregoing:

"Replenishment Amount" means:

- (i) on each Calculation Date on which:
 - (a) the Class A1 Notes have been redeemed in full;
 - (b) the Swap Agreements have been terminated and all payments in relation thereto (including the Scheduled Payments) have been made in full; and
 - (c) where in relation to the immediately succeeding Interest Payment Date, the Voluntary Prepayment Rate is equal to or in excess of 7.5 per cent.,an amount equal to Excess Available Receipts; or
- (ii) on each Calculation Date prior to the Calculation Date immediately preceding the Interest Payment Date falling in February, 2026 (the "Year 25 Interest Payment Date") on which:
 - (a) the Class A1 Notes have been redeemed in full;
 - (b) the Swap Agreements have been terminated and all payments in relation thereto (including the Scheduled Payments) have been made in full; and
 - (c) where in relation to the immediately succeeding Interest Payment Date, the Voluntary Prepayment Rate is less than 7.5 per cent.,

an amount equal to the greater of:

- (l) an amount equal to 10 per cent. of the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date after taking into account any redemption of Class A Notes on such Interest Payment Date; and

- (II) the amount (if any) necessary to maintain the Required Ratio of (a) the sum of the Aggregate Portfolio Amount and Adjusted Cash to (b) the Principal Amount Outstanding of the Class A Notes after taking into account any redemption of Class A Notes on such Interest Payment Date; or
- (iii) on each Calculation Date from (and including) the Calculation Date immediately preceding the Year 25 Interest Payment Date on which:
 - (a) the Class A1 Notes have been redeemed in full;
 - (b) the Swap Agreements have been terminated and all payments in relation thereto (including the Scheduled Payments) have been made in full; and
 - (c) where in relation to the immediately succeeding Interest Payment Date, the Voluntary Prepayment Rate is less than 7.5 per cent.,

an amount equal to the greater of:

- (I) an amount equal to the sum of an amount equal to 10 per cent. of the Principal Amount Outstanding of the Class A Notes on such Interest Payment Date after taking into account any redemption of Class A Notes on such Interest Payment Date; and
- (II) the aggregate of all scheduled payments of interest and principal on the Class A Notes which are payable on the four Interest Payment Dates immediately succeeding such Interest Payment Date; and
- (III) the amount (if any) necessary to maintain the Required Ratio of (a) the sum of the Aggregate Portfolio Amount and Adjusted Cash to (b) the Principal Amount Outstanding of the Class A Notes after taking into account any redemption of Class A Notes on such Interest Payment Date.

For this purpose, in relation to an Interest Payment Date:

"Adjusted Loan to Value" means the ratio (expressed as a percentage) calculated by dividing the amount of the Outstanding Balance of a Loan or Further Loan by the value of the Property (calculated by reference to the House Price Index adjusted value of such Property) on which the Loan or Further Loan, as the case may be, is secured, each as at the relevant Interest Payment Date;

"Aggregate Portfolio Amount" means, in relation to an Interest Payment Date, the aggregate Outstanding Balance of the Loans comprising the Portfolio (in each case up to a maximum Adjusted Loan to Value of 75 per cent.) and any other amounts which have accrued thereunder as at such Interest Payment Date;

"Adjusted Cash" means, in relation to an Interest Payment Date, the Note Percentage of the aggregate Principal Amount Outstanding of the Class A2 Notes after taking into account any redemption of Class A2 Notes on such Interest Payment Date;

"Available Cash Amount" means, in respect of an Interest Payment Date, the Available Receipts (including the net amount realised in respect of any Eligible Investments which are realised by the Issuer on or prior to such Interest Payment Date) remaining after making the payments and provisions referred to in items (a) to (i) (inclusive) of the Priority of Payments;

"Excess Available Receipts" means on each Interest Payment Date on which:

- (i) the Class A1 Notes have been redeemed in full; and
- (ii) the Swap Agreements have been terminated and all payments in relation thereto (including the Scheduled Payments) have been made in full,

an amount equal to Available Receipts after having met or made provision in full for the amounts set out in paragraphs (a) to (i) of the Priority of Payments.

"House Price Index" means the Halifax Price Index ("All Properties Seasonally Adjusted") or such other index as the Administrator determines appropriate for such purpose subject to obtaining the approval of the Trustee and the Rating Agencies;

"Note Amount" means the higher of: (i) the par value as at such Interest Payment Date of the aggregate Principal Amount Outstanding of the Class A2 Notes after taking into account any redemption of Class A2 Notes on such Interest Payment Date; and (ii) the net present value as at such Interest Payment Date of all payments of interest and principal on the Class A2 Notes which will become due after such Interest Payment Date calculated in accordance with the formula set out in schedule 5 to the Administration and Cash Handling Agreement;

"Note Percentage" means the proportion which the Available Cash Amount bears to the Note Amount, expressed as a percentage;

"Outstanding Balance" means, in respect of a Loan or Further Loan, an amount equal to the aggregate principal amount outstanding plus accrued interest;

"Required Ratio" means, in respect of the Interest Payment Dates in each of the following years the ratio as set out below:

Year	Required Ratio	Year	Required Ratio
2001	1.07 : 1	2016	1.295 : 1
2002	1.085 : 1	2017	1.31 : 1
2003	1.10 : 1	2018	1.325 : 1
2004	1.115 : 1	2019	1.34 : 1
2005	1.13 : 1	2020	1.355 : 1
2006	1.145 : 1	2021	1.37 : 1
2007	1.16 : 1	2022	1.385 : 1
2008	1.175 : 1	2023	1.40 : 1
2009	1.19 : 1	2024	1.415 : 1
2010	1.205 : 1	2025	1.43 : 1
2011	1.22 : 1	2026	1.445 : 1
2012	1.235 : 1	2027	1.46 : 1
2013	1.25 : 1	2028	1.475 : 1
2014	1.265 : 1	2029	1.49 : 1
2015	1.28 : 1	2030	1.505 : 1

"Voluntary Prepayment Rate" means the annualised value of the ratio (expressed as a percentage) calculated by dividing (x) the aggregate Outstanding Balance as at the Closing Date of all Loans which have been prepaid from the Closing Date up to the relevant Calculation Date by (y) the aggregate Outstanding Balance of all Loans on the Closing Date.

Early Redemption of Class A2 Notes

On each Calculation Date following the Interest Payment Date falling in February 2004 but prior to the Year 10 Interest Payment Date and on which the Class A1 Notes have been redeemed in full and the Swap Agreements have been terminated, the Administrator will determine whether the Aggregate Loan Amount is equal to or less than £100 million. If the Aggregate Loan Amount is equal to or less than £100 million, the Administrator will calculate the weighted average GIC Rate (weighted by reference to balances standing to the credit of the GIC Account as at each relevant Interest Payment Date) for the period beginning on the Closing Date and ending on the relevant Interest Payment Date and determine whether it is equal to or less than 3 per cent. If the GIC Rate is equal to or less than 3 per cent, then the Issuer may withdraw from the GIC Account an amount equal to the Replacement Loan Amount in order to purchase Replacement Loans provided that the Administrator has confirmed to the Issuer that there are Replacement Loans available for such purpose. In the event that the Aggregate Loan Amount is equal to or less than £75 million, the Issuer will be obliged to redeem the Class A2 Notes in accordance with Condition 5(f).

For the purposes of the foregoing:

"Aggregate Loan Amount" means, in respect of all Outstanding Loans, the aggregate Outstanding Balance as at the Closing Date;

"GIC Rate" means, in respect of each Interest Period, in relation to:

- (i) balances standing to the credit of the GIC Current Deposit Ledger, LIBOR less 0.50 per cent. per annum;
- (ii) balances standing to the credit of the GIC Fixed Deposit Ledger, Note LIBOR less 0.20 per cent. per annum; and
- (iii) any Eligible Investment(s), the weighted average Investment Rate of return (weighted by reference to the aggregate sterling amount comprising Eligible Investments as at each relevant Interest Payment Date) applicable to such Eligible Investment(s) for the then current Interest Period;

"Investment Rate" means the annual percentage rate applicable to each of the Aggregate Loan Amounts set out as follows:

Aggregate Loan Amount

£75,000,000 – 70,000,001

£70,000,000 – 65,000,001

£65,000,000 and below

Investment Rate

3.50 per cent.

4.00 per cent.

4.50 per cent.

“Note LIBOR” means, in respect of any Interest Payment Date or Interest Period, the Rate of Interest less the Relevant Margin in respect of the Floating Rate Notes for the Interest Period commencing on such Interest Payment Date or such Interest Period, as the case may be;

“Outstanding Loans” means, on any Calculation Date, all Loans in respect of which there are undischarged payment obligations payable under the terms of the relevant Loan and each an “Outstanding Loan”;

“Replacement Loan” means a loan which satisfies the Eligibility Criteria; and

“Replacement Loan Amount” means an amount equal to the purchase price of such Replacement Loans as the Administrator shall deem expedient for the purpose of restoring the Aggregate Loan Amount to £100 million.

Hedging Arrangements*Interest Rate Swap*

On or about the Closing Date, the Issuer will enter into an interest rate swap agreement (the “Interest Rate Swap Agreement”) with Citibank, N.A. (the “Swap Counterparty”). The notional amount of the Interest Rate Swap (as defined below) will be £35 million and is intended to protect the Issuer against any interest rate risk arising in respect of its obligation to pay interest on the Floating Rate Notes.

In relation to each Interest Period, the Issuer will make fixed payments to the Swap Counterparty calculated to be an amount equal to 0.55 per cent. of the notional amount (together, the “Fixed Payments”) and will receive from the Swap Counterparty an amount equal to sterling three month LIBOR (the “Interest Rate Swap”).

Termination Swap

The Issuer will enter in to a second interest rate swap agreement (the “Termination Swap Agreement”) at the same time it enters into the Interest Rate Swap. Under the terms of the Termination Swap Agreement, the Issuer will receive from the Swap Counterparty fixed payments calculated to be an amount equal to 5.17 per cent. of the notional amount and will make payments to the Swap Counterparty of an amount equal to sterling three month LIBOR in each case beginning on the Year 10 Interest Payment Date and ending on the twenty-fifth anniversary of the Closing Date (the “Termination Swap”).

The interest rate and notional amount of the Termination Swap will be based on the swap rates on the Closing Date and will be designed to offset as far as possible the variability of the mark-to-market early termination payments made on or after the Year 10 Interest Payment Date described below.

With the exception of the Scheduled Payments (as defined below), all of the payment obligations may be terminated or reduced (in whole or in part) on any Interest Payment Date (from and including) the Year 10 Interest Payment Date in line with and dependent upon a corresponding reduction in the Principal Amount Outstanding on the Class A1 Notes. On any Interest Payment Date on which the payment obligations are terminated or reduced (in whole or in part), there will be an early termination settlement amount payable under each of the Swap Agreements. If all the Class A1 Notes are either redeemed on or prior to the Year 10 Interest Payment Date, it is expected that the combined net settlement amount payable in respect of the termination payments on the Year 10 Interest Payment Date will be an amount due from the Swap Counterparty to the Issuer equal to approximately 40 per cent. of the notional amount under the Interest Rate Swap.

Notwithstanding any such termination of the Interest Rate Swap, the Issuer will continue to make payments to the Swap Counterparty in accordance with a schedule of fixed payments (the “Scheduled Payments”) under the Interest Rate Swap Agreement. The Scheduled Payments due from the Issuer to the Swap Counterparty will be calculated by reference to the net present value of the Interest Rate Swap on the Closing Date. Under the terms of the Interest Rate Swap Agreement, the Issuer will pre-pay as specified in paragraph (i) of the Priority of Payments all or some of such Scheduled Payments which remain outstanding on an Interest Payment Date to the extent that the Issuer has sufficient Available

Receipts and amounts remaining in respect of the Liquidity Reserve Fund (but without drawing on the Liquidity Facility) after meeting all amounts set out in paragraphs (a) to (h) (inclusive) of the Priority of Payments on such Interest Payment Date.

Guaranteed Investment Contract and Eligible Investments

Guaranteed Investment Contract

On the Closing Date, the Issuer and the Trustee will enter into a guaranteed investment contract ("Guaranteed Investment Contract") with Barclays Bank PLC (the "GIC Provider") in respect of any balances standing to the credit of the GIC Account from time to time (the "GIC Balance"). It is expected that all amounts from time to time comprising the Liquidity Reserve Fund and any Replenishment Amount (if applicable) will be credited to the GIC Account.

All amounts received from Borrowers during any Interest Period will be credited to the Redemption Account and then swept daily from the Redemption Account into the GIC Account. Amounts payable by Insurers will be remitted directly and credited to the GIC Account.

Credit balances on the GIC Account will earn interest at a rate equal to the GIC Rate and such interest will be payable quarterly, with the amount of such interest being credited to the GIC Account on each Calculation Date.

On each Interest Payment Date, amounts standing to the credit of the GIC Account, subject to certain limits in certain circumstances, will be available for use in meeting the Issuer's payment obligations as described in the Priority of Payments.

Eligible Investments

The Administrator will be authorised by the Issuer to appoint an Investment Manager who, in the circumstances described below, may be instructed to invest certain amounts from the GIC Account in Eligible Investments. The Investment Manager will only be permitted to invest in Eligible Investments on the basis that the fixed rate of interest and tenor of the relevant Eligible Investment will minimise the Asset/Liability Mismatch. For these purposes an "Asset/Liability Mismatch" is to be determined by the Administrator by comparing (x) the most probable amount of receipts from Borrowers in succeeding Interest Periods (using the most recently published mortality information) with (y) the expected liabilities of the Issuer including, in particular under the Notes then outstanding.

For these purposes:

"Eligible Investments" means, broadly, sterling gilt edged securities and sterling demand or time deposits, certificates of deposit, and other debt obligations (including commercial paper) and derivative instruments provided that in all cases such investments have a long term rating of at least AAA/Aaa from S&P and Moody's and/or a short term rating of at least A-1+/P-1 from S&P and Moody's.

Subordination

The Class M Notes

Holders of the Class M Notes (the "Class M Noteholders") will not be entitled to receive any payment of principal unless and until after the Class A1 Notes and the Class A2 Notes have been redeemed in full and all payments under the Swap Agreement have been paid in full, in accordance with the Priority of Payments.

In addition, in the event that, on any Interest Payment Date, there are insufficient Available Receipts to make payment in full of interest amounts otherwise payable on the Class M Notes, such interest which the Issuer cannot pay shall be deferred until the next Interest Payment Date on which there are sufficient Available Receipts then available, as more fully set out in Condition 16. Any such deferred interest shall itself bear interest at the Class M Rate of Interest (as defined in Condition 4(f)).

The Class A Notes and the Class M Notes will be constituted by the Trust Deed and will share the same security although, upon enforcement, the Class A Notes will rank in priority to the Class M Notes.

Substitutions and Further Advances

Substitution – General

Subject to the satisfaction of the Eligibility Criteria, the Substitution Criteria (as defined below) and, in the case of Further Advances (as defined below), the Further Advance Lending Criteria, Substitutions (as defined below) may take place at any time during any Interest Period prior to the Interest Payment Date falling in February 2021.

Loans may be removed from the Portfolio and a substitute loan or loans which satisfy the Eligibility Criteria and the Substitution Criteria (and where any such substitute loan is a Regulated Loan, the Origination Date in respect of such Substitute Loan is on or after 2 October, 2000) ("Substitute Loans" and each a "Substitute Loan") may be added to the Portfolio (a "Substitution") in circumstances where:

- (i) the Originator is obliged to buy back a Loan as a consequence of a breach of warranty under the terms of the Mortgage Sale Agreement;
- (ii) the Administrator determines that, following a proposed change to the terms of a Loan, such Loan will no longer satisfy the Eligibility Criteria; or
- (iii) a Borrower has requested a Further Advance in respect of a Loan, the Administrator has accepted such request but the Issuer does not have available to it funds to fund such Further Advance or the Administrator determines that the Further Loan (as defined below) will no longer satisfy the Eligibility Criteria.

The substitution of any Scottish Loan will be effected by means of a further declaration of trust supplemental to the Scottish Declaration of Trust, and the Issuer's interest therein will in turn be charged to the Trustee by means of a further assignation in security supplemental to the Scottish Assignation in Security (each a "Supplemental Scottish Assignation in Security").

Substitution Criteria

Prior to making a determination in respect of a proposed Substitution the Administrator shall determine whether the Substitution Criteria set out below (in addition to the Eligibility Criteria) will be met immediately after such Substitution.

- (i) In relation to the Portfolio:
 - (a) the aggregate Outstanding Balance of all Loans which have been transferred out of the Portfolio since the Closing Date (the "Outgoing Loans") will be less than or equal to 20 per cent. of the aggregate Outstanding Balance of the Loans comprising the Portfolio as at the Closing Date. This is calculated by reference to the aggregate Outstanding Balance of the Outgoing Loans as at the Closing Date or, if applicable, the date on which such Outgoing Loan entered the Portfolio as a Substitute Loan (the "Loan Entry Date"), expressed as a percentage of the aggregate Outstanding Balance of the Loans comprising the Portfolio as at the Closing Date;
 - (b) the aggregate Outstanding Balance of all Outgoing Loans in any one calendar year from (and including) 2001 to 2016 will be less than or equal to 10 per cent. of the aggregate Outstanding Balance of the Loans comprising the Portfolio as at the Closing Date. This is calculated by reference to the aggregate Outstanding Balance of the Outgoing Loans as at the Closing Date or, if applicable, the Loan Entry Date expressed as a percentage of the aggregate Outstanding Balance of the Loans comprising the Portfolio as at the Closing Date;
 - (c) the aggregate Outstanding Balance of all Outgoing Loans in any Interest Period from (and including) 2017 to 2021 will be less than or equal to 1 per cent. of the aggregate Outstanding Balance of the Loans comprising the Portfolio as at the Closing Date. This is calculated by reference to the aggregate Outstanding Balance of the Outgoing Loan as at the Closing Date or, if applicable, the Loan Entry Date expressed as a percentage of the aggregate Outstanding Balance of the Loans comprising the Portfolio as at the Closing Date;
 - (d) the Administrator is not aware of any adverse consequences to the Issuer as a result of Substitution;
 - (e) the aggregate Outstanding Balance of all Loans which are secured by a Mortgage over a Retirement Property (as defined below) will not exceed an amount equal to 5 per cent. of the aggregate Outstanding Balance of all Loans comprising the Portfolio as at the Closing Date;
 - (f) there are no valid claims pending under the NUL&P Insurance Policy in respect of which the No Negative Equity Insurer has failed to make payment of an amount due to the Issuer;
 - (g) no event has occurred, the consequence of which is that NUL&P has ceased or will cease or threaten to cease to carry on its business or stop payment or threaten to stop payment of its debts or NUL&P is deemed unable to pay its debts within section

123(1)(a), (b), (c) or (d) or section 123(2) of the Insolvency Act 1986 becomes unable to pay its debts as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account for both these purposes its contingent and prospective liabilities) or otherwise becomes insolvent;

- (h) the annualised rate of house price inflation from the Closing Date to the date of the relevant Substitution (and as determined by reference to the House Price Index) is equal to or more than 3 per cent.;
 - (i) the Outstanding Balance of the Substitute Loan at its expected maturity (determined in accordance with the Administration and Cash Handling Agreement) divided by the value (at such expected maturity) of the Property on which the Loan is secured is expected to be equal to or less than 80 per cent.;
 - (j) no Event of Default or Potential Event of Default has occurred and is subsisting;
 - (k) inclusion in the Portfolio of the Substitute Loan will not result, immediately after such Substitution, in the aggregate Outstanding Balance of all Loans secured on a Property located in the South East (as defined in the Mortgage Sale Agreement) exceeding an amount equal to 30 per cent. of the aggregate Outstanding Balance of all Loans comprising the Portfolio at the relevant time; and
 - (l) inclusion in the Portfolio of the Substitute Loan will not result, immediately after such Substitution in the aggregate Outstanding Balance of all Loans secured on a Property located in Greater London (as defined in the Mortgage Sale Agreement) exceeding an amount equal to 30 per cent. of the aggregate Outstanding Balance of all Loans comprising the Portfolio at the relevant time.
- (ii) In relation to a Loan:
- a Loan or Loans of equivalent value calculated in accordance with the Equivalent Value Test (as described below) must be substituted in for the Loan or Loans which are the subject of the proposed Substitution.

For these purposes, the "Equivalent Value Test", as set out in the Administration and Cash Handling Agreement, broadly requires that a proposed Substitute Loan may only be exchanged for one or more Outgoing Loans if, having regard to the characteristics of the Outgoing Loans as at the relevant date and the proposed Substitute Loan(s), there will be no material change in the ability of the Issuer to meet its payment obligations under the Transaction Documents as a consequence of such Substitution.

In the event that the Eligibility Criteria and/or the Substitution Criteria are not satisfied in respect of the proposed Substitute Loan, or at the request of the Administrator, the Originator will make a cash payment to the Issuer.

Where the Originator makes a cash payment to the Issuer in return for an Outgoing Loan the amount payable will be an amount equal to the aggregate of the Outstanding Balance under the Loan as at the relevant Determination Date, plus or minus a mark-to-market payment (if applicable) to reflect any difference in yield on the Outgoing Loan calculated in accordance with a formula set out in the Administration and Cash Handling Agreement.

Further Advances

Under the terms of an FCRP Loan, a Borrower may apply for a further advance of moneys (a "Further Advance") in addition to the relevant Borrower's Loan (the "Initial Loan"):

- (i) on or after the fifth anniversary of the Origination Date of the Loan or on, or after, the fifth anniversary of the date of origination of the most recent Further Advance; and
- (ii) on a move to a new property by the Borrower or on a change in the ownership of the property if this occurs at least one year after the date of origination of the Loan or the date of origination of the most recent Further Advance.

Neither the Issuer nor the Originator is under any obligation to make a Further Advance in connection with any Loan and the success of such an application will depend, amongst other things, on the availability of funds to the Issuer, and the proposed Further Advance meeting the Further Advance Lending Criteria (as defined below).

The Administrator may consent to the Issuer funding a Further Advance only in circumstances where it is satisfied that:

- (a) the Issuer has sufficient available funds for such purpose (as to which, see *Investment Considerations – Lending Criteria – Further Advances*); and
- (b) the Further Loan satisfies the Eligibility Criteria and satisfies the Further Advance Lending Criteria and the Substitution Criteria.

Following receipt of an application for a Further Advance, the Administrator will, having considered the application in accordance with the Eligibility Criteria and the lending criteria applicable to further advances (the "Further Advance Lending Criteria") as described briefly below, determine whether, if such further advance were made, the Initial Loan together with the Further Advance (a "Further Loan") would satisfy the Substitution Criteria for the purpose of inclusion of the Further Loan in the Portfolio.

Where the Issuer has sufficient available funds and the Administrator is satisfied that the Eligibility Criteria are satisfied and that the Further Advance Lending Criteria and the Substitution Criteria will be satisfied with respect to the relevant Further Loan, then on the date on which the Administrator has agreed with the relevant Borrower that the Borrower will receive the Further Advance (the "Sale Date"):

- (i) the Issuer will make a Further Advance; or
- (ii) the Issuer shall sell the Initial Loan to the Originator for an amount equal to the aggregate Outstanding Balance as at the relevant Sale Date. The Originator will make the Further Advance and then sell the Further Loan to the Issuer for a purchase price equal to the aggregate of the outstanding principal balance plus interest accrued on such Further Loan.

In circumstances where the Administrator does not consent to the inclusion of a Further Advance in the Portfolio either because the Issuer has insufficient available funds to make a Further Advance or to purchase such Further Loan or the Administrator is not satisfied that the Eligibility Criteria are satisfied or that the Substitution Criteria and/or the Further Advance Lending Criteria will be satisfied, the Originator shall either offer to the Issuer a loan or loans which satisfies the Substitution Criteria described above in return for the relevant Initial Loan or make a cash payment to the Issuer of an amount equal to the aggregate of the Outstanding Balance under such Initial Loan as at the Determination Date plus or minus a mark-to-market payment (if applicable) calculated in accordance with a formula set out in the Administration and Cash Handling Agreement.

Further Advance Lending Criteria

Prior to making a determination in respect of a proposed Further Advance the Administrator shall determine whether the Further Advance Lending Criteria set out below (in addition to the Eligibility Criteria and the Substitution Criteria) have been met.

In relation to a Loan the Further Advance Lending Criteria are that:

- (i) the Lending Criteria have been satisfied;
- (ii) the relevant Borrower's Property has been revalued;
- (iii) the amount which the Borrower has requested by way of Further Advance is an amount which exceeds the minimum set from time to time (currently the minimum amount which may be lent by way of Further Advance is £5,000); and
- (iv) there is an amount remaining after applying the Loan to Value ratio applicable to the relevant Borrower(s) at their current age(s) to the new value of the relevant Property and then subtracting from the result the Outstanding Balance under the Initial Loan which amount will be the maximum amount available by way of Further Advance.

THE ISSUER

Introduction

The Issuer was incorporated and registered in England and Wales (registered number 4074907) as a public company limited by shares under the Companies Act 1985 on 20 September, 2000 with the name Forecastgrowth Public Limited Company. The name of the Issuer was changed to Equity Release Funding (No.1) PLC on 19 October, 2000. The registered office of the Issuer is at 78 Cannon Street, London EC4P 5LN.

The authorised share capital of the Issuer is £100,000 divided into 100,000 ordinary shares of £1 each. 49,999 ordinary shares of £1 each of the Issuer are held by Equity Release Holdings Limited and one ordinary share of £1 is held jointly by Equity Release Holdings Limited and Piers Minoprio.

Principal Activities

The principal objects of the Issuer are set out in clause 4 of its Memorandum of Association and, amongst other things, are to purchase, take transfers of, invest in and acquire by any means obligations and any security therefor and to raise or borrow money and to grant security over its assets for such purpose.

The Issuer has not engaged, since its incorporation, in any material activities other than those incidental to its incorporation, the authorisation and issue of the Notes, and the authorisation, extension, delivery and performance of the other documents and matters referred to or contemplated in this document to which it is a party and matters which are incidental or ancillary to the foregoing.

Directors and Company Secretary

The directors of the Issuer, all of whom are non-executive, and their respective business addresses and occupations are:

Name	Address	Occupation
Piers Minoprio	SPV Management Limited 78 Cannon Street London EC4P 5LN	Executive Director of SPV Management Limited
SPV Management Limited.....	SPV Management Limited 78 Cannon Street London EC4P 5LN	Management of special purpose companies
Martin McDermott	SPV Management Limited 78 Cannon Street London EC4P 5LN	Executive Director of SPV Management Limited

The company secretary of the Issuer is SPV Management Limited.

The Issuer has no employees.

Capitalisation and indebtedness statement

The capitalisation of the Issuer as at the date of this Offering Circular, as adjusted for the issuance of the Notes, is as follows:

Share Capital	£
<i>Authorised</i>	
£100,000 divided into 100,000 ordinary shares of £1 each	100,000
<i>Issued</i>	
50,000 ordinary shares of £1 each, 49,998 issued paid up as to one quarter and 2 issued fully paid	12,501.50
<i>Loan Capital</i>	
£35,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2026	35,000,000
£197,000,000 5.70 per cent. Class A2 Mortgage Backed Notes due 2031	197,000,000
£12,500,000 9.00 per cent. Class M Mortgage Backed Notes due 2031	12,500,000
Total capitalisation and indebtedness.....	244,512,501.50

The Notes are secured and unguaranteed.

Save for the foregoing, at the date of this document, the Issuer will have no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred and no dividends have been paid.

ACCOUNTANT'S REPORT

The Directors
Equity Release Funding (No.1) PLC
78 Cannon Street
London
EC4P 5LN

Dear Sirs

27 March, 2001

INTRODUCTION

We report on the financial information set out below. This financial information has been prepared for inclusion in the Offering Circular of Equity Release Funding (No.1) PLC (the "Issuer") in connection with the issue of the £35,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2026, the £197,000,000 5.70 per cent. Class A2 Mortgage Backed Notes due 2031 and the £12,500,000 9.00 per cent. Class M Mortgage Backed Notes due 2031.

Basis of preparation

The financial information set out in paragraphs 2 and 3 is based on the audited non-statutory financial statements of the Issuer for the period ended 31 October, 2000, and has been prepared on the basis set out in paragraph 3 of those audited non-statutory financial statements to which no adjustments were considered necessary.

The audited non-statutory financial statements for the period ended 31 October, 2000 were prepared for the purposes of the Offering Circular. The directors have represented that the Issuer has not yet traded and no dividends have been declared or paid.

Responsibility

Such non-statutory financial statements are the responsibility of the directors of the Issuer who approved their issue.

The directors of the Issuer are responsible for the contents of the Offering Circular in which this report is included.

It is our responsibility to compile the financial information set out in our report from the non-statutory financial statements, to form an opinion on the financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. The evidence included that previously obtained by us relating to the audit of the non-statutory financial statements underlying the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the non-statutory financial statements underlying the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Issuer as at the date stated.

FINANCIAL INFORMATION

BALANCE SHEET at 31 October, 2000

	Note	31 October 2000 £
Current assets		
Cash at bank and in hand		2
Capital and reserves		
Equity Shareholders' Funds		
Called up share capital	4	2

NOTES TO THE FINANCIAL INFORMATION

1. Accounting policies

Basis of preparation

The financial information has been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

No cash flow statement has been prepared as the only cash flow has been the receipt of cash from the issue of the Issuer's share capital.

2. Trading

The Issuer was incorporated on 20 September, 2000 as Forecastgrowth Public Limited Company and has not traded during the period and has therefore made neither a profit nor a loss. On 19 October, 2000 the Issuer passed a special resolution changing the entity's name to Equity Release Funding (No.1) PLC. The Issuer has not declared or paid any dividends nor made any distributions.

3. Statement of recognised gains and losses

No recognised gains or losses have occurred during the period.

4. Called up share capital

	2000 £
Authorised:	
100,000 ordinary shares of £1 each	100,000
Called up, allotted and fully paid:	
Ordinary shares of £1 each	2

5. Directors' emoluments

None of the directors who served during this period received any emoluments for services to the Issuer.

6. Post balance sheet events

On 27 November, 2000 the directors allotted 49,998 shares of the Issuer to Equity Release Holdings Limited. Each of the shares was, in aggregate paid up as to 25 per cent.

The Issuer has entered into the issue of mortgage backed notes as described in the Offering Circular.

7. Parent Undertaking

The ultimate effective holding company of the Issuer is Equity Release Holdings Limited, a private limited liability company incorporated in England and Wales, whose shares are held on trust for ultimate charitable purposes. Copies of the group financial statements will be available at that company's registered office which is at 78 Cannon Street, London EC4P 5LN.

This information does not constitute statutory financial statements.

Yours faithfully,

Ernst & Young
Registered Auditors

USE OF PROCEEDS

The net proceeds of the issue of the Notes after deducting the amount required for the purpose of establishing the Liquidity Reserve Fund and after meeting certain of the Issuer's expenses (including selling and underwriting commissions) are expected to amount to approximately £218 million. This amount will be applied by the Issuer on the Closing Date to purchase the Loans and the Mortgages comprised in the Portfolio pursuant to the terms of the Mortgage Sale Agreement.

CGNU plc

CGNU plc ("CGNU") and its group (the "CGNU Group") was created on 30 May, 2000 when a merger between Norwich Union plc and CGU plc was completed. The combined CGNU Group can trace its antecedents to 1696, with the foundation of the world's first fire insurance company, the Hand-in-Hand. The CGNU Group is a leading European insurance group, with worldwide premium income and retail investment sales of £27 billion for the year ended 31 December, 2000¹. Total assets were £193 billion with shareholders funds of £13.6 billion as at 31 December, 2000. The Group's corporate functions are based at its registered offices in London.

The combined life business is headquartered in York with a diversified approach to distribution incorporating Independent Financial Advisers ("IFAs"), financial institutions, agents and direct selling. It is a top five European life insurer, based on premium income, with leading positions in the UK, France, the Netherlands, Ireland and Poland.

The asset management business had £220 billion of assets under management as at 31 December, 2000 and is the second largest UK-based fund manager (by reference to funds under management).

The CGNU Group is the largest provider of general insurance in the UK by reference to income with a focus on personal lines and small commercial business.

The results for the CGNU Group for the year ended 31 December, 2000 show operating profits of £1.407 billion¹.

¹ The results were released on the Regulatory News Service on 27 February, 2001.

NORWICH UNION EQUITY RELEASE LIMITED

Norwich Union Equity Release Limited (the "Originator"), a private limited company incorporated under the laws of England and Wales with registered number 3286484, is a wholly owned subsidiary of Norwich Union Life & Pensions Limited. The Originator commenced equity release lending in December 1998. It has since grown its business to command a prominent position in this developing market with over £250 million of loans originated.

In operational terms, its business forms part of the Norwich Union Personal Finance ("NUPF") business unit whose purpose is to manufacture and market personal finance products to the public. NUPF utilises the distribution capabilities of the life business to market its products. NUPF has its own distinct management structure with dedicated marketing, operations and finance (including actuarial) teams.

As at 30 September, 2000, the Originator had over 100 staff allocated to its business with approximately 40 based at its headquarters in Sheffield, and the remainder at its operation centre in Norwich.

THE PORTFOLIO AND ADMINISTRATION

General Introduction

The Originator launched its equity release product in November 1998 and as at 17 November, 2000 approximately 7,600 loans have been made. The provisional portfolio comprises loans with an aggregate Outstanding Balance of approximately £211 million as at 17 November, 2000 (the "Provisional Portfolio"), as described further in *The Portfolio and Administration – Provisional Portfolio Profile*, below. From the Provisional Portfolio, loans with an aggregate Outstanding Balance of approximately £211 million as at 17 November, 2000 (the "Loans"), together with the Mortgages (as defined below) are to be sold to the Issuer (the "Initial Portfolio"). Since 17 November, 2000, Outstanding Balances in respect of the Loans comprising the Initial Portfolio have continued and will continue to accrue interest and, at the Closing Date, it is expected that the aggregate Outstanding Balance in respect of such Loans will be approximately £214 million.

Each Loan is secured by a first legal mortgage on a residential property in England or Wales or by first ranking standard security over a residential property in Scotland (collectively the "Mortgages" and each a "Mortgage"), 86.5 per cent. of the Loans are secured on freehold properties, 2.8 per cent. on heritable properties and 10.7 per cent. on leasehold properties (collectively the "Properties" and each a "Property"). Each Mortgage over a Property is granted by way of security for the repayment of all amounts outstanding under the Loan including principal, accrued interest and any fees and expenses.

For a description of the conditions which a Loan must meet prior to its origination, see *The Portfolio and Administration – Origination* below.

Mortgage Sale Agreement

By virtue of the Mortgage Sale Agreement the beneficial interest in a proportion of the Loans and their Related Security comprised in the Initial Portfolio (the "Portfolio") will pass to the Issuer and the Originator will assign the benefit to the Issuer or, in some cases, acknowledge the interest of the Issuer in the related Insurance Policies. In consideration for this, the Issuer will pay on the Closing Date an amount equal to approximately £218 million to the Originator (the "Initial Consideration") and, at later dates, the Deferred Consideration (as defined in the Mortgage Sale Agreement).

The Initial Consideration is an amount calculated to be the sum of the aggregate Outstanding Balance of all Loans comprising the Portfolio and a mark-to-market payment. The mark-to-market payment is calculated (by reference to each Loan comprising the Portfolio) to be an amount equal to the difference in value of each Loan calculated using gross gilt yields as at the Closing Date compared with the value calculated using gross gilt yields applying as at the Origination Date.

Representations and Warranties

With respect to the matters warranted in the Mortgage Sale Agreement, the Issuer and the Trustee will rely, save as previously disclosed, entirely on the representations and warranties to be given by the Originator on the Closing Date or, in the case of Substitute Loans or Further Loans, the Substitution Date, as the case may be, in relation to the Loans and Mortgages comprising the Portfolio, which will be contained in the Mortgage Sale Agreement (together, the "Eligibility Criteria"). These will include warranties as to the following and other matters:

- (i) Each Loan was made and its Related Security (as defined in the Mortgage Sale Agreement) taken substantially on the terms of the Standard Documents duly executed where necessary on behalf of NUERL and on behalf of the relevant Borrower and without any material variation thereto.
- (ii) No Borrower is or has, since the date of the relevant Mortgage, been in material breach of any obligation owed in respect of the relevant Loan or under the Related Security.
- (iii) The Outstanding Balance constitutes and will remain a valid debt due to NUERL from the relevant Borrower and the terms of each Loan and its Related Security constitute and will remain legal, valid, binding and enforceable obligations of the Borrower.
- (iv) Each Mortgage constitutes a valid and subsisting first fixed charge by way of legal mortgage or standard security over the relevant Property subject only in certain appropriate cases to applications for registration or recording at H.M. Land Registry or the Land Register of Scotland or the General Register of Sasines.
- (v) All of the Properties are in England, Wales or Scotland.

- (vi) Not more than eight months prior to the grant of each Mortgage, NUERL received a Valuation Report on the relevant Property (or such other form of report concerning the valuation of the relevant Property as would be acceptable to a Reasonable, Prudent Mortgage Lender).
- (vii) Each Conveyancer's Certificate or Certificate of Title (as the case may be) received by or on behalf of NUERL in respect of each Property, and which NUERL would be entitled to rely upon, from solicitors instructed on its behalf confirms that the relevant Property has good and marketable title subject only to any matter which would not cause a Reasonable, Prudent Mortgage Lender to decline to advance the relevant Loan having regard to the Lending Criteria.
- (viii) The Insurance Policies are in full force and effect and all premiums due thereunder have been paid.
- (ix) NUERL has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold by NUERL to the Issuer pursuant to the Mortgage Sale Agreement free and clear of all mortgages, standard securities, charges, liens, encumbrances, claims and equities.
- (x) NUERL has performed in all material respects all of its obligations under or in connection with each Loan and Related Security and neither NUERL nor any of its agents has received notice of or is involved in any litigation, dispute or complaint which affects or might affect any Borrower, Property, Loan, Related Security, the Insurance Policies, or its ability to perform its obligations under such of the Transaction Documents to which it is a party.

Characteristics of the Loans

The Originator's equity release product allows Borrowers to monetise a proportion of the value of their residential property. There are currently two versions of the product comprised within the Portfolio:

- (i) the Capital Access Plan ("CAP"); and
- (ii) the Flexible Cash Release Plan ("FCRP").

No principal or interest is payable during the lifetime of the Loan if it remains unaltered. The interest rate on each Loan is fixed on the completion date of that Loan. Interest is accrued and capitalised annually on the anniversary of the completion date.

A Loan may be prepaid by the Borrower at any time but, other than following the occurrence of an event of default, a Loan is only required to be repaid following the earlier of:

- (a) the death of the Borrower; and
- (b) the date on which the Borrower ceases to occupy the relevant property as a result of a need to enter into Long Term Care (as defined below) as a consequence of being unable to perform at least 2 ADLs or as a consequence of cognitive impairment.

For the purposes of the foregoing "Long Term Care" means the permanent care a Borrower would need from another person or other persons either to help him or her to perform two or more ADLs or because he or she is cognitively impaired, as the case may be.

Typically the Loan will be repaid, together with accrued interest and any applicable fees, by applying the proceeds of sale received on the sale of the property. Interest continues to accrue on each Loan until the Originator is repaid in full.

All of the Mortgages in the Portfolio incorporate the No Negative Equity Guarantee from the Originator to the Borrower. The effect of the No Negative Equity Guarantee is that the Originator will not pursue the Borrower or his/her estate for any undischarged amounts outstanding under the Loan after the sale of the relevant mortgaged Property as a result of the Property being sold for an amount which is less than the amount of the Loan secured by it. The No Negative Equity Guarantee applies on all sales of Properties irrespective of the reasons for, or the circumstances of, the sale. It is a requirement of the No Negative Equity Guarantee that the mortgaged Property is sold at a value which is approved by the Originator. The Originator has insured against some of the losses arising as a result of the No Negative Equity Guarantee being invoked as described in *The Portfolio and Administration – Insurance* below.

As described in *Investment Considerations – Optional Guarantee*, Borrowers may also elect to have the benefit of an Optional Guarantee. The cost to the Borrower of the Optional Guarantee is calculated by reference to the Initial Property Value. In the event that, in the case of a Loan advanced under the FCRP (a "FCRP Loan"), the Originator agrees to make a Further Advance to a Borrower who has purchased an Optional Guarantee, then, at the option of the Borrower, the Optional Guarantee may

lapse and a refund will be made to the Borrower, or the percentage of the Initial Property Value guaranteed may be reduced, or the Borrower may be permitted to maintain the Optional Guarantee upon payment of a further premium.

For Loans advanced under the CAP (a "CAP Loan"), interest is calculated as a percentage of the Initial Property Value, rather than a percentage of the Loan amount. For FCRP Loans, interest is calculated as a percentage of the Loan amount. In each case, the rate of interest is fixed throughout the term of the Loan.

As described in *Investment Considerations – CCA Issues*, Loans of £25,000 or less are "Regulated Loans". Regulated Loans make up 23 per cent. of Loans by value comprising the Provisional Portfolio.

Origination

Distribution processes

With the exception of one specialist mortgage broker, the Loans are sold through intermediaries, either by IFAs or by sales consultants employed by Norwich Union Direct Financial Services Limited ("NUDFS") who sell only Norwich Union products.

IFAs are required to meet the following criteria:

- (i) they must be registered with the Personal Investment Authority ("PIA") and authorised to sell products regulated under the Financial Services Act 1986 (as amended) (the "Financial Services Act");
- (ii) they must be licensed credit brokers under the CCA; and
- (iii) they must be registered with the Mortgage Code Compliance Board ("MCCB") (the successor to the Mortgage Code Register of Intermediaries).

IFAs are also encouraged to adopt similar selling processes to those prescribed by PIA rules for the sale of financial products regulated under the Financial Services Act.

NUDFS sales consultants are required to meet the following criteria:

- (a) they must be registered with the PIA and authorised to sell financial products regulated under the Financial Services Act;
- (b) they must be registered with the MCCB; and
- (c) they must adopt similar selling processes to those prescribed by PIA rules for the sale of financial products regulated under the Financial Services Act.

NUDFS sales consultants are required to interview the prospective Borrower, complete a confidential client questionnaire and produce a confidential report giving reasons for recommending the product. All application forms received from prospective Borrowers are then reviewed by a NUDFS quality assurance team whose role is independent to that of the sales consultants.

IFAs and NUDFS sales consultants are required to carry out all checks necessary under the Money Laundering Regulations 1993 to establish the identity of all applicants and are required to certify to NUERL that they have done so.

Lending Criteria

The following is a summary of the principal lending criteria that have been adopted by NUERL to assess an application received from a potential Borrower.

- (i) Types of property

NUERL's property criteria include most conventionally constructed houses and flats which would be generally acceptable to mortgage lenders in England, Scotland and Wales.

The Originator maintains a list of property types which are not acceptable to it as mortgage security. This list has been drawn up broadly in line with market practice. However, the Originator may, in exceptional circumstances, advance a Loan where the mortgage security comprises a property type which appears on the list, if the valuer has recommended that it is an acceptable property. A valuer may recommend that a property is acceptable if it can be demonstrated that there is a strong and sustained demand for property of that type in the relevant location.

If a valuer advises NUERL that a particular property is unacceptable as mortgage security (for whatever reason), then the application will be declined.

The Property must be the Borrower's principal or only residence and must be located in England, Scotland or Wales. The open market value (as defined in the Specification of Residential Mortgage Valuations issued by the Royal Institution of Chartered Surveyors and the Incorporated Society of Valuers and Auctioneers) of the Property must be between £50,000 and £2,000,000.

The aggregate Outstanding Balance of all Loans comprised in the Provisional Portfolio as at 17 November, 2000 which are secured by a Mortgage over a Retirement Property did not exceed an amount equal to 5 per cent. of the aggregate Outstanding Balance as at that time of all Loans comprising the Portfolio.

For these purposes, "Retirement Properties" means any Property in respect of which ownership is restricted to purchasers whose age exceeds an age threshold, such threshold being 55 years or above.

(ii) Number of applicants

Borrowers may make a single or joint application, but there may be no more than two Joint Borrowers in respect of each Loan.

A married Borrower living with his or her spouse must apply jointly with that spouse and they must be joint owners of the Property. Two persons living together but not married may apply jointly provided that they are joint owners of the Property.

(iii) Age of applicants

All Borrowers must be aged at least 60 when the Loan is advanced. Married couples living together must apply jointly for a Loan. There is no maximum age for a Borrower. A married person living with a spouse who is less than 60 is not eligible to apply for a loan either jointly with the spouse or as a sole Borrower. If married Joint Borrowers are not joint proprietors of the Property, title to the Property must be transferred into their joint names before the Loan is advanced.

(iv) Residence of applicants

All Borrowers are required to be resident in the United Kingdom.

(v) Third party occupiers

If there is any person other than the Borrower (or Borrowers) living at the Property (including an unmarried partner of the Borrower), that person must sign a deed in which he or she waives any right to occupy the Property in priority to the rights or interests of NUERL and grants NUERL a charge over his or her rights and interests in the Property as additional security for the Loan (an "Occupant's Deed").

Credit/Underwriting process

NUERL is not concerned with a Borrower's credit status, other than to ensure that he or she is not an undischarged bankrupt. This is because the Borrower is not required to make any payment of principal or interest during the term of the Loan.

The following underwriting checks are made on receipt of an application:

- (i) the Borrower's age is checked by examining the birth certificate, adoption certificate (if appropriate), marriage certificate (for married female applicants) or passport (as an alternative to birth certificate and/or marriage certificate) of the Borrower;
- (ii) that the estimated open market value of the property meets the criteria referred to in *The Portfolio and Administration – Origination* above;
- (iii) that the property type meets the criteria referred to in *The Portfolio and Administration – Origination* above; and
- (iv) that a cheque in respect of the cost of the valuation of the property has been received from the applicant.

If the checks referred to above are satisfactory, a valuer from a panel is instructed to inspect and value the Property in accordance with standard instructions and to produce a full valuation report. Specialist valuers are used for higher value properties (normally £750,000 and above).

Once the valuation has been received from the valuer, a further check is carried out to ensure that the property meets the criteria referred to in *The Portfolio and Administration – Origination* above and is recommended as suitable mortgage security. If the valuer has identified essential repairs, it is a

requirement that these have been carried out before the Loan will be advanced. In the event that essential repairs are required, the relevant intermediary is informed, to make sure that the Borrower still wishes to proceed with the Loan.

Once the underwriting criteria and the valuation process have been satisfied, a loan agreement is issued and solicitors are instructed.

Completion of the loan

Once the loan agreement has been issued and solicitors have been instructed, the solicitors submit a certificate of title and request for funds to NUERL. Provided that all preconditions have been satisfied, the Loan is released to the solicitors by CHAPS payment. The solicitors are then required to register a charge at H.M. Land Registry or the Registers of Scotland, as appropriate and send the charge certificate to NUERL.

Service standards are set by NUERL for all aspects of the underwriting and Loan completion processes. A monitoring system is imposed to ensure that certain standards are met.

Provisional Portfolio Profile

Introduction

The following statistical analysis gives information on the Provisional Portfolio as at 17 November, 2000.

For these purposes "Loan" refers to a Loan in the Provisional Portfolio.

Statistical Analysis

Age Groups

The table below shows the volume and Outstanding Balance of the Loans measured by age group as at 17 November, 2000.

Joint Loans are grouped by the age of the younger applicant.

Age Group	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
60- 64	25,404,844	12.1	1,028	17.0
65- 69	54,267,256	25.7	1,782	29.5
70- 74	59,419,270	28.2	1,643	27.2
75- 79	43,504,228	20.6	1,013	16.7
80- 84	19,987,670	9.5	424	7.0
85- 89	6,243,745	3.0	128	2.1
90- 94	1,641,596	0.8	27	0.4
95- 100	280,361	0.1	4	0.1
Total	210,748,970	100	6,049	100

Origination

The following table shows the volume and aggregate Outstanding Balance of the Loans, and the split between CAP Loans and FCRP Loans, as at 17 November, 2000 measured by the quarter in which they were originated.

Loan Origination Date	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Percentage of CAP Loans/ FCRP Loans	Number of Loans
Q4 1998.....	216,027	0.1	100 / 0	2
Q1 1999.....	4,790,599	2.3	100 / 0	90
Q2 1999.....	6,385,520	3.0	100 / 0	131
Q3 1999.....	13,407,173	6.4	100 / 0	302
Q4 1999.....	17,388,968	8.2	89 / 11	379
Q1 2000.....	35,131,535	16.7	8 / 92	1,005
Q2 2000.....	47,365,553	22.5	0 / 100	1,485
Q3 2000.....	59,819,645	28.4	0 / 100	1,880
Q4.....	26,243,950	12.4	0 / 100	775
Total	210,748,970	100.0	21/79	6,049

Borrowers' Gender

The following table shows the volume and aggregate Outstanding Balance of the Loans as at 17 November, 2000 measured by the gender of the Borrower(s).

Borrower Status	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
Male	20,548,923	9.8	551	9.1
Female.....	56,965,811	27.0	1,536	25.4
Female / Male.....	131,145,118	62.2	3,909	64.6
Female / Female	1,064,513	0.5	26	0.4
Male / Male.....	1,024,605	0.5	27	0.5
Total	210,748,970	100	6,049	100

Loan to Value

The following table shows the volume and aggregate Outstanding Balance of the Loans measured by reference to the ratio (expressed as a percentage) calculated by dividing the amount of the Outstanding Balance of such Loan as at 17 November, 2000 by the value of the Property on which the Loan is secured as at the date on which it is advanced to a Borrower (the "Origination Date") (the "Loan to Value"). The value of the Property is obtained from the valuer's report.

When Further Advances are made under a FCRP Loan, the amount of the Loan becomes the aggregate of the Initial Advance plus the capitalised interest together with the amount of the Further Advance. The value of the Property becomes the value at the time of the Further Advance, and is obtained from a further valuer's report undertaken prior to the Further Advance being made. When a Borrower wishes to move to a new Property, a further valuer's report will also be undertaken in relation to the new Property before the Borrower is permitted to have the Loan transferred to the Property. The value of the Property will then be the value contained in the valuer's report.

LTV (expressed as a percentage)	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
0 – 19.99.....	35,926,369	17.0	1,510	25.0
20 – 24.99.....	59,339,726	28.2	1,878	31.0
25 – 29.99.....	58,861,295	27.9	1,524	25.2
30 – 34.99.....	31,837,423	15.1	650	10.8
35 – 39.99.....	14,539,756	6.9	310	5.1
40 – 44.99.....	7,498,317	3.6	136	2.2
45 – 49.99.....	2,746,084	1.3	41	0.7
Total	210,748,970	100	6,049	100

The average Loan to Value of the Loans as at 17 November, 2000 was 25 per cent. The highest Loan to Value ratio at 17 November, 2000 was 48 per cent. and the lowest was 10 per cent.

Initial Property Value

The following table shows the volume and aggregate Outstanding Balance of the Loans as at 17 November, 2000 measured by the value of the Property on which the Loan is secured at the time the Loan is advanced (the "Initial Property Value"). The Initial Property Value is derived from the valuer's report.

Initial Property Value (£'000)	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
50 – 99.99.....	45,176,185	21.4	2,282	37.7
100 – 149.99.....	59,720,845	28.3	1,950	32.2
150 – 199.99.....	39,226,787	18.6	938	15.5
200 – 249.99.....	18,235,349	8.7	336	5.6
250 – 299.99.....	13,434,963	6.4	209	3.5
300 – 399.99.....	15,539,896	7.4	189	3.1
400 – 499.99.....	8,964,509	4.3	84	1.4
500 – 999.99.....	8,483,072	4.0	53	0.9
1000 – 1500	1,967,364	0.9	8	0.1
Total	210,748,970	100	6,049	100

The UK average house price as at November 2000 according to the Halifax House Price Index was £86,752 and £81,770 according to the Nationwide House Price Index.

Geography

The following table shows the volume and aggregate Outstanding Balance of the Loans as at 17 November, 2000 measured by the region in England, Scotland or Wales in which the Property is located on which the Loan is secured.

Region	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
East Anglia	13,900,242	6.6	530	8.8
East Midlands	8,026,912	3.8	324	5.3
Greater London	57,016,805	27.0	1,176	19.4
North	3,394,762	1.6	140	2.3
North West	8,024,553	3.8	308	5.1
Scotland	6,032,577	2.9	228	3.8
South East	58,940,850	28.0	1,524	25.2
South West	34,164,758	16.2	1,029	17.0
Wales	4,058,830	1.9	156	2.6
West Midlands	11,788,893	5.6	412	6.8
Yorkshire & Humberside ..	5,399,788	2.6	222	3.7
Total	210,748,970	100	6,049	100

Loan Size

The following table shows the volume and aggregate Outstanding Balance of the Loans as at 17 November, 2000 measured by the amount of the initial advance of the Loan.

Initial Loan Amount	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
£0 – £14,999	7,640,522	3.6	579	9.6
£15,000 – £19,999	17,409,150	8.3	972	16.1
£20,000 – £24,999	22,006,654	10.4	970	16.0
£25,000 – £29,999	28,248,079	13.4	981	16.2
£30,000 – £34,999	24,624,135	11.7	722	12.0
£35,000 – £39,999	16,227,392	7.7	413	6.8
£40,000 – £44,999	16,878,746	8.0	381	6.3
£45,000 – £49,999	10,570,262	5.0	212	3.5
£50,000 – £59,999	16,756,267	7.9	296	4.9
£60,000 – £69,999	11,383,697	5.4	169	2.8
£70,000 – £79,999	7,119,326	3.4	91	1.5
£80,000 – £89,999	6,463,789	3.1	74	1.2
£90,000 – £99,999	3,900,834	1.9	39	0.6
£100,000 – £149,999	12,771,012	6.1	107	1.8
£150,000 +	8,749,105	4.1	43	0.7
Total	210,748,970	100	6,049	100

Loans by Property Type

The following table shows the volume and aggregate Outstanding Balance of the Loans as at 17 November, 2000 measured by the type of Property on which each Loan is secured.

Property Type	Aggregate Outstanding Balance as at 17 November, 2000 (£)	As a percentage of aggregate Outstanding Balance	Number of Loans	As a percentage of total number of Loans
Detached House	55,805,591	26.5	1,090	18.0
Semi-Detached House	42,418,008	20.1	1,377	22.8
Detached Bungalow	45,344,183	21.5	1,398	23.1
Semi-Detached Bungalow	12,506,320	5.9	513	8.5
Detached Chalet Bungalow.....	3,093,126	1.5	75	1.2
Semi Detached Chalet Bungalow.....	1,187,817	0.6	51	0.8
Terraced House	28,022,687	13.3	880	14.6
Linked Detached	1,064,295	0.5	32	0.5
Maisonette.....	2,008,421	1.0	62	1.0
Purpose Built Flat	14,470,633	6.9	456	7.6
Flat over Shop	33,063	0.0	1	0.0
Converted Flat	3,382,522	1.6	69	1.1
Studio Flat.....	24,920	0.0	1	0.0
Basement Flat	19,391	0.0	1	0.0
Converted Barn	495,964	0.2	10	0.2
Terraced Bungalow	452,369	0.2	22	0.4
Detached Cottage	398,634	0.2	10	0.2
Cluster Home	21,026	0.0	1	0.0
Total	210,748,970	100	6,049	100

Interest Rates

The following table shows the volume and aggregate Outstanding Balance of the Loans as at 17 November, 2000 measured by the applicable interest rates.

Lending Rate – CAP (expressed as a percentage)	Property Amounts	As a percentage of total	Number of Loans	As a percentage of total number of Loans
2.9.....	129,003,650	84.4	790	85.1
2.95	23,789,900	15.6	138	14.9
Total	152,793,550	100	928	100

Lending Rate – FCRP (expressed as a percentage)	Initial Loan Amounts	As a percentage of total	Number of Loans	As a percentage of total number of Loans
7.85	20,437,897	12.2	606	11.8
8.15	259,679	0.1	4	0.1
8.25	142,189,657	84.9	4,482	87.5
8.5.....	4,637,549	2.8	29	0.6
Total	167,524,782	100	5,121	100

Repayment experience of NUERL's portfolio.

The repayment experience of the loans forming part of NUERL's portfolio of CAP Loans and FCRP Loans to 31 December, 2000 has been as follows. Of the total number of CAP Loans and FCRP Loans, 85 loans have been repaid following death, the need for Long Term Care or Voluntary Prepayment. Of this total, 39 loans have been repaid following death or the need for Long Term Care and a further 46 loans have been repaid in other circumstances (including 16 cases where a CAP Loan was repaid in order to take out an FCRP Loan).

The number of repayments to date is too small to provide any statistical evidence as to the validity of any repayment assumptions.

The above figures supplied by CGNU have not been audited.

Delinquency

No monthly repayments are due under CAP Loans or FCRP loans and there are therefore no cases of delinquency.

Administration

Introduction

NUERL has administered the Loans up to the date of this document and will continue to do so in its capacity as Administrator of the Portfolio.

Authority must be received from the Borrower prior to NUERL communicating with any third party who advises that they are acting on behalf of the Borrower.

All of the criteria referred to above in *The Portfolio and Administration – Origination* continue to apply when NUERL considers administration requests in respect of the Loans.

Service standards are set for all aspects of the loan administration work.

Monitoring procedures

All expected requests or work in relation to the servicing and repayment of a Loan are detailed and maintained within process models and, more specifically, within job cards. Strict controls are in place for any changes to process models or job cards. Members of the administration teams are encouraged to suggest and/or request changes to the monitoring procedures in an attempt to continuously improve and update them. Random quality sampling is undertaken to ensure that the customer is receiving the level of service expected of NUERL. Weekly system reports provide evidence of work completed or outstanding and service standards achieved.

Annual statements

Annual statements are issued to Borrowers on the anniversary of the date on which the CAP Loan or FCRP Loan was originated.

The annual statement confirms to the Borrower the circumstances under which the Borrower is required to give notice to the Originator. The Borrower is required to notify NUERL of:

- (i) the Borrower going into Long Term Care;
- (ii) the property being left unattended for six months or more;
- (iii) the Borrower moving to another property;
- (iv) a third party coming to live at the property;
- (v) any change in the ownership of the property; and
- (vi) any structural alterations to the property.

The annual statement also gives details of the amount borrowed, the Initial Property Value and the applicable annual interest rate (compound). A list of any charges made during the period covered by the statement is also set out. Any balance brought forward is stated. The annual statement also makes clear that it is not a redemption statement and that NUERL is not asking for any payment.

Confirmation is given to the Borrower of the No-Negative Equity Guarantee and whether there is an Optional Guarantee in place.

On the fifth anniversary of a Mortgage and every fifth year thereafter, a self-assessment questionnaire will be included with the annual statements which are sent to the Borrower. This questionnaire will set out a series of questions relating to various aspects of the Property, which he or she will be able to answer by carrying out a visual examination of the area or feature in question and ticking the appropriate box on the questionnaire.

NUERL will also instruct panel valuers to carry out drive past surveys of a representative sample of Properties within the Portfolio. The timing of these surveys will be around the fifth anniversary of the Mortgages and every fifth year thereafter. A drive past survey will seek to determine whether there are defects that could lead to significant dilapidation (which would typically be visible from the exterior of the building). The sample size for these drive past surveys will be adjusted depending on the level of response to the self check questionnaire from Borrowers and the Administrator's own experience of the likely level of dilapidation risk.

Redemption process

Borrowers may repay their Loan at any time during the life of the Loan. An administration fee is payable on early repayment. An early repayment fee may also be payable if at the date of redemption long-term market interest rates have fallen during the term of the Loan measured by the gross redemption gilt yield applicable to the Loan (as quoted in the Financial Times) at the date of redemption being lower than the gross redemption gilt yield calculated as being applicable to the Loan when the Loan was originated (an "Early Repayment Fee"). No fees are payable if redemption results from the death or the need for Long Term Care of a Borrower or, in the case of Joint Borrowers, the last surviving Borrower. To ascertain whether a fee is payable on redemption, the file relating to the relevant Loan is checked to obtain the gilt yield applicable to the Loan at the date of the origination and a comparison is then made with the gilt yield at the date of redemption.

In relation to Scottish Mortgages, the Borrower has a statutory right to redeem the Mortgage after 20 years from the date of execution of the Mortgage. The amount payable on such redemption is restricted by statute to the amount remaining unredeemed of the aggregate of:

- (i) any excess of the value of the property at the date of execution of the Mortgage over the amount paid for the property;
- (ii) any sums advanced under the Mortgage;
- (iii) any expense or charge reasonably incurred by the creditor in the exercise of a right to perform any obligation which the Borrower has failed to perform; and
- (iv) interest outstanding at the date of redemption at the rate applicable in the terms of the Mortgage immediately before notice of redemption was given. An Early Repayment Fee or similar payments would not be recoverable.

If on repayment the Borrower wishes to invoke his/her No-Negative Equity Guarantee or Optional Guarantee, a valuation of the Property must be obtained and NUERL must agree to the sale price given.

On confirmation that cleared funds have been received by NUERL in respect of the sale of the Property, the file relating to the Loan is updated with the redemption date, the system is updated and the relevant buildings insurance provider is advised to remove the interest of NUERL. The mortgage is then discharged.

Other servicing/queries received from Borrowers

Given the nature of the CAP Loans and FCRP Loans, and in particular the fact that there is no payment of principal or interest during the term of the Loan, the Loans require a lesser degree of administration than would be normal for a conventional mortgage. Set out below are examples of situations which are encountered as part of the administration of the Loans:

- (i) **Change of Contract Features**

Borrowers may wish to repay their Loan, have part of their Property released from a charge or let their Property. A request may also be received to add an additional Borrower to or release a Borrower from a particular Loan. A notification of a change of buildings insurance provider may also be received.

(ii) **Change of Personal Information**

Notifications from Borrowers of a change of name or address or wish to move to a new property may be received. The death or entry into Long Term Care of a sole Borrower or second Joint Borrower is a common situation encountered. A Borrower may also notify the appointment of an attorney to act on their behalf.

(iii) **Information Requests**

Borrowers may require access to deeds or request duplicates of documents or require product information.

(iv) **Unpaid Bills**

The non-payment of rent or service charges in respect of a Property may be notified to NUERL.

Sub-Contracting

All aspects of the administration of the Loans are dealt with by one dedicated team. Save that NUERL sub-contracts various administration tasks, including all aspects of deeds management, bank account reconciliation, the updating of the system with details of solicitors' and valuers' panels, system reconciliation (including the move of a Borrower to another property or the redemption of a Loan) and the provision of data to enable detailed management information to be extracted.

Insurance

The NUL&P Insurance Policy

The risks to the Originator under each of the No Negative Equity Guarantee (in respect only of claims occasioned by a death or Long Term Care requirement) and the Optional Guarantee are each insured by the Originator under the NUL&P Insurance Policy.

The NUL&P Insurance Policy provides that, in the event of an Insurance Claim being made, the Insurer will make a lump sum payment to the Originator of an aggregate amount equal to the shortfall between the amount received by the Originator from the relevant proceeds of sale (net of reasonable selling costs) and the amount required to discharge the Outstanding Balance of the relevant Loan and, if applicable, any amount due to a Borrower in respect of the Optional Guarantee.

The benefit of the NUL&P Insurance Policy will be assigned to the Issuer in relation to all the Loans acquired by the Issuer either on the Closing Date or following a Substitution. All premiums due in respect of the NUL&P Insurance Policy have been paid by the Originator, and no further premiums will be due from the Issuer.

Buildings Insurance

Borrowers are responsible for the proper maintenance of buildings insurance and no assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable insurance contracts or that any claim made under an Insurance Policy will be met in full. NUERL has, therefore, arranged, and has undertaken to maintain Contingent Buildings Insurance (as defined below) for the Portfolio the benefit of which will be transferred to the Issuer in relation to those Loans acquired by it on the Closing Date subject to a maximum amount claimable in respect of any one Property of £500,000 plus accrued interest. The contingent buildings insurance is provided by Norwich Union Insurance Limited (the "Contingent Buildings Insurance") which has a financial strength rating of AAi and Aa2 from S&P and Moody's, respectively.

Local Search Indemnity Insurance

Local authority search indemnity insurance is also provided to NUERL by Norwich Union Insurance Limited (the "Local Search Indemnity Insurance"). This policy insures NUERL against any shortfall in the amount recoverable on any Loan on the sale of a Property where such shortfall arises as a result of an adverse matter, affecting the property which:

- (i) was in existence at the date of the origination of the relevant Loan;
- (ii) would have been revealed by a local authority search; and
- (iii) has the effect of reducing the market value of the property at the time of its sale.

WEIGHTED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The Class A2 Notes have a fixed amortisation schedule. This has been determined by considering the expected repayment profile of the Loans and the ability of the structure to absorb variations in this experience (See *Investment Considerations – Repayment Considerations*).

The weighted average life of the Class A2 Notes is 22.02 years.

The term of the Class A1 Notes will depend on available cash flows, and will therefore depend on the repayment rate of the underlying Mortgages. If the underlying Mortgages are repaid according to and on the basis of the following assumptions:

- (a) repayment of Loans following death (as described in *Investment Considerations – Repayment Considerations*);
- (b) repayment of Loans following entry into Long Term Care (as described in *Investment Considerations – Repayment Considerations*);
- (c) Voluntary Prepayment of Loans (as described in *Investment Considerations – Repayment Considerations*) are at the rate per annum of Loans outstanding from time to time as set out in the table below;
- (d) the Swap Agreements are terminated on the Year 10 Interest Payment Date and the proceeds applied to repay the Class A1 Notes;
- (e) the average rate of LIBOR for three months sterling deposits is 5.8 per cent. per annum;
- (f) no Early Repayment Fees are collected as a result of a fall in long term interest rates; and
- (g) there has been no default or downgrading of any counterparty,

the possible average life and final repayment of the Class A1 Notes (assuming the rates of Voluntary Prepayments set out below) is as set out in the table below:

Voluntary Prepayment Rate	Possible Weighted Average Life of Class A1 Notes	Possible Final Repayment of Class A1 Notes
Voluntary Prepayment at 1 per cent. per annum.....	9.9	10
Voluntary Prepayment at 2 per cent. per annum.....	8.4	10
Voluntary Prepayment at 5 per cent. per annum.....	4.0	6.3

TERMS AND CONDITIONS OF THE NOTES

If Notes are issued in definitive form, the terms and conditions set out on each Note (the "Conditions") will be as set out below. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form.

The £35,000,000 Class A1 Mortgage Backed Floating Rate Notes due 2026 (the "Class A1 Notes") the £197,000,000 Class A2 Mortgage Backed Notes due 2031 (the "Class A2 Notes" and, together with the Class A1 Notes, the "Class A Notes") and the £12,500,000 Class M Mortgage Backed Notes due 2031, (the "Class M Notes" and, together with the Class A Notes, the "Notes") to be issued by Equity Release Funding (No.1) PLC (the "Issuer") will be constituted by a trust deed (the "Trust Deed"), expected to be dated on or about 30 March, 2001 (the "Closing Date") and made between the Issuer and Citicorp Trustee Company Limited (the "Trustee", as trustee for the holders for the time being of the Notes). Any reference below to a "class" of Notes or of Noteholders shall be a reference to the Class A1 Notes, the Class A2 Notes or to the Class M Notes, as the case may be, or to the respective holders thereof. Any reference below to the "Floating Rate Notes" shall be a reference to the Class A1 Notes. Any reference below to the "Fixed Rate Notes" shall be a reference to the Class A2 Notes or the Class M Notes, or any class of them, as the context may require.

Security for the Notes is created pursuant to, and on the terms set out in, a deed of charge (the "Deed of Charge") between, amongst others, the Issuer, the Administrator, the Trustee, Barclays Bank PLC, (the "Liquidity Facility Provider") and the Swap Counterparty, a Scottish assignation in security (together with any deed supplemental thereto the "Scottish Assignation in Security"), and, following transfer of legal title to the Scottish Mortgages, a Scottish standard security and a further Scottish assignation in security (the "Post-Transfer Scottish Security"). By an agency agreement expected to be dated the Closing Date (the "Agency Agreement") and made between the Issuer, the Trustee and the Principal Paying Agent and such additional paying agents, if any, as are appointed from time to time in respect of the Notes (the "Paying Agents") and Citibank, N.A., London as agent bank (the "Agent Bank" and, together with the Paying Agents, the "Agents") provision is made for, amongst other things, the payment of principal and interest in respect of the Notes of each class.

Reference to each of the Trust Deed, the Deed of Charge, the Scottish Assignation in Security, the Post-Transfer Scottish Security and the Agency Agreement are to be as from time to time modified in accordance with its provisions and any deed or other document expressed to be supplemental to it, as from time to time so modified. References to each of the Trustee, any Paying Agent and the Agent Bank include references to its successors and, in the case of the Trustee, to any additional trustee appointed under the Trust Deed or, as the case may be, the Deed of Charge.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement and the Deed of Charge.

Copies of the Trust Deed, the Agency Agreement, the Deed of Charge, the Scottish Assignation in Security, the Post-Transfer Scottish Security, the Master Definitions and Construction Schedule signed by Freshfields Bruckhaus Deringer and Slaughter and May for the purposes of identification on the Closing Date (the "Master Definitions and Construction Schedule"), the Mortgage Sale Agreement, the Scottish Declaration of Trust, the Administration and Cash Handling Agreement, the Liquidity Facility Agreement, the Guaranteed Investment Contract, the Interest Rate Swap Agreement, the Termination Swap Agreement, the Class A Note Subscription Agreement and the Class M Note Subscription Agreement (each as defined in the Master Definitions and Construction Schedule and, together the "Transaction Documents"), are available for inspection during normal business hours at the London Branch for the time being of the Trustee, being at the date hereof at 3rd Floor, Cottons Centre, Hay's Lane, London SE1 2QT, and at the specified offices of the Principal Paying Agent. Capitalised terms not otherwise defined in these Conditions shall bear the meaning given to them in the Master Definitions and Construction Schedule available for inspection as described above.

1. Form, Denomination and Title

The Notes, which are serially numbered, are issued in bearer form in the denomination of £1,000, £10,000 or £100,000 each (as the case may be) with interest coupons and talons (respectively, "Coupons" and "Talons") attached. Title to the Notes and Coupons shall pass by delivery.

The holder of any Note and the holder of any Coupon may (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments) as the absolute owner of such Note or Coupon, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.

The holder of each Coupon (whether or not such Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Note.

2. Status, Priority and Security

(a) Status

- (i) The Class A1 Notes and the Class A2 Notes constitute direct, secured, unconditional obligations of the Issuer and are secured over the assets of the Issuer pursuant to and as more fully described in the Deed of Charge and the Scottish Assignment in Security and, following the transfer of legal title to the Scottish Mortgages, the Post-Transfer Scottish Security (together, the "Security" and the assets of the Issuer subject to the Security being the "Charged Property"). The Security also secures the Class M Notes. The Class A1 Notes and the Class A2 Notes rank *pari passu* without preference or priority amongst themselves. The Security is also security for the Issuer's obligations to the Trustee, the Administrator, the Start-Up Loan Provider, the Liquidity Facility Provider, the Swap Counterparty, the Account Bank, the GIC Provider, the Principal Paying Agent and the Agent Bank as described below.
- (ii) The Class M Notes constitute direct, secured, unconditional and unsubordinated (save as described below) obligations of the Issuer and are secured by the Security. The Class M Notes rank *pari passu* without preference or priority amongst themselves. The Class M Notes are subordinated to, amongst other things, payment of principal and interest under the Liquidity Facility Agreement, the Class A1 Notes and the Class A2 Notes and certain payments under the Swap Agreements in accordance with the provisions of the Deed of Charge.
- (iii) The rights of the holders of each class of Notes in respect of payment of interest and principal are set out in Conditions 4 and 5.
- (iv) All Class A1 Step-Up Amounts are subordinated both prior to and on enforcement of the Security to payments of principal and payments of interest (other than Class A1 Step-Up Amounts) on the Class A Notes as well as payments to the Liquidity Facility Provider and the Swap Counterparty.

- (b) (i) The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the holders of all classes of Notes equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee, in any such case, to have regard only to (for as long as there are any Class A1 Notes and/or Class A2 Notes outstanding), the interests of the Class A1 Noteholders and/or Class A2 Noteholders, as the case may be, if, in the Trustee's opinion, there is a conflict between the interests of the Class A1 Noteholders and Class A2 Noteholders and the interests of the holders of any Class M Notes.
- (ii) The Deed of Charge and, expressly or by reference, the Scottish Assignment in Security and the Post-Transfer Scottish Security contain provisions requiring the Trustee to have regard to the interests of the secured creditors of the Issuer pursuant to the Deed of Charge (together, the "Secured Creditors") as regards all powers, trusts, authorities, duties and discretions of the Trustee (which, except where expressly provided otherwise, are subject to Condition 10), but requiring the Trustee in any such case (once there are no Class A1 Notes or Class A2 Notes outstanding) to have regard only to:
 - (A) the interests of the Liquidity Facility Provider for so long as there are amounts owed by the Issuer or available to be drawn under the Liquidity Facility if there is a conflict between the interests of the Liquidity Facility Provider and any other Secured Creditors;
 - (B) if there are no longer amounts outstanding or available to be drawn under the Liquidity Facility, the interests of the Swap Counterparty if there is a conflict between the Swap Counterparty and any other Secured Creditors;

- (C) if there are no longer amounts due or to be provided for the Swap Counterparty or if the Swap Counterparty has no claim against the Issuer under each of the Interest Rate Swap Agreement and the Termination Swap Agreement, as the case may be, the interests of the Trustee on behalf of the holders of the most senior class of Notes outstanding if there is a conflict between the Noteholders and any other Secured Creditor (or any of them); or
- (D) if there are no Notes or amounts outstanding or available to be drawn, the interests of the person appearing highest in the order of priority of payments to whom any amounts are owed under the Deed of Charge.
- (iii) In exercising its powers, trust, authorities, duties and discretions in accordance with Condition 2(b)(i) or Condition 2(b)(ii) above, the Trustee shall disregard any Class A1 Step-Up Amounts for the purposes of determining whether there is any particular class of Class A Notes outstanding.
- (c) All classes of Notes are subject to the provisions of the Transaction Documents.
- (d) The Noteholders will share in the benefit of the security created by the Deed of Charge and the Scottish Assignment in Security and the Post-Transfer Scottish Security upon and subject to the terms thereof.

3. Covenants

Save with the prior written consent of the Trustee or as provided in or envisaged by any of the Transaction Documents and the Conditions the Issuer shall not, so long as any Note remains outstanding:

- (a) *Negative Pledge*
create or permit to subsist any Security Interest (unless arising by operation of law) or other security interest whatsoever over any of its assets or sell or otherwise dispose of any part of its assets (including any uncalled capital) or its undertaking, present or future, or the Security;
- (b) *Restrictions on Activities*
 - (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage; or
 - (ii) have any subsidiaries, any subsidiary undertaking (as defined in the Companies Act 1985 (as amended)) or any employees or premises;
- (c) *Disposal of Assets*
transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) *Dividends or Distributions*
pay any dividend or make any other distribution to its shareholders or issue any further shares which are redeemable;
- (e) *Borrowings*
incur any indebtedness in respect of borrowed money whatsoever except in respect of the Notes or give any guarantee in respect of any indebtedness or of any obligation of any person;
- (f) *Merger*
consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (g) *Other*
permit the validity or effectiveness of any of the Transaction Documents to which it is a party, or the priority of the Security Interests created thereby, to be amended, terminated or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, these Conditions, the Deed of Charge or any of the other Transaction Documents to which it is a party, or permit any part of any of the Transaction Documents to which it is a party,

or the relevant Charged Property or any other person whose obligations form part of the relevant Charged Property, to be released from such obligations, or dispose of any part of the relevant Charged Property, save as envisaged in the Transaction Documents to which it is a party;

(h) *Bank Accounts*

have an interest in any bank account other than the Transaction Account, the Redemption Account, the Liquidity Facility Reserve Account, the Optional Guarantee Insurance Account and the GIC Account unless such account or interest therein is charged to the Trustee on terms acceptable to it.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may reasonably deem expedient in the interests of the Secured Creditors, provided that the then current rating of any class of the Class A Notes will not be adversely affected as a result of such modification or addition.

4. Interest

(a) *Period of Accrual*

The Notes bear interest on their Principal Amount Outstanding (as defined in Condition 5(f)) from (and including) the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or premium (if any) or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to (but excluding) the date on which payment in full of the relevant amount of principal or premium is made or, if earlier, the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 14) that such payment will be made.

Whenever it is necessary to compute an amount of interest in respect of any Class A1 Note for any period (including any Interest Period (as defined below)), such interest shall be calculated on the basis of actual days elapsed and a 365 day year.

Whenever it is necessary to compute an amount of interest in respect of any Fixed Rate Notes for any period (including any Interest Period (as defined below)), such interest shall be calculated on the basis of months of 30 days duration and a 360 day year.

(b) *Interest Payment Dates and Interest Periods*

- (i) Interest on each class of Notes is payable quarterly in arrear on 26 February, 26 May, 26 August and 26 November in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an "Interest Payment Date") in respect of the Interest Period (as defined below) ending immediately prior thereto. The first such payment is due on the Interest Payment Date falling in 26 May, 2001 in respect of the first Interest Period commencing on (and including) the Closing Date and ending on (but excluding) 26 May, 2001.

- (ii) In these Conditions:

"Interest Period" shall mean in respect of each class of Notes, the period from (and including) an Interest Payment Date (or, in respect of payment of the first Interest Amount (as defined in Condition 4(f) below), the Closing Date) to (but excluding) the next following Interest Payment Date;

"Business Day" means, for the purposes of this Condition 4:

- (A) in relation to any day falling prior to the date that the United Kingdom becomes a Participating Member State, a day on which commercial banks and foreign exchange markets settle payments in London and Luxembourg; and
- (B) in relation to any day falling on or after the date that the United Kingdom becomes a Participating Member State, a day on which the TARGET system is operating.

(c) *Presentation of Coupons*

On issue, Coupons relating to the Notes are attached to the Notes. Interest payments on the Notes will be made against presentation and surrender of the appropriate Coupons in accordance with Condition 6 below, except as provided therein.

(d) *Rates of Interest*

(i) *Rate of Interest on Floating Rate Notes*

The rate of interest payable from time to time in respect of the Floating Rate Notes (the "FRN Rate of Interest") will be determined by the Agent Bank on each Interest Payment Date commencing on such Interest Payment Date save in respect of the first Interest Period commencing on the Closing Date, where the FRN Rate of Interest will be determined by the Agent Bank on the Closing Date (each an "Interest Determination Date").

The FRN Rate of Interest for each Interest Period beginning on the Interest Determination Date (or the Closing Date, in the case of the first Interest Period) shall be the aggregate of:

- (A) the Relevant Margin (as defined in Condition 4(e) below); and
- (B) (1) the arithmetic mean of the offered quotations to leading banks (rounded to four decimal places with the mid-point rounded up) for three month sterling deposits (or three month deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) in the London interbank market which appear on Telerate Screen Page No. 3750 (or (aa) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (bb) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Telerate Monitor) (the "Screen Rate") (rounded to four decimal places with the mid-point rounded up) calculated on the basis of the number of days in such Interest Period and the Screen Rate at or about 11.00 a.m. (London time) on such date or, in the case of the first Interest Determination Date only, the linear interpolation (rounded to four decimal places with the mid-point rounded upwards) between the Screen Rate and the offered quotations to leading banks determined as aforesaid for one month and two months sterling deposits (the "Additional Screen Rate") calculated on the basis of the actual number of days elapsed in such Interest Period; or
- (2) if the Screen Rate (and, in the case of the first Interest Determination Date only, the Additional Screen Rate) is not then available for three months (or, for the first Interest Period, for one month and for two months) sterling deposits (or three month deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom), the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 4(j) below) as the rate at which three month deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) in an amount of £10,000,000 are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London interbank market at or about 11.00 a.m. (London time) on that date (or, in the case of the first Interest Period, the rate obtained upon interpolation of the arithmetic means of such rates for one month and two months sterling deposits). If on any such Interest Determination Date, only two of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not

provide such a quotation or quotations, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which subparagraph (1) of the foregoing provisions of this subparagraph (B) shall have applied.

- (C) *European Economic and Monetary Union:* If, as a result of the United Kingdom becoming a Participating Member State, it becomes impossible for the Agent Bank to determine the FRN Rate of Interest for any Interest Period in accordance with Condition 4(d)(i) above, the FRN Rate of Interest for each such Interest Period shall be determined by the Agent Bank on the following basis:

- (1) the Agent Bank will determine the rate for deposits in euro for a period equal to the relevant Interest Period which appears on the display page designated 248 on the Dow Jones Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (Brussels time) on the relevant Interest Determination Date (which for the avoidance of doubt shall be two TARGET days prior to the start of the relevant Interest Period) (the "Euro Interest Determination Date");
- (2) if such rate does not appear on that page, the Agent Bank will:
 - (i) request the principal London office of each of four major banks in the London interbank market to provide a quotation of the rate at which deposits in euro are offered by it in the London interbank market at approximately 11.00 a.m. (London time) on the Euro Interest Determination Date to prime banks in the London interbank market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time; and
 - (ii) determine the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of such quotations; and
- (3) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in any Participating Member State, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time, and the FRN Rate of Interest for such Interest Period shall be the sum of the Relevant Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the FRN Rate of Interest during such Interest Period will be the sum of the Relevant Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

(ii) *Rate of interest on the Fixed Rate Notes*

The rate of interest payable in respect of:

- (A) the Class A2 Notes shall be 5.70 per cent. per annum (the "Class A2 Rate of Interest"); and
 - (B) the Class M Notes shall be 9.00 per cent. per annum (the "Class M Rate of Interest"),
- in each case payable in respect of each Interest Period in arrear on the immediately succeeding Interest Payment Date.

(e) *Relevant Margin*

The "Relevant Margin" shall be, in respect of the Class A1 Notes, the aggregate of:

- (i) 0.45 per cent. per annum in respect of each Interest Period up to (but excluding) the Interest Period commencing on the Interest Payment Date falling in February 2011; and

- (ii) for each Interest Period from (and including) the Interest Payment Date falling in February, 2011 to the date when the Class A1 Notes have been redeemed in full, 2.05 per cent. per annum (the "Class A1 Step-Up Amount").

(f) Determination of the FRN Rate of Interest and Calculation of Interest Amounts

The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Trustee and the Principal Paying Agent of:

- (i) the FRN Rate of Interest applicable to the Interest Period beginning on and including such Interest Determination Date (or, in the case of the first Interest Period, beginning on and including the Closing Date) in respect of the Floating Rate Notes; and
- (ii) the sterling amount payable in respect of such Interest Period (the "Interest Amount") in respect of the Floating Rate Notes.

The Interest Amount in respect of the Floating Rate Notes will be calculated by applying the FRN Rate of Interest for such Interest Period to the Principal Amount Outstanding of the Floating Rate Notes, during such Interest Period. The Interest Amount in respect of each Fixed Rate Note (taking into account the Class A2 Scheduled Amortisation Amounts (as described in Condition 5(c)) to be paid in respect of the Fixed Rate Notes (per £100,000 nominal amount) in accordance with Condition 5(c), in respect of each Interest Period shall be as follows:

- (i) the Class A2 Note Interest Amount shall be £1,425; and
- (ii) the Class M Note Interest Amount shall be £2,250.

In the event of any partial redemption of the Class A2 Notes or the Class M Notes (as the case may be) (other than through payment of the Class A2 Scheduled Amortisation Amounts pursuant to Condition 5(c)), the Interest Amount in respect of the Fixed Rate Notes shall be calculated by or on behalf of the Issuer in respect of each relevant Fixed Rate Note by applying either the Class A2 Rate of Interest or the Class M Rate of Interest (as the case may be) to the then current Principal Amount Outstanding in respect of the Class A2 Notes or the Class M Notes (as the case may be), and the Issuer shall make notification of the applicable Interest Amount to the Agent Bank.

(g) Publication of the FRN Rate of Interest and the Interest Amount

As soon as practicable after making the determination pursuant to Condition 4(f), or receiving notification of the applicable Interest Amount following any partial redemption of the Class A2 Notes or the Class M Notes (other than through payment of the Class A2 Scheduled Amortisation Amounts as aforesaid), the Agent Bank will cause the FRN Rate of Interest and the Interest Amount applicable to each Note for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Issuer, the Trustee, the Principal Paying Agent and the London Stock Exchange (for so long as the relevant class of Notes is listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange) and will cause notice thereof to be given to the relevant class of Noteholders in accordance with Condition 14.

(h) Determination or calculation by the Trustee

If the Agent Bank or the Issuer, as the case may be, does not at any time for any reason determine the FRN Rate of Interest and/or calculate the Interest Amount for the Notes in accordance with the foregoing Conditions, the Trustee shall:

- (i) determine the FRN Rate of Interest at such rate as (having such regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or, (as the case may be)
- (ii) calculate the Interest Amount for each class of Notes in the manner specified in accordance with Condition 4(f) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank but without any liability on the part of the Trustee in respect of such determination or calculation.

(i) Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, whether by the Reference Banks (or any of them) or the Agent Bank, or the Issuer or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Trustee and all of the relevant Noteholders and (in the absence as aforesaid) no liability to the

Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(j) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be four Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of each of ABN Amro, Barclays Bank PLC, Citibank, N.A. and The Royal Bank of Scotland plc. In the event of the principal London branch of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor so approved by the Trustee has been appointed.

5. Redemption, Purchase and Cancellation

(a) Final Redemption

Unless previously redeemed in full as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding as follows:

- (i) the Class A1 Notes on the Interest Payment Date falling in February 2026;
- (ii) the Class A2 Notes on the Interest Payment Date falling in February 2031; and
- (iii) the Class M Notes on the Interest Payment Date falling in February 2031.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in Conditions 5(b), (c), (d), (f) or (g) of this Condition but without prejudice to Condition 9.

(b) Mandatory redemption in part of Class A1 Notes

Prior to service of an Enforcement Notice (as defined in Condition 9), on each Interest Payment Date on which there is a Class A1 Note Available Redemption Amount (as defined below) (other than a date upon which the Class A1 Notes are to be redeemed pursuant to Condition 5(a), 5(d) or 5(e)) the Issuer shall redeem all of the Class A1 Notes in part in an aggregate amount as nearly as possible to the Class A1 Note Available Redemption Amount.

"Class A1 Note Available Redemption Amount" means, in respect of the immediately succeeding Interest Payment Date, an amount equal to Available Receipts after making payments in respect of amounts set out in paragraphs (a) to (g) of the Priority of Payments.

(c) Scheduled Redemption of Class A2 Notes

Prior to the service of an Enforcement Notice (as defined in Condition 9), the Class A2 Notes shall, subject to Conditions 5(d) and 5(e) be repaid in instalments on each Interest Payment Date (except in respect of Class A2 Notes surrendered to the Issuer and cancelled pursuant to Condition 5(k) below) in the aggregate principal amounts (each a "Class A2 Scheduled Amortisation Amount") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class A2 Scheduled Amortisation Amount per £100,000 nominal amount of each Class A2 Note:

Interest Payment Date	Class A2 Scheduled Amortisation Amount £
26 May 2015.....	824
26 August 2015	824
26 November 2015	824
26 February 2016	824
26 May 2016.....	824
26 August 2016	824
26 November 2016	824
26 February 2017	824
26 May 2017.....	1,374
26 August 2017	1,374
26 November 2017	1,374
26 February 2018	1,374
26 May 2018.....	1,374

**Class A2 Scheduled
Amortisation Amount
£**

Interest Payment Date

26 August 2018	1,374
26 November 2018	1,374
26 February 2019	1,374
26 May 2019	1,374
26 August 2019	1,374
26 November 2019	1,374
26 February 2020	1,374
26 May 2020	1,374
26 August 2020	1,374
26 November 2020	1,374
26 February 2021	1,374
26 May 2021	2,747
26 August 2021	2,747
26 November 2021	2,747
26 February 2022	2,747
26 May 2022	2,747
26 August 2022	2,747
26 November 2022	2,747
26 February 2023	2,747
26 May 2023	2,473
26 August 2023	2,473
26 November 2023	2,473
26 February 2024	2,473
26 May 2024	2,060
26 August 2024	2,060
26 November 2024	2,060
26 February 2025	2,060
26 May 2025	2,060
26 August 2025	2,060
26 November 2025	2,060
26 February 2026	2,060
26 May 2026	1,648
26 August 2026	1,648
26 November 2026	1,648
26 February 2027	1,648
26 May 2027	1,648
26 August 2027	1,648
26 November 2027	1,648
26 February 2028	1,648
26 May 2028	824
26 August 2028	824
26 November 2028	824
26 February 2029	824
26 May 2029	824
26 August 2029	824
26 November 2029	824
26 February 2030	824
26 May 2030	824
26 August 2030	824
26 November 2030	824
26 February 2031	824

(d) *Optional redemption*

- (i) On giving not more than 60 nor less than 30 days' notice to the relevant class of Noteholders in accordance with Condition 14 and to the Trustee provided that: (A) on the Interest Payment Date on which such notice expires, no Enforcement Notice has been served and (B) it has, prior to giving such notice, certified to the Trustee, and provided evidence acceptable to the Trustee (as specified in the Trust Deed) that it will have the necessary funds to discharge any other amounts required under the Deed of Charge to be paid on such Interest Payment Date, the Issuer may redeem all or part of any class of Notes (provided that the minimum amount of any such redemption will be £1,000,000 in principal amount of a class of Notes and thereafter in multiples of £100,000 in principal amount) on any Interest Payment Date in accordance with and subject to the provisions of Condition 5(d)(ii) and (iii). The aggregate payment to be made in respect of the Notes to be redeemed is hereafter referred to as the "Redemption Amount".
- (ii) The Issuer shall, on exercise of its option to redeem pursuant to Condition 5(d)(i), redeem Notes of that class, *pro rata*.
- (iii) Any Notes redeemed pursuant to Condition 5(d)(i) will be redeemed at the Redemption Amount, together with accrued but unpaid interest on the Principal Amount Outstanding of the relevant Notes up to and including the date of redemption, in the following amounts:
 - (A) in respect of the Class A1 Notes the Redemption Amount is par;
 - (B) in respect of the Fixed Rate Notes, the Redemption Amount is an amount equal to whichever is the higher of the following:
 - (1) 100 per cent. of the principal amount of the relevant Note to be redeemed on the relevant Interest Payment Date; and
 - (2) that price (as reported in writing to the Issuer and the Trustee by a financial adviser approved by the Trustee) expressed as a percentage (and rounded up to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield (as defined below) on the relevant Notes to be redeemed to the Relevant Date (as defined below) is equal to the Gross Redemption Yield at 3.00p.m. (London time) on the date of the Relevant Treasury Stock and so that, for the purpose of this sub-paragraph (B), "Relevant Date" means the date which is the second Business Day in London prior to the date of despatch of the notice of redemption referred to in Condition 5(d)(i); "Gross Redemption Yield" means a yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries, as reported in the Journal of Actuaries, Volume 105, Part 1, 1978, page 18; and "Relevant Treasury Stock" means such government stock as the Agent Bank shall determine to be a benchmark gilt the maturity of which most closely matches the then average life of the relevant class of Notes as calculated by the Agent Bank.
- (iv) Any amounts applied in redemption of the Principal Amount Outstanding of Fixed Rate Notes on an Interest Payment Date in accordance with this Condition 5(d) (but not in respect of any premium payable in accordance therewith (if any)) shall be applied in satisfaction of the Issuer's obligations to pay the Scheduled Amortisation Amounts in accordance with Condition 5(c). All amounts paid in accordance with this Condition 5(d) shall be applied by applying the Redemption Amounts paid in respect of Class A2 Notes *pro rata* to reduce each of the remaining Class A2 Scheduled Amortisation Amounts and the Redemption Amounts paid in respect of Class M Notes *pro rata* to reduce the Principal Amount Outstanding in respect of each of the remaining Class M Notes.

(e) *Optional redemption for tax*

If the Issuer at any time satisfies the Trustee immediately prior to the giving of the notice referred to below that, by reason of a change in tax law (or the application or official interpretation thereof), on the next Interest Payment Date the Issuer or any Paying Agent would be required to deduct or withhold from any payment of principal or interest on any class of Notes (other than where the relevant holder has some connection with the United Kingdom other than by virtue of the holding of the relevant class of Notes) and/or under the Swap Agreements any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein

having the power to tax, then the Issuer shall use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved by the Trustee as principal debtor under the relevant class of Notes and the Swap Agreements upon the Trustee being satisfied that such substitution will not be materially prejudicial to the relevant class of Noteholders and that the position of the Secured Creditors will not thereby be adversely affected.

If the Issuer is unable to arrange a substitution as described above and, as a result, such requirement to deduct or withhold is continuing, then the Issuer may, on any date and having given not more than 60 nor less than 30 days' written notice to the Trustee and the Noteholders in accordance with Condition 14 and having provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have funds not subject to the interest of any other persons available for the purpose issue Notes in registered form in accordance with Condition 13 or redeem all but not some only of the relevant class of Notes such redemption in respect of any Floating Rate Note shall be at par together with accrued but unpaid interest on their Principal Amount Outstanding up to and including the date of repayment, provided that any Floating Rate Note which is redeemed in accordance with this Condition 5(e) otherwise than on an Interest Payment Date (the "Redemption Date") shall be redeemed at its Principal Amount Outstanding on the Redemption Date together with accrued but unpaid interest up to (and including) the Redemption Date.

Without limitation to the prior provisions of this Condition 5(e), if one or more of the events described above has occurred and is continuing, the Issuer may take such other action as is appropriate in the circumstances subject to obtaining the approval of the Trustee in order to mitigate the effect of the relevant event.

(f) Early Redemption of Class A2 Notes

- (i) On any Interest Payment Date following the Interest Payment Date falling in February 2004 but prior to the Year 10 Interest Payment Date (any such Interest Payment Date being a "Relevant Interest Payment Date") on which:
 - (a) the Class A1 Notes have been redeemed in full;
 - (b) the Swap Agreements have been terminated and all payments in relation thereto (including the Scheduled Payments) have been made in full;
 - (c) the Aggregate Loan Amount is equal to or less than £75 million; and
 - (d) the weighted average GIC Rate (weighted by reference to balances standing to the credit of the GIC Account as at each Interest Payment Date) for the period beginning on the Closing Date and ending on the Relevant Interest Payment Date is less than the Investment Rate applicable to such Aggregate Loan Amount,

((a) – (d) together being the "Early Redemption Conditions") the Issuer will be obliged to redeem the Class A2 Notes (in whole or in part) on the Relevant Interest Payment Date in an amount equal to the amount specified in Condition 5(f)(iii) below provided that, if the Issuer has insufficient funds available to it on a Relevant Interest Payment Date to pay in full the Spens Amount, payment in respect of any Spens Shortfall will be deferred to an Interest Payment Date falling after the Relevant Interest Payment Date.

If the Issuer is obliged to redeem the Class A2 Notes as described above and having given notice to the Trustee and the Noteholders in accordance with Condition 14, the Issuer shall apply an amount equal to Available Receipts after making payment in respect of or providing for the amounts payable as set out in paragraphs (a) to (f) of the Priority of Payments to redeem the Class A2 Notes in accordance with and subject to the provisions of Condition 5(f)(ii) and (iii).

- (ii) The Issuer shall redeem the Class A2 Notes *pro rata*.
- (iii) Any Class A2 Notes redeemed pursuant to this Condition 5(f) will be redeemed at the Redemption Amount, being an amount equal to the aggregate of 100 per cent. of the Principal Amount Outstanding of the Class A2 Notes on the Relevant Interest Payment and the Spens Amount.

For the purposes of the foregoing:

"Spens Amount" means an amount calculated in accordance with Condition 5(d)(iii)(B)(2).

"Spens Shortfall" means the proportion (if any) of the Spens Amount payable by the Issuer on the Relevant Interest Payment Date deferred until payment on a subsequent Interest Payment Date.

(g) Redemption of Class M Notes

Prior to the service of an Enforcement Notice (as defined in Condition 9), the Class M Notes shall, subject to Conditions 5(d) and 5(e) be repaid in instalments on each Interest Payment Date on or after the Interest Payment Date on which the Class A2 Notes are redeemed in full (except in respect of Class M Notes surrendered to the Issuer and cancelled pursuant to Condition 5(k) below) in aggregate principal amounts as nearly as possible to the Class M Note Redemption Amount.

"Class M Note Redemption Amount" means in respect of the immediately succeeding Interest Payment Date, an amount equal to Available Receipts after making payments in respect of or providing for the amounts set out in paragraphs (a) to (n) of the Priority of Payments.

(h) Note Principal Payments, Principal Amount Outstanding and Pool Factor

- (i) The principal amount to be redeemed in respect of each Note (the "Note Principal Payment") on any Interest Payment Date under Condition 5(b), (c) or (g) and the Redemption Amount pursuant to Condition 5(d) shall, in relation to the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of Notes of that particular class on such Interest Payment Date, as the case may be (rounded down to the nearest penny) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.
- (ii) Four Business Days before each Interest Payment Date (a "Calculation Date"), the Issuer shall determine or shall cause to be determined:
 - (A) the Class A1 Note Available Redemption Amount;
 - (B) if there is to be a redemption of the Notes pursuant to Condition 5(b), 5(c), 5(d) or 5(g), the amount of any Note Principal Payment due on the immediately succeeding Interest Payment Date;
 - (C) the Principal Amount Outstanding of each Note on the immediately succeeding Interest Payment Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date); and
 - (D) in respect of the Floating Rate Notes, the fraction expressed as a decimal to the sixth point (the "Pool Factor") of which the numerator is the Principal Amount Outstanding of a Note and the denominator is 1,000, 10,000 or 100,000 depending on the denomination of the relevant Note.

Each determination by or on behalf of the Issuer of any Note Principal Payment, Class A1 Note Available Redemption Amount, the Principal Amount Outstanding and the Pool Factor of a Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The "Principal Amount Outstanding" of a Note of any class on any date shall be £1,000, £10,000 or £100,000 (as the case may be) less the aggregate amount of all Note Principal Payments in respect of a Note of the relevant class that have become due and payable and have been paid since the Closing Date.

The Issuer will, on each Calculation Date, cause each determination of a Note Principal Payment (if any), Class A1 Note Available Redemption Amount, Principal Amount Outstanding and Pool Factor to be notified forthwith to the Agent Bank which will then forthwith notify the Trustee and the Principal Paying Agent, the Rating Agencies, the Noteholders and (for so long as the Notes are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange) the London Stock Exchange thereof and will cause notice of each determination of a Note Principal Payment, Class A1 Note Available Redemption Amount, Principal Amount Outstanding and Pool Factor to be given in accordance with Condition 14.

If the Issuer does not at any time for any reason determine a Note Principal Payment, Class A1 Note Available Redemption Amount, Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this paragraph, such Note Principal Payment, Class A1 Note Available Redemption Amount, Principal Amount Outstanding and Pool Factor may be determined by the Agent Bank in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer.

(i) *Notice of redemption*

Any such notice as is referred to in Condition 5(d), (e) or (f) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at the amounts specified in these Conditions.

(j) *No purchase by Issuer*

The Issuer will not be permitted to purchase any of the Notes.

(k) *Cancellation*

All Notes redeemed in full will be cancelled upon redemption, and may not be resold or re-issued.

6. Payments

- (a) Payments of principal and interest in respect of any Note will be made against presentation and surrender (or, in the case of part payment, endorsement) of such Note at the specified office of the Principal Paying Agent. Payments of interest in respect of the Definitive Notes will (subject as provided in Conditions 6(c) and (d) below) be made only against presentation of the relevant Coupons at the specified office of the Principal Paying Agent. Such payment will be made in sterling at the specified office of the Principal Paying Agent by sterling cheque drawn on, or, at the option of the holder, by transfer to, a sterling account maintained by the payee with a bank in the City of London.
- (b) Payments of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.
- (c) On the date upon which any Note becomes due and payable in full, unmatured Coupons appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for redemption of any Note is not an Interest Payment Date, interest accrued since the previous Interest Payment Date will be paid only against presentation and surrender of the relevant Note.
- (d) If any amount of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 4 will be paid against presentation of such Note at the specified office of the Principal Paying Agent and, if applicable, presentation and surrender of the relevant coupon.
- (e) The name of the Principal Paying Agent and its specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain a paying agent with a specified office in London. The Issuer will cause at least 30 days' notice of any change in or addition to the Principal Paying Agent or their specified offices to be given in accordance with Condition 14. If any Global Note is presented for payment on a day which is not a Business Day in the place where it is so presented and in the City of London, no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Global Note as a result of the date for payment falling on a day which is not a Business Day.
- (f) If the Principal Paying Agent makes a partial payment in respect of any Note presented to it for payment the Principal Paying Agent will cause the grid endorsed on such Note (in respect of payments of principal) and on the Coupon (in respect of payments of interest) to be annotated so as to evidence the amount and date of such payment.
- (g)
 - (i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling shall be translated into and/or any amount becoming payable under the Notes thereafter as specified in these Conditions shall be paid in the currency or currency unit for the time being of the United Kingdom, and in the manner designated by the Paying Agent. Any such translation shall be made at the official rate of exchange recognised for that purpose by the Bank of England.
 - (ii) Where such a change in currency occurs, the Global Note in respect of the Notes then outstanding and the Conditions relating to such Notes shall be amended in the manner agreed by the Issuer and the Trustee so as to reflect that change and, so far as practicable, to

place the Issuer, the Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to Business Day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 6(g) will be binding upon holders of such Notes.

- (iii) Notification of the amendments made to Notes pursuant to Condition 6(g) will be made in accordance with Condition 14 which will state, amongst other things, the date on which such amendments are to take or took effect, as the case may be.
- (h) For the purposes of this Condition 6, "Business Day" shall mean a day (other than a Saturday or Sunday) on which banks are generally open for business in London and/or the place where a relevant Paying Agent has its specified office from time to time.

7. Taxation

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, or the Principal Paying Agent is required by applicable law to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor the Principal Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

8. Prescription

The Notes shall become void unless presented for payment within a period of 10 years from the relevant date in respect thereof. Coupons shall become void unless presented for payment within a period of 5 years from the relevant date in respect thereof. After the date on which a Note or a Coupon becomes void in its entirety, no claim may be made in respect thereof. In this Condition, the "relevant date", in respect of a Note or a Coupon, is the date on which a payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Notes and/or Coupons due on or before that date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders in accordance with Condition 14.

9. Events of Default

- (a) The occurrence of any of the following events shall constitute an "Event of Default":
 - (i) default being made for a period of three Business Days in the payment of the principal or interest on any Note when and as the same ought to be paid in accordance with these Conditions (subject to Condition 16); or
 - (ii) default is made by the Issuer in the performance or observance of any obligation binding upon it under the Notes, the Trust Deed, the Deed of Charge or the Scottish Assignment in Security or, if entered into, the Post-Transfer Scottish Security or any of the other Transaction Documents and in any such case (except where the Trustee certifies that, in its opinion, such default is incapable of remedy, when no notice will be required) such default continues for a period of 21 days following the service by the Trustee on the Issuer of written notice requiring the same to be remedied; or
 - (iii) the Issuer otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(iv) below, ceases or, through an authorised action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is deemed unable to pay its debts as and when they fall due within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended); or
 - (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing; or
 - (v) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not, in the opinion of the

Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or an administrative receiver, or other receiver, liquidator or similar official shall be appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer shall take possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress, execution, diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) shall not be discharged or otherwise cease to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally.

- (b) If an Event of Default shall occur in relation to any class of Notes, the Trustee at its discretion may, and, if so requested:
- (i) for so long as any Class A Notes are outstanding, in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class A Notes or, if so directed, by an Extraordinary Resolution of the Class A Noteholders;
 - (ii) if there are no Class A Notes outstanding, in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the most senior class of Notes outstanding (the "Relevant Class") or, if so directed, by an Extraordinary Resolution of the Relevant Class of Noteholders,

(subject, in any case, to being indemnified to its satisfaction) shall give notice (an "Enforcement Notice") to the Issuer and the Principal Paying Agent that the Notes shall forthwith become, due and repayable at their Principal Amount Outstanding together with accrued interest (if any) and the Security shall thereupon be capable of enforcement by the Trustee in accordance with the Deed of Charge and/or the Scottish Assignment in Security or, if entered into, the Post-Transfer Scottish Security.

10. Enforcement of Notes

At any time after the Notes have become due and repayable following the service of an Enforcement Notice and without prejudice to its rights of enforcement in relation to the Security, the Trustee may, subject to and in accordance with the provisions of the Deed of Charge, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce repayment in respect of the Notes at their Principal Amount Outstanding together with accrued interest, but it shall not be bound to take any such proceedings unless:

- (a) it shall have been so directed:
- (i) in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class A Notes, or so directed by an Extraordinary Resolution of the Class A1 Noteholders and the Class A2 Noteholders; or
 - (ii) if there are no Class A Notes outstanding, in writing by the holders of at least one-quarter in aggregate of the Principal Amount Outstanding of the Relevant Class or so directed by an Extraordinary Resolution of the Relevant Class of Noteholders or so requested; and
- (b) it shall have been indemnified to its satisfaction.

No Noteholder or Secured Creditor shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

11. Meetings of Noteholders, Modification and Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders and, in the circumstances set out in the Trust Deed, separate meetings of each class of Noteholders to consider any matter affecting their interests including proposals by Extraordinary Resolution (as defined below) of the Noteholders or the relevant class thereof, as the case may be, to modify, or to sanction the modification of, the Notes, or the relevant class thereof (including these Conditions), or the provisions of any of the Transaction Documents.
- (b) An Extraordinary Resolution passed at any meeting of the Class A1 Noteholders and/or the Class A2 Noteholders shall be binding on all Noteholders irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined in the Trust Deed) will

not take effect unless the Trustee certifies that it is of the opinion that it would not be materially prejudicial to the interests of the Class M Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class M Noteholders.

- (c) An Extraordinary Resolution passed at any meeting of the Class M Noteholders other than an Extraordinary Resolution as is referred to in Condition 11(b) above or an Optional Redemption Resolution shall not be effective for any purpose while any Class A1 Notes or Class A2 Notes or any Notes ranking senior to that class remain outstanding unless either:
 - (i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders and the Class A2 Noteholders or any class of Notes ranking senior to the relevant Noteholders; or
 - (ii) it is sanctioned by an Extraordinary Resolution of the Class A1 and Class A2 Noteholders or the Noteholders of any class of Notes ranking senior to the relevant Noteholders.
- (d) Subject as provided below, the quorum at any meeting of Noteholders, or holders of the relevant class of Notes, as the case may be, for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. of the Principal Amount Outstanding of the Notes or, as the case may be, relevant class of Notes, or at any adjourned meeting, two or more persons being or representing Noteholders, whatever the aggregate Principal Amount Outstanding and whatever the class of the Notes then outstanding so held or represented.
- (e) The quorum at any meeting of Noteholders or the relevant class of Noteholders, as the case may be, for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be two or more persons holding or representing not less than 75 per cent. or, at any adjourned meeting, two or more persons representing not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Notes or, as the case may be, relevant class of Notes for the time being outstanding.
- (f) The Trustee, (on behalf of the Noteholders) may agree, without the consent of the Noteholders to:
 - (i) any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of, any breach or proposed breach of the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to, *inter alia*, the interests of the Noteholders; or
 - (ii) any modification which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature;
 - (iii) a change of the laws governing the Notes and/or the Transaction Documents, provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

The Trustee may also, without the consent of the Noteholders, determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

- (g) It shall be necessary for the effectiveness of a Basic Terms Modification that it be sanctioned by Extraordinary Resolution of Noteholders of the relevant class passed at separate class meetings convened for that purpose unless an Enforcement Notice (as defined in Condition 9 above) has been served by the Trustee, in which case a Basic Terms Modification can be sanctioned by an Extraordinary Resolution of the Class A1 Noteholders and the Class A2 Noteholders only passed at a separate meeting.

12. Indemnification and Exoneration of the Trustee

The Trust Deed, the Deed of Charge and expressly or by reference, the Scottish Assignment in Security and the Post-Transfer Scottish Security contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified to its satisfaction.

The Trustee and its related companies are entitled to enter into business transactions with the Issuer, the Agent Bank, the Administrator and any affiliates of any of them without accounting for any profit resulting therefrom.

The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Administrator or any agent or related company or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Trust Deed and the Deed of Charge contain provisions which have the effect of giving priority, to the extent permitted by law, to the provisions of the Trust Deed and the Deed of Charge over the relevant provisions of the Trustee Act 1925 and/or the Trustee Act 2000.

13. Replacement of Definitive Notes and Coupons

If any Note or Coupon is mutilated, defaced, lost, stolen or destroyed it may be replaced at the specified office of the Principal Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Note or Coupon will only be made on payment of such costs 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 or Coupons must be surrendered before replacements will be issued.

14. Notice to Noteholders

Any notice regarding the Notes to Noteholders other than notices given in accordance with the next following paragraph shall be deemed to have been duly given if published in a leading daily newspaper printed in the English language and with general circulation in London (which for the time being is expected to be the Financial Times or any successor thereof) or, if this is not practicable, in the opinion of the Trustee, in another English language newspaper having general circulation in Europe previously approved in writing by the Trustee. Any such notice 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 in the manner required in one of the newspapers referred to above.

Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount, a Note Principal Payment, a Principal Amount Outstanding or a Pool Factor shall be deemed to have been duly given if the information contained in such notice appears on the Reuters Screen (page UCAA02) or such other medium for the electronic display of data as may be approved by the Trustee and notified to the Noteholders in accordance with the preceding paragraph. Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impracticable to give notice in accordance with this paragraph then notice of the matters referred to in this Condition shall be given in accordance with the preceding paragraph.

Whilst the Notes are listed on the Official List of the UK Listing Authority and traded on the London Stock Exchange, copies of all notices given in accordance with this Condition shall be sent to the Company Announcements Offices of the London Stock Exchange.

The Couponholders will be deemed for all purposes to have notice of the contents of any notice given to Noteholders in accordance with this Condition.

15. Further Issues and Replacement Issues

(a) Further Issues

The Issuer shall be at liberty, without the consent of the Noteholders, but subject always to the provisions of these Conditions and the Trust Deed, to raise further funds, from time to time, on any date by the creation and issue of further Class A1 Notes (the "further Class A1 Notes") in bearer form, carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A1 Notes and/or the creation and issue of further Class A2 Notes (the "further Class A2 Notes") in bearer form, carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with the Class A2 Notes and/or the creation and issue of further Class M Notes (the "further Class M Notes" and together with the further Class A1 Notes and the further Class M Notes, the "further Notes") in bearer form, carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class M Notes provided that:

- (i) the aggregate principal amount of all further Notes to be issued on such date is not less than £10,000,000;

- (ii) the proceeds of any such issue be applied towards payment to the Originator or the refinancing of any subordinated debt incurred in respect of Further Advances;
- (iii) such further Notes are assigned the same ratings as are then applicable to the relevant class of Notes then outstanding;
- (iv) the Rating Agencies confirm that the then current ratings of the Notes then outstanding will not be adversely affected as a result of the issue of such further Notes; and
- (v) no Event of Default has occurred or would occur as a result of the further issue.

(b) Replacement Issues

If the Issuer exercises its option to redeem in whole one or more classes of Notes pursuant to the Condition 5(d), the Issuer shall have the right, without the consent of the Noteholders, to issue Replacement Notes, each class of which shall carry the same terms and conditions in all respects (except in relation to the rate of interest applicable to the Replacement Notes (which must be lower than the rate of interest applicable to the class of Notes which it replaces)) and shall on issue be in a principal amount which in aggregate does not exceed the aggregate Principal Amount Outstanding of the class of Notes which it replaces, provided that the class or classes of Notes to be replaced are redeemed in full in accordance with Condition 5(d) and the conditions to the issue of further Notes as set out in Condition 15(a)(i), (ii), (iii), (iv) and (v) are met in respect of such issue of such Replacement Notes.

(c) New Notes

The Issuer shall be at liberty, without the consent of the Noteholders (but subject always to the provisions of the Trust Deed) to raise further funds from time to time and on any date by the creation and issue of new notes (the "New Notes") in bearer form which may rank *pari passu* with the Class A2 Notes (or after the Class A1 Notes and the Class A2 Notes but ahead of, *pari passu* with or after the Class M Notes) or *pari passu* with the Class M Notes carrying terms which differ from any class of Notes and which do not form a single series with any class of Notes provided that the conditions to the issue of further Notes as set out in Condition 15(a)(i), (ii), (iv) and (v) are met in respect of the issue of such New Notes.

(d) Supplemental Trust Deeds and Security

Any such further Notes, Replacement Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of security pursuant to the Deed of Charge and the Scottish Assignment in Security and, if entered into, the Post-Transfer Scottish Security as described in Condition 2.

16. Subordination

(a) Class A1 Notes

Without prejudice to Condition 16(c), but for so long as any Class A1 Notes are outstanding, in the event that, on any Interest Payment Date, the Available Receipts, after deducting the amounts ranking in priority to the payment of any Class A1 Step-Up Amounts (the "Class A1 Interest Residual Amount") are not sufficient to pay in full the aggregate amount of the Class A1 Step-Up Amounts due and, subject to this Condition 16(a), payable on the Class A1 Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of payment of such Class A1 Step-Up Amount only a *pro rata* share of the Class A1 Interest Residual Amount on such Interest Payment Date calculated by dividing the Class A1 Interest Residual Amount by the number of Class A1 Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of Class A1 Step-Up Amounts paid on the Class A1 Notes on any Interest Payment Date in accordance with this Condition 16(a) falls short of the aggregate amount of Class A1 Step-Up Amounts payable on the Class A1 Notes on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class A1 Notes shall itself accrue interest at the same rate as that payable in respect of Class A1 Notes and shall be payable together with such accrued Class A1 Step-Up Amounts on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the Available Receipts, after deducting the amounts ranking in priority to the Payment of any Class A1 Step-Up Amounts in respect of the Class A1 Notes, are sufficient to make such payment.

(b) *Class M Notes*

(i) *Interest*

Without prejudice to Condition 16(c) and for so long only as any Class A Notes or any further Notes ranking as to payments of interest or principal in priority to the Class M Notes are outstanding, in the event that, on any Interest Payment Date, Available Receipts, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class M Notes (the "Class M Interest Residual Amount") are not sufficient to pay in full the aggregate amount of interest due and, subject to this Condition 16(b)(i), payable on the Class M Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class M Note only a *pro rata* share of the Class M Interest Residual Amount on such Interest Payment Date calculated by dividing the Class M Interest Residual Amount by the number of Class M Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class M Notes on any Interest Payment Date in accordance with this Condition 16(b)(i) falls short of the aggregate amount of interest payable on the Class M Notes on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class M Notes shall itself accrue interest at the same rate as that payable in respect of the Class M Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment Date the Available Receipts, after deducting the amounts ranking in priority to the payment of interest in respect of the Class M Notes, are sufficient to make such payment.

(ii) *Principal*

Without prejudice to condition 16(c), but for so long as any Class A Notes or any further Notes ranking as to payments of interest or principal in priority to the Class M Notes are outstanding, in the event that, on any Interest Payment Date, the Available Receipts, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class M Notes (the "Class M Principal Residual Amount") are not sufficient to pay in full the aggregate amount of principal due and, subject to this Condition 16(b)(ii), payable on the Class M Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class M Note, only a *pro rata* share of the Class M Principal Residual Amount on such Interest Payment Date calculated by dividing the Class M Principal Residual Amount by the number of Class M Notes there outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class M Notes or any Interest Payment Date in accordance with this Condition 16(b)(ii) falls short of the aggregate amount of principal payable on the Class M Notes on that date pursuant to Condition 5. Any such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class M Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment Date the Available Receipts, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class M Notes, are sufficient to make such payment.

(c) *General*

If the Security for the Notes is enforced and the proceeds arising following such enforcement, or if, on the Interest Payment Date falling in February 2031, Available Receipts are insufficient after making payment of all other amounts ranking in priority to, or *pari passu* with, the Class A2 Notes and/or the Class M Notes, as the case may be, in accordance with the Deed of Charge and the Priority of Payments to pay in full all amounts in respect of Principal Amounts Outstanding and interest due in respect of the Class A2 Notes and/or the Class M Notes, as the case may be, the Issuer's obligation will be first to apply any such Available Receipts in payment in or towards all amounts outstanding in respect of interest on and Principal Amounts Outstanding in respect of the Class A2 Notes (if any) before applying such funds in respect of payment in or towards interest on (including any shortfall of interest and interest thereon) and Principal Amounts Outstanding in respect of the Class M Notes, as the case may be, and any amounts in respect of which the Issuer is unable to make or provide payment out of such Available Receipts after such application will cease to be outstanding and no person will have any claim against the Issuer in respect of such amount.

(d) *Notification*

As soon as practicable after becoming aware that any part of a payment of interest or principal on the relevant class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the relevant Noteholders in accordance with Condition 14 and, so long as the Notes are listed on the London Stock Exchange, to the London Stock Exchange.

17. European Economic and Monetary Union

- (a) *Notice of redenomination:* The Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders, the Trustee and the Paying Agent, designate a date (the "Redenomination Date"), being an Interest Payment Date under the Notes falling on or after the date on which the United Kingdom becomes a Participating Member State.
- (b) *Redenomination:* Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:
- (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in pounds sterling, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided, however, that, if the Issuer determines, with the agreement of the Trustee, that then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each stock exchange (if any) on which the Notes are then listed and the Principal Paying Agent of such deemed amendments;
 - (ii) if Notes have been issued in definitive form:
 - (A) the payment obligations contained on all Notes denominated in pounds sterling will become void on the Euro Exchange Date, but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 17) shall remain in full force and effect; and
 - (B) new Notes denominated in euro will be issued in exchange for Notes denominated in pounds sterling in such manner as the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
 - (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the pound sterling ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities; and
 - (iv) a Note may only be presented for payment on a day which is a business day in the place of presentation. In this Condition 17, "business day" means, in respect of any place of presentation, any day which is a day on which commercial banks are open for general business in such place of presentation and which is also a day on which the TARGET system is operating.
- (c) *Interest:* Following redenomination of the Notes pursuant to this Condition 17:
- (i) where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and
 - (ii) the amount of interest payable in respect of each Note for any Interest Period shall be calculated by:
 - (A) in respect of the Floating Rate Notes, applying the relevant FRN Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 365 and rounding the resulting figure down to the nearest euro 0.01; and

- (B) in respect of the Fixed Rate Notes, applying the relevant Rate of Interest to the principal amount of such Note, dividing the product by four and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of the number of those days falling in a leap year divided by 366, and the number of those days falling in a non-leap year divided by 365) provided, however, that, if the Issuer determines, with the agreement of the Trustee, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each stock exchange (if any) on which the Notes are then listed and the Principal Paying Agent of such deemed amendment.
- (d) *Rate of Interest:* Following redenomination of the Notes pursuant to this Condition, the FRN Rate of Interest for any subsequent Interest Period shall be determined by the Agent Bank in accordance with Condition 4(d)(i)(C).
- (e) *Interpretation:* In these Conditions:
- “EMU” means European Economic and Monetary Union;
- “EMU Commencement Date” means the date of commencement of the third stage of EMU pursuant to the Treaty;
- “euro” means the single currency introduced at the start of the third stage of EMU pursuant to the Treaty;
- “Euro Exchange Date” means the date on which the Issuer gives notice (the “Euro Exchange Notice”) to the Noteholders and the Trustee that replacement Notes denominated in euro are available for exchange;
- “Participating Member State” means a Member State of the European Communities which adopts the euro as its lawful currency in accordance with the Treaty;
- the “TARGET system” means the Trans-European Automated Real-time Gross Settlement Express Transfer System; and
- the “Treaty” means the Treaty establishing the European Communities, as amended by the Treaty on European Union.

18. Contracts (Rights of Third Parties) Act 1999

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

19. Governing Law

The Trust Deed, the Agency Agreement, the Deed of Charge, the other Transaction Documents and the Notes are governed by, and shall be construed in accordance with, English law (other than certain aspects of the Transaction Documents specifically relating to Scottish assets, which are governed by, and shall be construed in accordance with, Scots law).

GLOBAL NOTES

The Notes shall be initially represented by (i) in the case of the Class A1 Notes, a Temporary Global Note in the principal amount of £35,000,000 (the "Class A1 Temporary Global Note"); and (ii) in the case of the Class A2 Notes, a Temporary Global Note in the principal amount of £197,000,000 (the "Class A2 Temporary Global Note"); and (iii) in the case of the Class M Notes, a Temporary Global Note in the principal amount of £12,500,000 (the "Class M Temporary Global Note and, together with the Class A1 Temporary Global Note and the Class A2 Temporary Global Note, the "Temporary Global Notes"), in each case without Coupons attached.

Each Temporary Global Note will be deposited on behalf of the relevant subscribers of each class of Notes with Citibank, N.A. as the common depository for Euroclear and Clearstream, Luxembourg (the "Common Depository") on the Closing Date. Upon deposit of each such Temporary Global Note, Euroclear or Clearstream, Luxembourg will credit each subscriber of Notes represented by such Temporary Global Note with the principal amount of the relevant Notes equal to the principal amount thereof for which it has subscribed and paid.

Interests in the Temporary Global Notes will be exchangeable not earlier than 40 days after the Closing Date (the "Exchange Date"), provided that certification of non-US beneficial ownership by the exchanging Noteholder has been received, for interests in a Permanent Global Note without Coupons attached of that class. (The expression "Global Notes" means the Temporary Global Notes and the Permanent Global Note or the Temporary Global Note and the Permanent Global Note of a particular class, and the expression "Global Note" means either of them.) On the exchange of a Temporary Global Note for a Permanent Global Note of the relevant class, the Permanent Global Note will remain deposited with the Common Depository.

Title to the Global Notes will pass by delivery. Interest and principal on each Global Note will be payable against presentation of the Global Note by the Common Depository to the Principal Paying Agent provided that certification of non-US beneficial ownership by the relevant Noteholders has been received by Euroclear or Clearstream, Luxembourg (as described below).

A record of each payment made on a Global Note, distinguishing between any payment of principal and payment of interest, will be endorsed on the relevant schedule to that Global Note by the Principal Paying Agents (or the Principal Paying Agent shall procure that such endorsement be made) and such record shall be *prima facie* evidence that the payment in question has been made.

Each Permanent Global Note will only be exchangeable for Definitive Notes in the limited circumstances described below.

Each of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note other than Clearstream, Luxembourg in the case of Euroclear, and Euroclear in the case of Clearstream, Luxembourg, will be entitled to receive any payment so made in respect of that Note in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as appropriate. Such persons shall have not claim directly against the Issuer in respect of payments due on the Notes, which must be made to the holder of the relevant Global Note, for so long as such Global Note is outstanding. Each such person must give a certificate as to non-US beneficial ownership as of the earlier of (i) the date on which the Issuer is obliged to exchange the relevant Temporary Global Note for the relevant Permanent Global Note which date shall be no earlier than the Exchange Date, or (ii) the first Interest Payment Date, in order to obtain any payment due on the Notes.

For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as a class of Notes are represented by a Global Note, each person who is for the time being shown in the records of Euroclear, or of Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of a particular class of Notes (other than Euroclear or Clearstream, Luxembourg), will be entitled to be treated by the Issuer and the Trustee as a holder of such Principal Amount Outstanding of such Notes.

"Noteholders" means, in relation to any Notes represented by a Global Note, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular Principal Amount Outstanding of such Notes (other than Clearstream, Luxembourg or Euroclear), in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Notes standing to the account of any person shall

be conclusive and binding for all purposes, and such person shall be treated by the Issuer and the Trustee as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms, and for such purpose, "Noteholders" means the bearer of the relevant Global Note.

If, after the Exchange Date:

- (i) the Notes become due and repayable pursuant to Condition 9; or
- (ii) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business; or
- (iii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political sub-division thereof) or of any authority therein or thereof having power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer is or the Principal Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue:
 - (a) Class A1 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A1 Notes;
 - (b) Class A2 Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class A2 Notes; and
 - (c) Class M Notes in definitive form in exchange for the whole outstanding interest in the Permanent Global Note in respect of the Class M Notes,

in each case within 40 days of the occurrence of the relevant event and subject in each case to certification as to non-US beneficial ownership.

Subject to any UK Listing Authority and/or London Stock Exchange requirements to the contrary, any notice to Noteholders in respect of Notes represented by Global Notes shall be deemed to have been duly given if sent to Euroclear and/or Clearstream, Luxembourg (as applicable) and shall be deemed to have been given on the date on which such notice was so sent.

TAXATION

The summary below is of a general nature only and is based on current United Kingdom law and Inland Revenue practice. It relates only to the position of persons who are the absolute beneficial owners of Notes and Coupons and may not apply to certain classes of persons such as dealers or persons who are connected with the Issuer. The comments below relate, unless otherwise stated, to any class of Notes and assume that there will be no substitution of the Issuer. Prospective Noteholders who are in any doubt as to their own tax position or who are subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

Taxation of Interest Paid

The comments below assume that no payment of interest (including any payment of accrued interest on a redemption of the Notes in whole or part) will be made in respect of the Notes before 1 April, 2001.

Pursuant to provisions contained in the United Kingdom Finance Act 2000, United Kingdom withholding tax (including withholding by issuers and paying and collecting agents) will be abolished in relation to interest payments made (or, in the case of collecting agents, received) on or after 1 April, 2001 provided that the securities, to which the interest payments relate, are listed on a recognised stock exchange within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the "Tax Act") and accordingly fall within the definition of a "quoted Eurobond" in section 349(4) of the Tax Act which takes effect from that date.

Accordingly, payments of interest on the Notes may be made by the Issuer or by any United Kingdom paying agent without withholding or deduction for or on account of United Kingdom income tax, while the Notes remain listed on a recognised stock exchange. For these purposes, the Notes will be listed on a recognised stock exchange provided they are, and continue to be, admitted to listing on the Official List maintained by the UK Listing Authority and to trading on the London Stock Exchange.

In connection with the changes relating to withholding tax taking effect in April 2001, new rules have been introduced in relation to payments of interest made, credited or received on or after 6 April, 2001 enabling the United Kingdom Inland Revenue to obtain information about United Kingdom savings income of all individuals. In certain circumstances, taxpayer information may be exchanged with the tax authorities of other jurisdictions.

Pursuant to the United Kingdom's Budget announcements made on 7 March, 2001 United Kingdom withholding tax on most payments of interest between companies where the recipient company is within the charge to United Kingdom corporation tax in respect of the interest will be abolished. This proposal was provisionally enacted shortly after the Budget announcements and will take effect in relation to payments made on or after 1 April, 2001. The new rules, provided they are enacted in the Finance Act 2001 in the form provisionally enacted by the Budget resolutions, will apply whether or not the interest in question is payable on listed securities.

Subject to the above, interest will be paid after deduction of an amount on account of United Kingdom income tax at the lower rate (currently 20 per cent.) subject to any direction to the contrary by the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any appropriate double taxation treaty.

If interest is paid under deduction of United Kingdom income tax, the Issuer will not be obliged to pay any additional amount in respect of the Notes.

The interest on a Note will have a United Kingdom source and accordingly will, in principle, be chargeable to United Kingdom income tax by direct assessment even if the interest is paid without withholding or deduction. However, interest received without deduction or withholding is not normally chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a branch or agency in the United Kingdom in connection with which the interest is received or to which the Notes are attributable in which case (subject to certain exemptions for interest received by certain specified categories of agent (such as some brokers and investment managers)) tax may be levied on the United Kingdom branch or agency.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

Withholding tax: European Council proposals

The European Union is currently considering proposals for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to such payments.

Taxation of Accruing Income

A transfer of a Note by a Noteholder who is not within the charge to United Kingdom corporation tax and is resident or ordinarily resident in the United Kingdom or carrying on a trade in the United Kingdom through a branch or agency with which the ownership of the Notes is connected may give rise to a charge to United Kingdom tax on income in respect of an amount treated (under rules known as "the accrued income scheme" contained in Chapter II of Part XVII of the Tax Act) as representing interest accrued on the Note at the time of transfer. The Class A1 Notes constitute variable rate securities for the purposes of the accrued income scheme. Accordingly, taxation in respect of a transfer of Class A1 Notes will be computed on the basis that such amount as the Inland Revenue considers to be just and reasonable will be treated as accrued income. However, the transferee of a Class A1 Note will not be entitled to any relief for such amount.

In general, Noteholders who are within the charge to United Kingdom corporation tax other than authorised unit trusts are not subject to this method of taxation; instead, all profits, gains and losses, measured and recognised in accordance with an authorised accounting method, are taxed or relieved as income. Noteholders who are within the charge to United Kingdom corporation tax are generally charged to tax in each accounting period by reference to interest accrued in that period and other profits recognised in that period.

Capital Gains

In accordance with current Inland Revenue practice the Notes will not be treated as qualifying corporate bonds within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992 because there is a provision for the Notes to be redeemed in or redenominated in euros. Therefore a disposal (including a redemption) of a Note by a Noteholder who is not subject to United Kingdom corporation tax in respect of the Note may give rise to a chargeable gain or an allowable loss for the purposes of United Kingdom capital gains tax. Noteholders who are subject to United Kingdom corporation tax will recognise any gain or loss as taxable or relievable income amounts for corporation tax purposes.

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes.

SUBSCRIPTION AND SALE

Each of Salomon Brothers International Limited and Merrill Lynch International Limited (together the "Lead Managers") and Barclays Bank PLC (the "Co-Manager" and, together with the Lead Managers, the "Managers") has, pursuant to a subscription agreement dated 27 March, 2001 amongst the Managers, the Issuer and the Originator (as the same may be amended and/or supplemented from time to time, the "Class A Subscription Agreement"), agreed to subscribe and pay for: (i) the Class A1 Notes at the issue price of 100 per cent. of their principal amount; and (ii) the Class A2 Notes at the issue price of 98.167 per cent. of their principal amount on the terms and conditions set forth therein. The Issuer will pay a selling concession and management and underwriting commission of 0.55 per cent. of the aggregate principal amount of the Class A1 Notes, and 0.55 per cent. of the aggregate principal amount of the Class A2 Notes.

Norwich Union Equity Release Limited ("NUERL") has, pursuant to a subscription agreement dated 27 March, 2001 between the Issuer and NUERL (as the same may be amended and/or supplemented from time to time, the "Class M Subscription Agreement" and, together with the Class A Subscription Agreement, the "Subscription Agreements"), agreed to subscribe and pay for the Class M Notes at the issue price of 100 per cent. of their principal amount on the terms and conditions set forth therein.

The Class A Subscription Agreement is subject to a number of conditions and may be terminated by the Managers, in certain circumstances prior to payment for the Class A Notes to the Issuer. The Issuer and the Originator have agreed to indemnify each of the Managers against certain liabilities in connection with the issue of the Class A Notes.

In connection with the distribution of the Notes, the Arranger may over-allot or effect transactions which stabilise or maintain the market price of a particular class of Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time.

United Kingdom

Each of the Managers has represented to and agreed, *inter alia*, with the Issuer, and the Originator that:

- (a) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) or the Financial Services Act;
- (b) it has complied and will comply with all applicable provisions of the Financial Services Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 (as amended) or is a person to whom such document may otherwise lawfully be issued or passed on.

United States of America

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Each of the Managers has represented and agreed that it has not offered or sold, and will not offer or sell the Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date except in accordance with Rule 903 of Regulation S under the Securities Act and, accordingly, that none of the Managers nor any of its affiliates (including any person acting on its behalf or any of its affiliates) has engaged or will engage in any directed selling efforts with respect to the Notes.

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition:

- (a) each of the Managers has represented and agreed that except to the extent permitted under United States Treasury Regulation Section 1.163-5(c)(2)(i)(D) (the "D Rules"), (A) it has not offered or sold, and during the restricted period that it will not offer or sell, any Notes to a person who is within the United States or its possessions or to a United States person, and (B) it has not delivered and will not deliver in definitive form within the United States or its possession any Notes that are sold during the restricted period;
- (b) each of the Managers has further represented and agreed that it has, and throughout the restricted period it will have, in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes are aware that the Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules;
- (c) if it is a United States person, each of the Managers has represented that it is acquiring the Notes for purposes of resale in connection with their original issue and if it retains Notes for its own account, it will only do so in accordance with the requirements of United States Treasury Regulation Section 1.163-5(c)(2)(i)(D)(6);
- (d) with respect to each affiliate of each of the Managers that acquires from it Notes for the purpose of offering or selling such Notes during the restricted period, each of the Managers has either (i) repeated and confirmed the representations and agreements contained in paragraphs (a), (b) and (c) on its behalf or (ii) agreed that it will obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in paragraph (a), (b) and (c); and
- (e) terms used in this paragraph have the meaning given to them by Regulation S and by the United States Internal Revenue Code 1996, as amended, and regulations thereunder, including D Rules.

GENERAL INFORMATION

1. The issue of the Notes has been authorised by resolution of the Board of Directors of the Issuer passed on 27 March, 2001.
2. The admission of the Notes on the Official List of the UK Listing Authority and to trading on the London Stock Exchange will be expressed in sterling as a percentage of their initial principal amount. Transactions will normally be effected for settlement in sterling and for delivery on the third business day after the day of the transaction. It is expected that listing of the Notes in London will be granted on or around the Closing Date subject only to issue of the Temporary Global Notes, which will take place subject only to satisfaction of certain conditions precedent contained in the Class A Subscription Agreement. If such conditions precedent are not so satisfied on or before the Closing Date there will be no issue and listing of the Notes as aforesaid. Prior to official listing, however, dealings in the Notes will be permitted by the London Stock Exchange in accordance with its rules.
3. The Notes have been accepted for clearance through Euroclear and Clearstream in the following codes.

Notes	ISIN Number	Common Code
Class A1	XS0121197809	012119780
Class A2	XS0121197981	012119798
Class M	XS0121198286	012119828

4. The auditors of the Issuer, Ernst & Young, have issued an unqualified audit report on the balance sheet of the Issuer contained in this Offering Circular as at 31 October, 2000. The financial year end of the Issuer is 31 December. The first audited accounts of the Issuer will be prepared for the period ended 31 December, 2001.
5. The Issuer is not and has not been involved in any legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
6. Since the date of its incorporation, the Subscription Agreements are the only contracts entered into by the Issuer.
7. Ernst & Young have given and not withdrawn their written consent to the issue of this document and the inclusion herein of their report and references to their name in the form and context in which it is included and have authorised the contents of that part of the listing particulars for the purposes of Section 152(l)(e) of the Financial Services Act applicable to England and Wales.
8. Save as disclosed herein and, specifically, under *The Issuer* above, since 20 September, 2000 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer, and no significant change in the trading or financial position of the Issuer.
9. Save as described in this document, the Issuer has no outstanding loan capital, borrowings, indebtedness or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.
10. Copies of the following documents may be inspected during usual business hours at the specified offices of the Principal Paying Agent at any time after the date of this document:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the balance sheet of the Issuer as at 31 October, 2000 and Ernst & Young's report thereon;
 - (c) the contracts listed in paragraph 6 above;
 - (d) the consent referred to in paragraph 7 above;
 - (e) prior to the Closing Date, drafts (subject to modification) and from the Closing Date, copies of the following documents:
 - (i) the Deed of Charge;
 - (ii) the Scottish Assignment in Security;
 - (iii) the Supplemental Scottish Assignment in Security;
 - (iv) the Scottish Declaration of Trust;

- (v) the Post-Transfer Scottish Security;
- (vi) the Trust Deed;
- (vii) the Agency Agreement;
- (viii) the Liquidity Facility Agreement;
- (ix) the Mortgage Sale Agreement;
- (x) the Administration and Cash Handling Agreement;
- (xi) the Interest Rate Swap Agreement;
- (xii) the Termination Swap Agreement;
- (xiii) the Class A Subscription Agreement;
- (xiv) the Class M Subscription Agreement;
- (xv) the Master Definitions and Construction Schedule;
- (xvi) the Bank Account Agreement;
- (xvii) the Guaranteed Investment Contract;
- (xviii) the Start-up Loan Agreement; and
- (xiv) the Corporate Services Agreement.

MORTALITY TABLES

The life expectancy tables below are derived from IML 92 and IFL 92 produced by the Continuous Mortality Investigation Bureau of the Faculty and Institute of Actuaries published in report CMIR 17 dated July 1999. The tables are derived from UK life assurance providers during the period 1991-1994. The tables are used with the projected mortality improvements factors described in CMIR 17.

IML 92

Age	YEAR										2015					
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009		2010	2011	2012	2013	2014
60	0.611%	1.279%	2.009%	2.809%	3.685%	4.647%	5.702%	6.859%	8.128%	9.519%	11.043%	12.709%	14.530%	16.514%	18.673%	21.014%
61	0.693%	1.451%	2.278%	3.184%	4.176%	5.262%	6.451%	7.754%	9.179%	10.738%	12.441%	14.298%	16.320%	18.515%	20.893%	23.461%
62	0.786%	1.644%	2.581%	3.605%	4.725%	5.949%	7.288%	8.751%	10.348%	12.089%	13.966%	16.048%	18.284%	20.702%	23.310%	26.112%
63	0.890%	1.861%	2.920%	4.076%	5.339%	6.716%	8.219%	9.858%	11.642%	13.582%	15.687%	17.967%	20.430%	23.082%	25.928%	28.968%
64	1.007%	2.105%	3.300%	4.603%	6.023%	7.570%	9.254%	11.084%	13.071%	15.224%	17.553%	20.064%	22.765%	25.658%	28.747%	32.027%
65	1.139%	2.377%	3.725%	5.191%	6.786%	8.518%	10.399%	12.438%	14.644%	17.026%	19.591%	22.345%	25.292%	28.433%	31.765%	35.282%
66	1.286%	2.682%	4.199%	5.846%	7.632%	9.568%	11.664%	13.928%	16.369%	18.993%	21.807%	24.814%	28.014%	31.404%	34.978%	38.723%
67	1.450%	3.023%	4.727%	6.573%	8.570%	10.728%	13.056%	15.562%	18.253%	21.134%	24.207%	27.474%	30.929%	34.567%	38.374%	42.334%
68	1.634%	3.402%	5.313%	7.378%	9.606%	12.005%	14.584%	17.349%	20.304%	23.453%	26.794%	30.323%	34.033%	37.911%	41.939%	46.092%
69	1.838%	3.823%	5.964%	8.269%	10.748%	13.408%	16.255%	19.295%	22.527%	25.953%	29.566%	33.359%	37.318%	41.423%	45.652%	49.973%
70	2.066%	4.291%	6.683%	9.251%	12.003%	14.943%	18.077%	21.405%	24.926%	28.635%	32.522%	36.573%	40.769%	45.084%	49.487%	53.942%
71	2.319%	4.809%	7.478%	10.332%	13.378%	16.618%	20.054%	23.684%	27.502%	31.497%	35.654%	39.954%	44.370%	48.869%	53.415%	57.963%
72	2.600%	5.382%	8.353%	11.518%	14.880%	18.439%	22.193%	26.135%	30.254%	34.534%	38.954%	43.486%	48.097%	52.749%	57.398%	61.995%
73	2.911%	6.015%	9.316%	12.816%	16.516%	20.412%	24.496%	28.758%	33.179%	37.738%	42.405%	47.147%	51.924%	56.691%	61.397%	65.991%
74	3.255%	6.711%	10.370%	14.232%	18.291%	22.540%	26.966%	31.551%	36.270%	41.095%	45.990%	50.913%	55.818%	60.654%	65.368%	69.904%
75	3.635%	7.477%	11.524%	15.772%	20.211%	24.827%	29.601%	34.508%	39.517%	44.590%	49.684%	54.752%	59.742%	64.597%	69.264%	73.687%
76	4.053%	8.316%	12.782%	17.442%	22.279%	27.274%	32.399%	37.623%	42.904%	48.200%	53.461%	58.631%	63.655%	68.477%	73.040%	77.293%
77	4.513%	9.234%	14.151%	19.247%	24.499%	29.880%	35.355%	40.892%	46.415%	51.902%	57.286%	62.511%	67.516%	72.246%	76.649%	80.680%
78	5.019%	10.236%	15.635%	21.190%	26.871%	32.642%	38.458%	44.271%	50.026%	55.664%	61.126%	66.351%	71.280%	75.862%	80.050%	83.811%
79	5.572%	11.328%	17.240%	23.276%	29.395%	35.553%	41.697%	47.770%	53.710%	59.455%	64.941%	70.109%	74.904%	79.281%	83.205%	86.655%
80	6.178%	12.513%	18.970%	25.504%	32.068%	38.606%	45.057%	51.357%	57.438%	63.237%	68.691%	73.742%	78.346%	82.467%	86.084%	89.192%
81	6.840%	13.798%	20.828%	27.877%	34.885%	41.788%	48.518%	55.004%	61.177%	66.973%	72.334%	77.210%	81.568%	85.387%	88.664%	91.411%
82	7.561%	15.186%	22.817%	30.391%	37.838%	45.085%	52.057%	58.682%	64.891%	70.623%	75.830%	80.475%	84.539%	88.020%	90.934%	93.312%
83	8.345%	16.681%	24.939%	33.044%	40.916%	48.477%	55.649%	62.358%	68.541%	74.148%	79.141%	83.503%	87.233%	90.349%	92.890%	94.905%
84	9.195%	18.287%	27.194%	35.829%	44.107%	51.944%	59.263%	65.997%	72.092%	77.510%	82.235%	86.268%	89.633%	92.371%	94.540%	96.208%
85	10.117%	20.008%	29.580%	38.738%	47.393%	55.461%	62.870%	69.563%	75.504%	80.675%	85.081%	88.751%	91.733%	94.090%	95.900%	97.247%
86	11.112%	21.845%	32.094%	41.761%	50.756%	59.000%	66.435%	73.021%	78.744%	83.612%	87.659%	90.942%	93.533%	95.519%	96.995%	98.054%
87	12.186%	23.800%	34.732%	44.885%	54.173%	62.533%	69.925%	76.336%	81.780%	86.298%	89.955%	92.838%	95.044%	96.680%	97.853%	98.663%
88	13.340%	25.873%	37.487%	48.093%	57.620%	66.028%	73.306%	79.475%	84.585%	88.715%	91.964%	94.447%	96.285%	97.600%	98.507%	99.109%
89	14.579%	28.063%	40.350%	51.367%	61.070%	69.453%	76.545%	82.410%	87.140%	90.855%	93.688%	95.783%	97.279%	98.310%	98.992%	99.425%
90	15.905%	30.369%	43.310%	54.686%	64.495%	72.777%	79.613%	85.116%	89.430%	92.715%	95.139%	96.868%	98.056%	98.842%	99.340%	99.641%
91	17.321%	32.787%	46.354%	58.028%	67.866%	75.970%	82.482%	87.577%	91.449%	94.302%	96.333%	97.728%	98.648%	99.230%	99.582%	99.784%
92	18.829%	35.311%	49.465%	61.368%	71.154%	79.002%	85.130%	89.780%	93.198%	95.629%	97.294%	98.392%	98.986%	99.504%	99.744%	99.875%
93	20.430%	37.936%	52.628%	64.681%	74.329%	81.848%	87.542%	91.721%	94.686%	96.715%	98.050%	98.892%	99.400%	99.691%	99.849%	99.931%
94	22.125%	40.654%	55.822%	67.939%	77.364%	84.487%	89.705%	93.402%	95.926%	97.585%	98.629%	99.258%	99.618%	99.814%	99.915%	99.963%
95	23.916%	43.453%	59.027%	71.117%	80.236%	86.903%	91.617%	94.832%	96.940%	98.265%	99.062%	99.518%	99.765%	99.892%	99.954%	99.981%
96	25.801%	46.324%	62.221%	74.188%	82.921%	89.084%	93.279%	96.025%	97.750%	98.784%	99.375%	99.696%	99.861%	99.940%	99.976%	99.991%
97	27.779%	49.251%	65.381%	77.129%	85.403%	91.025%	94.699%	97.002%	98.382%	99.170%	99.596%	99.815%	99.920%	99.968%	99.988%	99.996%
98	29.848%	52.222%	68.484%	79.916%	87.669%	92.727%	95.892%	97.785%	98.864%	99.448%	99.747%	99.891%	99.956%	99.983%	99.994%	99.998%
99	32.006%	55.220%	71.507%	82.531%	89.710%	94.195%	96.874%	98.398%	99.223%	99.644%	99.847%	99.938%	99.977%	99.992%	99.997%	99.999%
100	34.249%	58.228%	74.428%	84.958%	91.524%	95.441%	97.667%	98.868%	99.482%	99.777%	99.910%	99.966%	99.988%	99.996%	99.999%	100.000%

Age	YEAR											
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
101...	36.571%	61.228%	77.225%	87.184%	93.113%	96.479%	98.234%	99.219%	99.664%	99.865%	99.949%	99.982%
102...	38.967%	64.200%	79.881%	89.202%	94.465%	97.329%	98.779%	99.475%	99.789%	99.920%	99.972%	99.991%
103...	41.430%	67.128%	82.378%	91.009%	95.649%	98.012%	99.146%	99.656%	99.870%	99.954%	99.985%	99.995%
104...	43.952%	69.991%	84.704%	92.605%	96.623%	98.549%	99.416%	99.780%	99.922%	99.975%	99.992%	99.998%
105...	46.524%	72.771%	86.847%	93.997%	97.422%	98.963%	99.609%	99.862%	99.955%	99.986%	99.996%	99.999%
106...	49.137%	75.452%	88.803%	95.193%	98.066%	99.271%	99.743%	99.916%	99.974%	99.993%	99.998%	100.000%
107...	51.780%	78.018%	90.566%	96.205%	98.569%	99.496%	99.835%	99.950%	99.986%	99.996%	99.999%	100.000%
108...	54.442%	80.454%	92.138%	97.035%	98.955%	99.657%	99.896%	99.971%	99.992%	99.998%	100.000%	100.000%
109...	57.112%	82.749%	93.495%	97.708%	99.248%	99.771%	99.936%	99.983%	99.996%	99.999%	100.000%	100.000%
110...	59.777%	84.832%	94.656%	98.247%	99.467%	99.850%	99.961%	99.991%	99.998%	100.000%	100.000%	100.000%
111...	62.289%	86.713%	95.642%	98.674%	99.627%	99.904%	99.977%	99.995%	99.999%	100.000%	100.000%	100.000%
112...	64.767%	88.443%	96.484%	99.011%	99.744%	99.939%	99.987%	99.997%	100.000%	100.000%	100.000%	100.000%
113...	67.199%	90.020%	97.194%	99.274%	99.828%	99.963%	99.993%	100.000%	100.000%	100.000%	100.000%	100.000%
114...	69.575%	91.446%	97.786%	99.474%	99.886%	99.978%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
115...	71.894%	92.729%	98.273%	99.626%	99.926%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
116...	74.117%	93.857%	98.668%	99.737%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
117...	76.265%	94.854%	98.985%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
118...	78.321%	95.724%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
119...	80.277%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
120...	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

YEAR

Age	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
60	23.545%	26.271%	29.196%	32.320%	35.638%	39.142%	42.818%	46.648%	50.605%	54.658%	58.770%	62.897%	66.991%	71.000%	74.872%	78.554%
61	26.223%	29.183%	32.340%	35.689%	39.222%	42.924%	46.776%	50.752%	54.820%	58.942%	63.074%	67.170%	71.176%	75.041%	78.713%	82.143%
62	29.110%	32.304%	35.688%	39.253%	42.985%	46.863%	50.861%	54.947%	59.083%	63.225%	67.325%	71.332%	75.193%	78.857%	82.277%	85.411%
63	32.203%	35.626%	39.228%	42.944%	46.902%	50.927%	55.036%	59.190%	63.345%	67.454%	71.484%	75.325%	78.984%	82.396%	85.520%	88.324%
64	35.495%	39.138%	42.943%	46.887%	50.944%	55.080%	59.257%	63.430%	67.551%	71.570%	75.434%	79.093%	82.500%	85.616%	88.410%	90.861%
65	38.974%	42.823%	46.809%	50.903%	55.072%	59.277%	63.473%	67.613%	71.644%	75.516%	79.179%	82.585%	85.697%	88.484%	90.927%	93.019%
66	42.624%	46.657%	50.796%	55.004%	59.244%	63.470%	67.634%	71.684%	75.569%	79.239%	82.650%	85.762%	88.545%	90.982%	93.067%	94.805%
67	46.423%	50.613%	54.869%	59.150%	63.413%	67.607%	71.682%	75.587%	79.271%	82.690%	85.806%	88.590%	91.025%	93.105%	94.838%	96.242%
68	50.343%	54.654%	58.987%	63.294%	67.527%	71.634%	75.565%	79.269%	82.703%	85.829%	88.618%	91.055%	93.134%	94.863%	96.263%	97.363%
69	54.350%	58.743%	63.104%	67.385%	71.533%	75.498%	79.230%	82.685%	85.826%	88.625%	91.068%	93.150%	94.880%	96.279%	97.376%	98.210%
70	58.406%	62.833%	67.171%	71.371%	75.379%	79.147%	82.630%	85.794%	88.610%	91.064%	93.153%	94.886%	96.287%	97.384%	98.217%	98.827%
71	62.468%	66.877%	71.138%	75.200%	79.014%	82.535%	85.729%	88.588%	91.038%	93.140%	94.864%	96.277%	97.386%	98.220%	98.830%	99.260%
72	66.488%	70.825%	74.953%	78.824%	82.393%	85.626%	88.496%	90.991%	93.110%	94.864%	96.277%	97.382%	98.218%	98.830%	99.261%	99.552%
73	70.419%	74.628%	78.568%	82.197%	85.480%	88.390%	90.917%	93.060%	94.831%	96.257%	97.370%	98.200%	98.820%	99.550%	99.740%	99.857%
74	74.210%	78.237%	81.939%	85.283%	88.245%	90.812%	92.986%	94.782%	96.224%	97.350%	98.200%	98.809%	99.546%	99.738%	99.856%	99.925%
75	77.817%	81.609%	85.029%	88.053%	90.672%	92.886%	94.712%	96.178%	97.320%	98.181%	98.809%	99.249%	99.735%	99.854%	99.924%	99.963%
76	81.194%	84.707%	87.809%	90.490%	92.755%	94.621%	96.116%	97.279%	98.155%	98.793%	99.240%	99.541%	99.735%	99.854%	99.924%	99.963%
77	84.305%	87.502%	90.261%	92.588%	94.502%	96.034%	97.224%	98.120%	98.771%	99.227%	99.534%	99.731%	99.852%	99.923%	99.962%	99.982%
78	87.122%	89.976%	92.379%	94.353%	95.931%	97.155%	98.075%	98.743%	99.210%	99.524%	99.726%	99.849%	99.922%	99.961%	99.982%	99.992%
79	89.624%	92.120%	94.168%	95.802%	97.068%	98.018%	98.707%	99.188%	99.511%	99.718%	99.846%	99.920%	99.961%	99.982%	99.997%	99.997%
80	91.801%	93.938%	95.641%	96.959%	97.947%	98.662%	99.161%	99.495%	99.708%	99.841%	99.917%	99.958%	99.981%	99.992%	99.997%	99.999%
81	93.657%	95.444%	96.825%	97.858%	98.606%	99.126%	99.475%	99.698%	99.835%	99.914%	99.958%	99.981%	99.992%	99.997%	99.999%	100.000%
82	95.202%	96.660%	97.750%	98.536%	99.084%	99.450%	99.684%	99.827%	99.910%	99.956%	99.980%	99.991%	99.996%	99.999%	100.000%	100.000%
83	96.457%	97.616%	98.451%	99.031%	99.419%	99.666%	99.818%	99.905%	99.954%	99.979%	99.991%	99.996%	99.999%	100.000%	100.000%	100.000%
84	97.451%	98.346%	98.967%	99.381%	99.645%	99.806%	99.899%	99.951%	99.977%	99.990%	99.996%	99.999%	99.999%	100.000%	100.000%	100.000%
85	98.216%	98.887%	99.333%	99.618%	99.792%	99.892%	99.947%	99.976%	99.989%	99.996%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%
86	98.787%	99.274%	99.585%	99.774%	99.883%	99.943%	99.974%	99.989%	99.995%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%
87	99.201%	99.543%	99.751%	99.871%	99.937%	99.971%	99.987%	99.995%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
88	99.491%	99.723%	99.857%	99.930%	99.968%	99.986%	99.994%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
89	99.687%	99.838%	99.921%	99.964%	99.984%	99.994%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
90	99.815%	99.910%	99.958%	99.982%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
91	99.895%	99.952%	99.979%	99.992%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
92	99.943%	99.975%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
93	99.970%	99.988%	99.995%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
94	99.985%	99.994%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
95	99.993%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
96	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
97	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
98	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
99	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
100	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
101	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

Age	YEAR												2047			
	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043		2044	2045	2046
60	81.997%	85.160%	88.007%	90.515%	92.674%	94.486%	95.964%	97.134%	98.031%	98.696%	99.169%	99.492%	99.704%	99.836%	99.914%	99.957%
61	85.290%	88.121%	90.612%	92.754%	94.550%	96.013%	97.171%	98.058%	98.714%	98.181%	99.500%	99.709%	99.838%	99.915%	99.958%	99.980%
62	88.227%	90.703%	92.829%	94.610%	96.060%	97.207%	98.084%	98.732%	99.193%	99.508%	99.713%	99.841%	99.916%	99.959%	99.981%	99.992%
63	90.786%	92.899%	94.666%	96.105%	97.240%	98.108%	98.749%	99.204%	99.515%	99.718%	99.843%	99.918%	99.959%	99.981%	99.992%	99.997%
64	92.962%	94.718%	96.145%	97.271%	98.131%	98.765%	99.215%	99.522%	99.722%	99.846%	99.919%	99.960%	99.981%	99.992%	99.997%	99.999%
65	94.764%	96.182%	97.299%	98.151%	98.779%	99.225%	99.528%	99.725%	99.848%	99.920%	99.961%	99.982%	99.992%	99.997%	99.999%	100.000%
66	96.214%	97.324%	98.170%	98.793%	99.234%	99.534%	99.729%	99.850%	99.921%	99.982%	99.997%	99.997%	99.999%	99.999%	100.000%	100.000%
67	97.346%	98.186%	98.804%	99.242%	99.539%	99.732%	99.852%	99.922%	99.962%	99.982%	99.992%	99.997%	99.999%	100.000%	100.000%	100.000%
68	98.199%	98.814%	99.248%	99.543%	99.735%	99.854%	99.923%	99.962%	99.982%	99.992%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%
69	98.822%	99.254%	99.547%	99.737%	99.855%	99.924%	99.962%	99.983%	99.992%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%
70	99.258%	99.550%	99.739%	99.856%	99.925%	99.963%	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
71	99.552%	99.740%	99.857%	99.925%	99.963%	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
72	99.741%	99.857%	99.925%	99.963%	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
73	99.857%	99.925%	99.963%	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
74	99.925%	99.963%	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
75	99.963%	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
76	99.983%	99.993%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
77	99.992%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
78	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
79	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
80	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
81	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
82	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
83	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
84	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
85	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
86	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
87	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
88	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
89	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
90	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
91	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
92	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
93	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
94	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
95	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
96	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
97	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
98	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
99	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
100	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
101	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100			

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YEAR

Age	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
60	0.278%	0.588%	0.934%	1.324%	1.761%	2.252%	2.805%	3.428%	4.130%	4.920%	5.810%	6.812%	7.937%	9.200%	10.616%	12.198%
61	0.321%	0.679%	1.081%	1.531%	2.037%	2.605%	3.243%	3.962%	4.770%	5.679%	6.699%	7.845%	9.130%	10.568%	12.173%	13.961%
62	0.371%	0.785%	1.249%	1.770%	2.354%	3.008%	3.745%	4.572%	5.501%	6.542%	7.710%	9.017%	10.478%	12.108%	13.921%	15.932%
63	0.428%	0.907%	1.443%	2.044%	2.717%	3.472%	4.319%	5.268%	6.332%	7.523%	8.855%	10.341%	11.996%	13.836%	15.874%	18.125%
64	0.495%	1.047%	1.666%	2.358%	3.133%	4.001%	4.973%	6.060%	7.276%	8.634%	10.147%	11.830%	13.698%	15.766%	18.047%	20.553%
65	0.571%	1.208%	1.921%	2.717%	3.608%	4.604%	5.717%	6.959%	8.344%	9.886%	11.600%	13.499%	15.598%	17.911%	20.450%	23.224%
66	0.658%	1.392%	2.212%	3.127%	4.148%	5.288%	6.559%	7.975%	9.548%	11.294%	13.227%	15.360%	17.708%	20.283%	23.093%	26.145%
67	0.758%	1.602%	2.543%	3.593%	4.762%	6.064%	7.512%	9.119%	10.900%	12.870%	15.041%	17.428%	20.041%	22.890%	25.981%	29.318%
68	0.871%	1.841%	2.921%	4.122%	5.458%	6.941%	8.585%	10.405%	12.414%	14.627%	17.056%	19.712%	22.604%	25.739%	29.118%	32.739%
69	1.001%	2.114%	3.350%	4.722%	6.243%	7.928%	9.790%	11.844%	14.102%	16.577%	19.281%	22.222%	25.406%	28.833%	32.501%	36.398%
70	1.149%	2.423%	3.835%	5.399%	7.128%	9.037%	11.139%	13.447%	15.975%	18.732%	21.727%	24.965%	28.476%	32.168%	36.119%	40.280%
71	1.316%	2.773%	4.383%	6.162%	8.122%	10.278%	12.642%	15.228%	18.044%	21.100%	24.400%	27.943%	31.726%	35.737%	39.957%	44.360%
72	1.506%	3.168%	5.002%	7.019%	9.235%	11.662%	14.312%	17.196%	20.320%	23.689%	27.303%	31.156%	35.236%	39.524%	43.992%	48.604%
73	1.720%	3.615%	5.696%	7.980%	10.477%	13.200%	16.159%	19.361%	22.809%	26.503%	30.436%	34.596%	38.963%	43.507%	48.192%	52.972%
74	1.963%	4.117%	6.476%	9.052%	11.858%	14.902%	18.192%	21.731%	25.516%	29.542%	33.794%	38.252%	42.885%	47.656%	52.518%	57.415%
75	2.236%	4.680%	7.347%	10.246%	13.388%	16.778%	20.420%	24.311%	28.444%	32.803%	37.366%	42.104%	46.976%	51.934%	56.923%	61.877%
76	2.542%	5.311%	8.318%	11.571%	15.077%	18.837%	22.850%	27.105%	31.588%	36.276%	41.135%	46.126%	51.199%	56.296%	61.352%	66.296%
77	2.886%	6.016%	9.397%	13.036%	16.933%	21.086%	25.485%	30.112%	34.944%	39.946%	45.077%	50.285%	55.511%	60.689%	65.746%	70.609%
78	3.271%	6.801%	10.593%	14.650%	18.966%	23.530%	28.326%	33.327%	38.497%	43.793%	49.161%	54.541%	59.863%	65.055%	70.042%	74.751%
79	3.701%	7.672%	11.914%	16.420%	21.180%	26.173%	31.372%	36.739%	42.230%	47.789%	53.351%	58.846%	64.200%	69.335%	74.178%	78.659%
80	4.180%	8.638%	13.368%	18.356%	23.581%	29.013%	34.614%	40.366%	46.119%	51.899%	57.601%	63.149%	68.463%	73.467%	78.091%	82.279%
81	4.713%	9.705%	14.962%	20.461%	26.170%	32.048%	38.043%	44.095%	50.134%	56.083%	61.863%	67.392%	72.591%	77.390%	81.729%	85.565%
82	5.304%	10.880%	16.704%	22.742%	28.949%	35.270%	41.642%	47.991%	54.237%	60.296%	66.083%	71.518%	76.527%	81.050%	85.043%	88.484%
83	5.957%	12.170%	18.600%	25.200%	31.912%	38.667%	45.388%	51.991%	58.386%	64.486%	70.206%	75.469%	80.216%	84.400%	88.001%	91.017%
84	6.679%	13.581%	20.654%	27.836%	35.054%	42.223%	49.256%	56.058%	62.535%	68.600%	74.174%	79.192%	83.610%	87.406%	90.581%	93.160%
85	7.473%	15.119%	22.871%	30.648%	38.362%	45.916%	53.212%	60.149%	66.634%	72.585%	77.935%	82.638%	86.673%	90.043%	92.777%	94.927%
86	8.345%	16.791%	25.251%	33.629%	41.821%	49.720%	57.218%	64.218%	70.631%	76.387%	81.440%	85.768%	89.379%	92.304%	94.600%	96.341%
87	9.300%	18.600%	27.795%	36.771%	45.412%	53.602%	61.235%	68.217%	74.474%	79.958%	84.649%	88.556%	91.716%	94.194%	96.070%	97.440%
88	10.343%	20.551%	30.500%	40.061%	49.109%	57.527%	65.216%	72.095%	78.115%	83.256%	87.531%	90.984%	93.688%	95.732%	97.222%	98.265%
89	11.478%	22.646%	33.360%	43.482%	52.884%	61.457%	69.115%	75.806%	81.511%	86.247%	90.067%	93.053%	95.308%	96.949%	98.097%	98.864%
90	12.711%	24.885%	36.367%	47.014%	56.705%	65.349%	72.887%	79.304%	84.624%	88.908%	92.251%	94.772%	96.604%	97.884%	98.738%	99.284%
91	14.046%	27.269%	39.510%	50.633%	60.536%	69.159%	76.487%	82.551%	87.427%	91.227%	94.088%	96.164%	97.611%	98.578%	99.193%	99.566%
92	15.486%	29.795%	42.774%	54.310%	64.337%	72.844%	79.873%	85.515%	89.904%	93.204%	95.586%	97.260%	98.370%	99.076%	99.503%	99.747%
93	17.034%	32.457%	46.141%	58.014%	68.070%	76.364%	83.010%	88.173%	92.048%	94.852%	96.801%	98.099%	98.923%	99.421%	99.708%	99.859%
94	18.694%	35.250%	49.589%	61.712%	71.694%	79.679%	85.871%	90.512%	93.865%	96.192%	97.739%	98.721%	99.313%	99.651%	99.833%	99.925%
95	20.468%	38.163%	53.096%	65.369%	75.171%	82.758%	88.436%	92.531%	95.369%	97.253%	98.447%	99.166%	99.577%	99.798%	99.910%	99.962%
96	22.355%	41.185%	56.633%	68.948%	78.465%	85.574%	90.694%	94.236%	96.585%	98.071%	98.966%	99.475%	99.750%	99.888%	99.953%	99.982%
97	24.356%	44.301%	60.172%	72.415%	81.545%	88.109%	92.644%	95.646%	97.549%	98.683%	99.333%	99.682%	99.858%	99.941%	99.977%	99.992%
98	26.470%	47.485%	63.683%	75.735%	84.384%	90.351%	94.295%	96.784%	98.278%	99.128%	99.584%	99.814%	99.923%	99.970%	99.989%	99.996%
99	28.694%	50.747%	67.135%	78.877%	86.964%	92.301%	95.664%	97.681%	98.826%	99.441%	99.750%	99.896%	99.960%	99.985%	99.995%	99.998%
100	31.025%	54.038%	70.497%	81.815%	89.272%	93.964%	96.774%	98.369%	99.223%	99.653%	99.855%	99.944%	99.980%	99.993%	99.998%	99.999%

Age	YEAR															
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
101...	33.457%	57.343%	73.739%	84.526%	91.303%	95.356%	97.653%	98.863%	99.501%	99.792%	99.919%	99.971%	99.990%	99.997%	99.999%	100.000%
102...	35.983%	60.640%	76.834%	86.994%	93.061%	96.496%	98.333%	99.256%	99.690%	99.879%	99.956%	99.985%	99.995%	99.999%	100.000%	100.000%
103...	38.596%	63.903%	79.756%	89.209%	94.555%	97.411%	98.845%	99.519%	99.813%	99.932%	99.977%	99.993%	99.998%	99.999%	100.000%	100.000%
104...	41.286%	67.108%	82.484%	91.169%	95.802%	98.128%	99.220%	99.697%	99.890%	99.963%	99.989%	99.997%	99.999%	100.000%	100.000%	100.000%
105...	44.042%	70.230%	85.002%	92.875%	96.823%	98.677%	99.485%	99.813%	99.937%	99.981%	99.994%	99.999%	100.000%	100.000%	100.000%	100.000%
106...	46.851%	73.246%	87.298%	94.338%	97.642%	99.082%	99.688%	99.888%	99.965%	99.990%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%
107...	49.702%	76.134%	89.365%	95.571%	98.276%	99.376%	99.790%	99.935%	99.981%	99.995%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%
108...	52.579%	78.875%	91.202%	96.576%	98.760%	99.583%	99.871%	99.963%	99.990%	99.998%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
109...	55.467%	81.453%	92.782%	97.385%	99.122%	99.727%	99.922%	99.980%	99.995%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
110...	58.352%	83.792%	94.128%	98.028%	99.388%	99.825%	99.954%	99.989%	99.998%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
111...	61.083%	85.902%	95.264%	98.530%	99.581%	99.890%	99.974%	99.994%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
112...	63.773%	87.830%	96.224%	98.922%	99.718%	99.933%	99.985%	99.997%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
113...	66.407%	89.577%	97.025%	99.222%	99.814%	99.960%	99.992%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
114...	68.972%	91.143%	97.683%	99.447%	99.880%	99.976%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
115...	71.455%	92.534%	98.218%	99.613%	99.924%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
116...	73.844%	93.756%	98.645%	99.734%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
117...	76.129%	94.821%	98.983%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
118...	78.303%	95.738%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
119...	80.358%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
120...	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

YEAR

Age	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
60	13.963%	15.925%	18.099%	20.499%	23.136%	26.019%	29.154%	32.541%	36.175%	40.044%	44.127%	48.395%	52.810%	57.322%	61.876%	66.406%
61	15.947%	18.145%	20.568%	23.228%	26.134%	29.290%	32.697%	36.349%	40.232%	44.327%	48.604%	53.023%	57.536%	62.087%	66.610%	71.035%
62	18.156%	20.604%	23.290%	26.220%	29.399%	32.827%	36.498%	40.399%	44.508%	48.795%	53.221%	57.737%	62.286%	66.803%	71.219%	75.463%
63	20.602%	23.314%	26.271%	29.475%	32.928%	36.620%	40.540%	44.665%	48.965%	53.400%	57.921%	62.470%	66.984%	71.393%	75.625%	79.613%
64	23.295%	26.280%	29.513%	32.992%	36.709%	40.651%	44.795%	49.110%	53.557%	58.085%	62.638%	67.150%	71.553%	75.777%	79.752%	83.417%
65	26.241%	29.505%	33.013%	36.758%	40.725%	44.891%	49.225%	53.686%	58.225%	62.784%	67.298%	71.699%	75.916%	79.881%	83.533%	86.822%
66	29.443%	32.984%	36.760%	40.756%	44.948%	49.304%	53.784%	58.337%	62.905%	67.425%	71.826%	76.039%	79.997%	83.639%	86.916%	89.791%
67	32.896%	36.707%	40.736%	44.958%	49.341%	53.844%	58.415%	62.998%	67.526%	71.931%	76.144%	80.098%	83.733%	87.000%	89.864%	92.308%
68	36.590%	40.657%	44.915%	49.330%	53.860%	58.455%	63.056%	67.597%	72.011%	76.228%	80.182%	83.813%	87.072%	89.928%	92.362%	94.377%
69	40.509%	44.808%	49.260%	53.824%	58.448%	63.073%	67.634%	72.062%	76.288%	80.245%	83.876%	87.132%	89.981%	92.408%	94.415%	96.023%
70	44.627%	49.124%	53.729%	58.388%	63.044%	67.630%	72.078%	76.318%	80.284%	83.920%	87.176%	90.023%	92.446%	94.447%	96.048%	97.286%
71	48.910%	53.563%	58.266%	62.960%	67.579%	72.054%	76.314%	80.296%	83.941%	87.203%	90.052%	92.473%	94.471%	96.068%	97.301%	98.218%
72	53.315%	58.072%	62.813%	67.473%	71.982%	76.272%	80.275%	83.936%	87.209%	90.064%	92.488%	94.487%	96.083%	97.313%	98.227%	98.878%
73	57.793%	62.592%	67.303%	71.857%	76.183%	80.217%	83.902%	87.192%	90.059%	92.490%	94.492%	96.090%	97.321%	98.235%	98.883%	99.325%
74	62.285%	67.059%	71.668%	76.042%	80.116%	83.832%	87.147%	90.032%	92.476%	94.486%	96.088%	97.321%	98.235%	98.885%	99.327%	99.613%
75	66.729%	71.406%	75.840%	79.964%	83.722%	87.070%	89.981%	92.443%	94.467%	96.078%	97.316%	98.233%	98.894%	99.327%	99.614%	99.790%
76	71.058%	75.566%	79.753%	83.565%	86.958%	89.901%	92.390%	94.433%	96.057%	97.304%	98.226%	98.881%	99.325%	99.613%	99.790%	99.892%
77	75.207%	79.474%	83.352%	86.799%	89.788%	92.311%	94.380%	96.023%	97.283%	98.214%	98.874%	99.322%	99.611%	99.789%	99.892%	99.948%
78	79.114%	83.075%	86.591%	89.637%	92.204%	94.307%	95.975%	97.252%	98.195%	98.863%	99.316%	99.608%	99.787%	99.891%	99.948%	99.976%
79	82.722%	86.324%	89.440%	92.063%	94.209%	95.909%	97.210%	98.169%	98.847%	99.307%	99.603%	99.785%	99.890%	99.947%	99.976%	99.990%
80	85.986%	89.189%	91.883%	94.083%	95.824%	97.154%	98.134%	98.826%	99.295%	99.596%	99.781%	99.888%	99.946%	99.976%	99.990%	99.996%
81	88.875%	91.654%	93.922%	95.714%	97.082%	98.088%	98.799%	99.278%	99.587%	99.776%	99.866%	99.945%	99.975%	99.990%	99.996%	99.999%
82	91.370%	93.721%	95.576%	96.981%	98.030%	98.763%	99.258%	99.576%	99.770%	99.883%	99.944%	99.975%	99.989%	99.996%	99.999%	100.000%
83	93.470%	95.404%	96.877%	97.958%	98.719%	99.232%	99.551%	99.763%	99.879%	99.942%	99.974%	99.989%	99.996%	99.999%	99.999%	100.000%
84	95.191%	96.735%	97.867%	98.663%	99.199%	99.543%	99.753%	99.874%	99.939%	99.973%	99.989%	99.996%	99.998%	99.999%	100.000%	100.000%
85	96.559%	97.754%	98.593%	99.158%	99.520%	99.740%	99.860%	99.936%	99.972%	99.988%	99.995%	99.998%	99.999%	100.000%	100.000%	100.000%
86	97.614%	98.507%	99.107%	99.451%	99.725%	99.860%	99.928%	99.970%	99.987%	99.995%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%
87	98.399%	99.043%	99.455%	99.706%	99.850%	99.922%	99.966%	99.984%	99.994%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%
88	98.964%	99.411%	99.682%	99.838%	99.922%	99.965%	99.983%	99.994%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
89	99.355%	99.652%	99.823%	99.915%	99.962%	99.984%	99.994%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
90	99.614%	99.804%	99.906%	99.958%	99.982%	99.993%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
91	99.779%	99.894%	99.953%	99.980%	99.992%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
92	99.879%	99.946%	99.977%	99.991%	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
93	99.937%	99.974%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
94	99.969%	99.988%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
95	99.985%	99.995%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
96	99.993%	99.998%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
97	99.997%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
98	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
99	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
100	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
101	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%

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Age	YEAR														2047	
	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045		2046
60	70.842%	75.113%	79.147%	82.880%	86.256%	89.236%	91.794%	93.928%	95.650%	96.993%	98.000%	98.725%	99.224%	99.551%	99.754%	99.873%
61	75.292%	79.309%	83.023%	86.379%	89.338%	91.877%	93.993%	95.699%	97.028%	98.025%	98.742%	99.235%	99.557%	99.758%	99.875%	99.940%
62	79.464%	83.161%	86.498%	89.438%	91.958%	94.056%	95.747%	97.063%	98.049%	98.758%	99.245%	99.563%	99.761%	99.877%	99.940%	99.973%
63	83.292%	86.612%	89.534%	92.036%	94.118%	95.794%	97.097%	98.073%	98.774%	99.255%	99.569%	99.764%	99.879%	99.941%	99.974%	99.989%
64	86.721%	89.625%	92.111%	94.177%	95.839%	97.130%	98.096%	98.789%	99.265%	99.575%	99.768%	99.880%	99.942%	99.974%	99.989%	99.996%
65	89.711%	92.182%	94.233%	95.881%	97.161%	98.118%	98.804%	99.274%	99.581%	99.771%	99.882%	99.943%	99.974%	99.989%	99.996%	99.998%
66	92.248%	94.285%	95.922%	97.191%	98.139%	98.818%	99.283%	99.586%	99.774%	99.884%	99.944%	99.975%	99.989%	99.996%	99.999%	100.000%
67	94.334%	95.959%	97.219%	98.158%	98.831%	99.291%	99.591%	99.777%	99.885%	99.945%	99.975%	99.990%	99.996%	99.999%	100.000%	100.000%
68	95.993%	97.244%	98.176%	98.843%	99.299%	99.596%	99.779%	99.886%	99.945%	99.975%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%
69	97.266%	98.192%	98.854%	99.306%	99.600%	99.782%	99.888%	99.946%	99.976%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%
70	98.206%	98.863%	99.312%	99.604%	99.784%	99.889%	99.946%	99.976%	99.990%	99.996%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
71	98.872%	99.318%	99.607%	99.786%	99.890%	99.947%	99.976%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
72	99.322%	99.610%	99.788%	99.891%	99.947%	99.976%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
73	99.612%	99.789%	99.892%	99.948%	99.977%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
74	99.790%	99.892%	99.948%	99.977%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
75	99.892%	99.948%	99.977%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
76	99.948%	99.977%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
77	99.977%	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
78	99.990%	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
79	99.996%	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
80	99.999%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
81	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
82	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
83	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
84	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
85	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
86	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
87	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
88	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
89	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
90	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
91	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
92	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
93	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
94	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
95	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
96	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
97	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
98	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
99	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
100	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%
101	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	100.000%	1		

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