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Please complete
in typescript, or
in bold black
capitals

211907/26
LLP395

Particulars of a mortgage or charge in respect of a Limited Liability Partnership

A fee of £13 is payable to Companies House in respect of
each register entry for a mortgage or charge.

LLP Number

OC332032

For official use

**Full Name of Limited
Liability Partnership**Alliance & Leicester Covered Bonds LLP (the **LLP**)Date of creation
of the charge

9 April 2008

Description of the instrument
(if any) creating or evidencing
the charge (note 2)

Deed of Charge dated 9 April 2008 between, inter
alios, the LLP, Alliance & Leicester plc, HSBC Bank
plc and Structured Finance Management Limited (the
Deed of Charge)

Amount secured by the
mortgage or charge(78) T
ID.

Any and all moneys, obligations and liabilities and
all other amounts due, owing, payable or owed by the
LLP to the Secured Creditors under Covered Bonds
and/or the Transaction Documents and references to
Secured Obligations includes references to any of them
(the **Secured Obligations**)

The capitalised terms used in this Form LLP395 and not
otherwise defined shall have the meaning given to them
in Schedule 3 attached hereto

Signed

Allen & Overly

Date

25/04/08

On behalf of [LLP] ~~XXXXXXXXXXXX~~ (delete as appropriate)

You do not have to give any contact
information in the box opposite but if you
do, it will help Companies House to
contact you if there is a query on the
form. The contact information that you
give will be visible to searchers of the
public record

AHHC/DAMS/16581-00390

ALLEN & OVERLY LLP

40 BANK STREET

LONDON

E14 5DU

Tel 020 3088 4049

E-mail

When you have completed and signed the form please send it to the
Registrar of Companies at

Companies House, Crown Way, Cardiff, CF14 3UZ DX 33050 Cardiff

MONDAY



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28/04/2008

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COMPANIES HOUSE

Names and addresses of the mortgagees or persons entitled to the charge	The persons detailed in Schedule 1 attached hereto
Short particulars of all the property mortgaged or charged	The property detailed in Schedule 2 attached hereto
Particulars as to commission allowance or discount (<i>note 3</i>)	N11

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395*) If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398*) A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398*) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body A verified copy will also be accepted where section 398(4)* applies (property situate in Scotland or Northern Ireland) and Form LLP398 is submitted
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage", or "Legal Charge", etc, as the case may be, should be given
- 3 In this section there should be inserted the amount or rate per cent of the commission, allowance or discount (if any) paid or made either directly or indirectly by the LLP to any person in consideration of his
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,
 for any of the debentures included in this return The rate of interest payable under the terms of the debentures should not be entered
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the Form LLP395 continuation sheet
- 5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders must be made payable to **Companies House**.

** As applied to LLPs by Schedule 2 of the Limited Liability Partnerships Regulations 2001*

SCHEDULE 1

**NAMES AND ADDRESSES OF THE MORTGAGEES OR PERSONS ENTITLED TO THE
CHARGE**

HSBC CORPORATE TRUSTEE COMPANY (UK) LIMITED (registered number 06447555), a company incorporated under the laws of England and Wales whose registered office is at 8 Canada Square, London E14 5HQ in its capacities as security trustee (in such capacity, the **Security Trustee**, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of the Deed of Charge) and as Bond Trustee

SCHEDULE 2

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

1. SECURITY AND DECLARATION OF TRUST

1.1 English Loans and Related Security

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The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), charges by way of first fixed charge to the Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the Portfolio in respect of the English Loans and their Related Security and all other related rights under the same including all amounts which may become payable thereunder and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same and the Title Deeds and other documents relating to the relevant English Properties and the English Mortgages in the Portfolio including (without limiting the generality of the foregoing) any consents, postponements, reports, valuations, opinions, certificates and other statements of fact or opinion or both given in connection with the English Mortgages in the Portfolio (and all causes and rights of action of the LLP against any person in connection with the same) and any other contractual documents or any security documents in either case setting out the terms of the English Loans in the Portfolio or their Related Security, TO HOLD the same unto the Security Trustee absolutely

1.2 Northern Irish Loans and Related Security

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The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), charges by way of first fixed charge to the Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the Portfolio in respect of the Northern Irish Loans and their Related Security and all other related rights under the same including all amounts which may become payable thereunder and the benefit of all covenants relating thereto and all powers and remedies for enforcing the same and the Title Deeds and other documents relating to the relevant Northern Irish Properties and the Northern Irish Mortgages in the Portfolio including (without limiting the generality of the foregoing) any consents, postponements, reports, valuations, opinions, certificates and other statements of fact or opinion or both given in connection with the Northern Irish Mortgages in the Portfolio (and all causes and rights of action of the LLP against any person in connection with the same) and any other contractual documents or any security documents in either case setting out the terms of the Northern Irish Loans in the Portfolio or their Related Security TO HOLD the same unto the Security Trustee absolutely

1.3 Insurance Policies

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The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), assigns to the Security Trustee all of its right, title, interest and benefit, present and future, in, to and under the Insurance Policies to the extent that the Insurance Policies have been assigned to the LLP pursuant to the Mortgage Sale Agreement, and all amounts which may become payable thereunder and the benefit of all covenants and rights relating thereto and all powers and remedies for enforcing the same, TO HOLD the same unto the Security Trustee absolutely

1.4 Scottish Sub-Securities

The LLP, subject to paragraph 2 (below), undertakes to the Security Trustee and binds and obliges itself

- (a) upon the delivery to it of any SLR Transfer pursuant to clause 6 4(a) of the Mortgage Sale Agreement in respect of Scottish Mortgages registered or required to be registered in the Land Register of Scotland forthwith to execute and deliver to the Security Trustee in security for payment and discharge of the Secured Obligations a Scottish Sub-Security substantially in the form set out in schedule 3 of the Deed of Charge in respect of the LLP's whole right, title and interest in and to all of the Scottish Mortgages (and the Scottish Loans secured thereby) to which the LLP is entitled in terms of such SLR Transfer,
- (b) upon the delivery to it of any Sasine Transfer pursuant to clause 6 4(b) of the Mortgage Sale Agreement in respect of Scottish Mortgages recorded or required to be recorded in the General Register of Sasines forthwith to execute and deliver to the Security Trustee in security for payment and discharge of the Secured Obligations a Scottish Sub-Security substantially in the form set out in schedule 4 of the Deed of Charge in respect of the LLP's whole right, title and interest in and to all Scottish Mortgages (and the Scottish Loans secured thereby) to which the LLP is entitled in terms of such Sasine Transfer,
- (c) at the time of delivery of any Scottish Sub-Security in accordance with the preceding provisions of clause 2 4 of the Deed of Charge simultaneously to deliver to the Security Trustee the relevant Scottish Transfer pertaining to the Scottish Mortgages specified in the said Scottish Sub-Security,
- (d) if and when called upon to do so by the Security Trustee (but subject to the provisions of the Mortgage Sale Agreement), to use all reasonable endeavours and to take all such steps as are necessary to perfect legal title to the Scottish Loans and their Related Security, including without limitation the registration or recording of the LLP as heritable creditor under such Scottish Mortgages at the Registers of Scotland and intimation thereof to the relevant Borrowers, and
- (e) if and when called upon to do so by the Security Trustee, to use all reasonable endeavours to execute and deliver such documents, and in such form, and to take such other steps as the Security Trustee shall reasonably consider necessary to enable the Security Trustee to perfect a first ranking standard security over the right, title and interest of the LLP in and to such Scottish Mortgages and a first ranking fixed security over the right, title and interest of the LLP in and to the other Related Security for the Scottish Loans secured by such Scottish Mortgages and all sums secured thereby

1.5 Scottish Trust Security

- (a) The LLP undertakes forthwith upon the execution and delivery after the date of the Deed of Charge of each and every Scottish Declaration of Trust pursuant to clauses 3 1 or 4 9 of the Mortgage Sale Agreement, to execute and deliver to the Security Trustee a Scottish Supplemental Charge substantially in the form set out in schedule 5 of the Deed of Charge The other parties to the Deed of Charge consent to the entering into from time to time of such Scottish Supplemental Charges and the Security Trustee authorises and instructs the LLP to intimate and give notice to the relevant Seller of the assignation in security made thereunder as provided therein
- (b) The Seller undertakes to execute each such Scottish Supplemental Charge to which it is a party as trustee under each Scottish Declaration of Trust granted by it
- (c) The LLP undertakes to the Security Trustee at the time of delivery of any Scottish Supplemental Charge under the terms of clause 2 5(a) of the Deed of Charge simultaneously to deliver to the Security Trustee each Scottish Declaration of Trust specified therein

1.6 Contractual Rights

The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), assigns to the Security Trustee all of its right, title, benefit and interest, present and future, in, to and under the LLP Agreements (other than the Deed of Charge and any Scottish Declaration of Trust), including all rights to receive payment of any amounts which may become payable to it thereunder and all payments received by it thereunder including, without limitation, all rights to serve notices and/or make demands thereunder and/or to take such steps as are required to cause payments to become due and payable thereunder and all rights of action in respect of any breach thereof and all rights to receive damages or obtain relief in respect thereof, TO HOLD the same unto the Security Trustee absolutely

1.7 Accounts

The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), charges by way of first fixed charge in favour of the Security Trustee all of its rights, interest and benefit, present and future, in and to all monies now or at any time hereafter standing to the credit of

- (a) the GIC Account,
- (b) any Swap Collateral Account,
- (c) any Swap Payments Account,
- (d) the Stand-by GIC Account,
- (e) the Stand-by Transaction Account,
- (f) any Stand-by Swap Account, and
- (g) each other account (if any) in which the LLP may at any time have or acquire any right, title, benefit or interest,

and the debts represented by them together with all rights relating or attached thereto (including the right to interest paid or payable in relation to those debts), TO HOLD the same unto the Security Trustee absolutely

1.8 Excess Proceeds

The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), charges by way of first fixed charge in favour of the Security Trustee all of its right, title, interest and benefit, present and future in, to and under any Excess Proceeds received from the Bond Trustee pursuant to the Trust Deed and TO HOLD the same unto the Security Trustee absolutely

1.9 Authorised Investments and Substitution Assets

The LLP, by way of first fixed security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), charges by way of first fixed charge in favour of to the Security Trustee all of its right, title, interest and benefit in, to and under or in respect of any Authorised Investments and Substitution Assets purchased using monies standing to the credit of any LLP Account for the time being owned by it, including all monies, income and proceeds payable

thereunder and all rights in respect of or ancillary to such Authorised Investments and Substitution Assets, TO HOLD the same unto the Security Trustee absolutely

1.10 Floating Charge

The LLP, by way of first floating security for the payment and discharge of the Secured Obligations, subject to paragraph 2 (below), charges by way of first floating charge in favour of the Security Trustee the whole of its undertaking and all its property, assets, rights and revenues, whatsoever and wheresoever, both present and future, other than any property or assets from time to time or for the time being the subject of fixed charges or assignments pursuant to clauses 2 1 to 2 3 and 2 6 to 2 9 (both inclusive) of the Deed of Charge or otherwise effectively assigned by way of security, but extending over all of its undertaking, property, assets, rights and revenues as are situated in Scotland or governed by Scots law (whether or not the subject of fixed charges as aforesaid) The floating charge created by the Deed of Charge is a qualifying floating charge for the purpose of Paragraph 14 of Schedule B1 of the Insolvency Act 1986 and for the purpose of Paragraph 15 of Schedule B1 of the Insolvency (Northern Ireland) Order 1989 (as appropriate)

1.11 Title Guarantee

Each of the dispositions, assignments, assignations or charges over property effected in or pursuant to clauses 2 1 to 2 10 (inclusive) of the Deed of Charge is made with full title guarantee or, in the case of Northern Irish Loans and their Related Security, as beneficial owner or, in relation to Scottish Loans and their Related Security, with absolute warrandice

1.12 Further Acquired Rights

For the avoidance of doubt and subject to clauses 2 4 and 2 5 of the Deed of Charge, it is confirmed that reference herein to Loans (including English Loans, Scottish Loans and Northern Irish Loans), their Related Security and Insurance Policies and related rights under the same include those which are hereafter sold or transferred to or otherwise acquired by the LLP and that the security created by or pursuant to clauses 2 1 to 2 9 of the Deed of Charge are, and are intended to be, specific and fixed assignments and assignations by way of security of, or specific and fixed charges or standard securities over (as the case may be), the items to which they relate, both present and future acquired

1.13 Notice and Acknowledgement

- (a) The execution of the Deed of Charge by each Secured Creditor shall constitute notice to each of them of the assignment of all of the LLP's right, title, interest and benefit present and future in, to and under the agreements referred to in clause 2 6 of the Deed of Charge and the execution of the Deed of Charge by each of the Secured Creditors shall constitute an express acknowledgement by each of them of such conveyances, transfers, charges and assignments and other Security Interests made or granted by the foregoing provisions of clause 2 of the Deed of Charge and each of the Secured Creditors undertakes to the Security Trustee not to do anything inconsistent with the security given under or pursuant to the Deed of Charge or knowingly to prejudice the Security Interests in favour of the Security Trustee constituted hereunder or pursuant hereto or the Charged Property provided that, without prejudice to clause 19 of the Deed of Charge, nothing herein shall be construed as limiting the rights or obligations of any of the Secured Creditors exercisable or to be performed in accordance with and subject to the terms of any of the other Transaction Documents The LLP authorises and instructs each of the Secured Creditors in relation to the LLP's rights (but not its obligations) under the relevant Transaction Document(s) to deal with the Security Trustee without reference to the LLP

- (b) Each Secured Creditor acknowledges and consents to the assignment referred to in paragraph (a) above and confirms that
- (i) it will deal only with the Security Trustee in relation to the LLP's rights (but not its obligations) under the relevant Transaction Document(s) without reference to the LLP, and
 - (ii) as of the date of the Deed of Charge it has not received from any other person notice of any assignment or charge of any Charged Property

1.14 Security Trustee's Discretion

Subject to clause 22.2 of the Deed of Charge, without prejudice to the rights of the Security Trustee after the security created under or pursuant to the Deed of Charge has become enforceable, each of the parties acknowledge that and the LLP authorises the Security Trustee, prior to the security created by or pursuant to the Deed of Charge becoming enforceable, to exercise, or refrain from exercising, all rights, powers, authorities, discretions and remedies of the LLP under or in respect of the LLP Agreements referred to in clause 2.6 of the Deed of Charge in such manner as the Security Trustee in its absolute discretion shall think fit. For the avoidance of doubt, the Security Trustee shall not be required to have regard to the interests of the LLP in the exercise or non-exercise of any such rights, powers, authorities, discretions and remedies or to comply with any direction given by the LLP in relation thereto.

1.15 Declaration of Trust

The Security Trustee declares itself trustee of all the covenants, undertakings, charges, assignments, assignments and other Security Interests made or given to it or to be made or given to it under or pursuant to the Deed of Charge and the other LLP Agreements for itself and the other Secured Creditors in respect of the Secured Obligations owed to each of them respectively upon and subject to the terms and conditions of the Deed of Charge.

2. RELEASE OF CHARGED PROPERTY

2.1 On Payment and Discharge of Secured Obligations

Upon the irrevocable and unconditional payment and discharge of all the Secured Obligations to the satisfaction of the Security Trustee, the Security Trustee shall, at the written request and cost of the LLP, release, reassign or discharge the Charged Property to, or to the order of, the LLP.

2.2 Disposal of Authorised Investments and Substitution Assets

Upon the Cash Manager, on behalf of the LLP, making a disposal of any Authorised Investments or Substitution Assets charged pursuant to clause 2.9 of the Deed of Charge, the Security Trustee shall, if so requested in writing by the Cash Manager (but at the sole cost and expense (on an indemnity basis) of the LLP), but without being responsible for any loss, costs, claims or liabilities whatsoever occasioned and howsoever arising by so acting upon such request, release, reassign or discharge from the encumbrances constituted by the Deed of Charge the relevant Authorised Investments and/or Substitution Assets, provided that the proceeds of such disposal are paid into the LLP Account from which the monies to make such Authorised Investments or Substitution Assets were originally drawn, subject to and in accordance with the provisions of the Bank Account Agreement, the Cash Management Agreement and the Deed of Charge.

2.3 Withdrawals from LLP Accounts

From time to time, for the avoidance of doubt, there shall be deemed to be released from the Security Interests constituted by the Deed of Charge all amounts which the Cash Manager, on behalf of the LLP and the Security Trustee, is permitted to withdraw amounts from the LLP Accounts to apply them pursuant to the relevant Priorities of Payment and otherwise in accordance with the Cash Management Agreement and the Deed of Charge, any such release to take effect immediately upon the relevant withdrawal being made provided that where the relevant amount is transferred to another LLP Account, it shall thereupon become subject to the Security Interests constituted by the Deed of Charge in respect of such other LLP Account

2.4 Sale of the Portfolio

In the event of any sale of Loans (including Selected Loans) and their Related Security (and any other related rights under the same) by or on behalf of the LLP pursuant to and in accordance with the Transaction Documents, such Loans and their Related Security (and any other related rights under the same) shall no longer form part of the Portfolio and the Security Trustee shall, if so requested in writing by the LLP (at the sole cost and expense of the LLP), release, reassign or discharge those Loans and their Related Security (and any other related rights under the same) from the Security Interests created hereunder or pursuant to the Deed of Charge in respect thereof on or prior to the date of any such sale provided that the LLP shall have provided to the Security Trustee a certificate from two Authorised Signatories of the LLP that such sale of Loans and their Related Security has been made in accordance with the terms of the Transaction Documents and, in the case of Selected Loans only, that the Selected Loans have been selected on a Random Basis

3. CONTINUANCE OF SECURITY

3.1 Continuing Security

The charges, assignments and assignations and other Security Interests contained in or granted pursuant to the Deed of Charge

- (a) shall be without prejudice and in addition to and shall not merge with any other security whatsoever which may be held by the Secured Creditors or the Security Trustee on behalf of the Secured Creditors from the LLP or any other person for or in respect of the whole or part of the Secured Obligations, and
- (b) shall remain in force as continuing security for the Secured Obligations notwithstanding any settlement of account or the existence at any time of a credit balance on any current or other account or any other act, event or matter whatsoever

3.2 Acknowledgement

The LLP acknowledges the assignments, charges and other Security Interests made or granted by the foregoing provisions of the Deed of Charge and undertakes to the Security Trustee not to do anything inconsistent with the security given under or pursuant to the Deed of Charge or knowingly to prejudice the security granted to the Security Trustee under or pursuant to the Deed of Charge or the Charged Property or the Security Trustee's interest therein and the LLP covenants and undertakes not to permit the validity, effectiveness, or priority of the security given under or pursuant to the Deed of Charge to be postponed, amended, terminated or discharged

3.3 Accession of New Secured Creditors

As a condition precedent to any new Series or Tranche, as applicable, of Covered Bonds issued under the Programme, any New Secured Creditor shall accede to the terms of the Deed of Charge by executing an Accession Undertaking in the form or substantially in the form set out in schedule 2 to the Deed of Charge, to be countersigned by the LLP, the Security Trustee and the Bond Trustee

4. CRYSTALLISATION

4.1 Notice

In addition and without prejudice to any other event resulting in a crystallisation of the floating charge created by or pursuant to the Deed of Charge or any other right the Security Trustee may have, the Security Trustee may, at any time, if

- (a) it believes that the Charged Property or any part thereof is in danger of being seized or sold under any form of distress, diligence or execution levied or threatened or is otherwise in jeopardy or imperilled, or
- (b) any circumstance shall occur which, in the reasonable opinion of the Security Trustee, materially prejudices, imperils, threatens or is likely to do any of the foregoing in respect of the security created by or pursuant to the Deed of Charge or the LLP takes or threatens to take any action that would be materially prejudicial to, or would be materially inconsistent with, the security created by the Deed of Charge or pursuant hereto,
- (c) an LLP Event of Default is outstanding

by notice in writing to the LLP (and so far as permitted by applicable law) convert the floating charge created by the Deed of Charge into a first specific fixed charge or first ranking fixed security as to all of the undertakings, property and assets or such of them as may be specified in the notice, and by way of further assurance, the LLP, at its own expense, shall execute all documents in such form as the Security Trustee shall reasonably require and shall deliver to the Security Trustee all conveyances, deeds, certificates and documents which may be necessary to perfect or, in respect of Scottish assets, to create and perfect, such first specific fixed charge or first ranking fixed security

4.2 Automatic Crystallisation

Subject as set out below, in addition and without prejudice to any other event resulting in a crystallisation of the floating charge, the floating charge contained herein shall automatically (without any further action on the part of the Security Trustee and so far as permitted by applicable law) be converted into a fixed charge over all property, assets or undertaking of the LLP subject to the floating charge, if and when

- (a) the Bond Trustee serves an LLP Acceleration Notice on the LLP,
- (b) the LLP ceases to carry on all or substantially all of its business or ceases to be a going concern, or
- (c) the LLP stops making payments to its creditors or gives notice to creditors that it intends to stop payment, or
- (d) the holder of any other Encumbrance in relation to the LLP, whether ranking in priority to or *pari passu* with or after the charges contained in the Deed of Charge, appoints a Receiver, or

- (e) any floating charge granted by the LLP to any other person (whether permitted by the Transaction Documents or not) crystallises for any reason whatsoever

The floating charge created by clause 2.10 of the Deed of Charge above may not be converted into a fixed charge solely as a result of the obtaining of a moratorium (or anything done with a view to obtaining a moratorium) under the Insolvency Act 2000 (or under the Insolvency (Northern Ireland) Order 2002, if appropriate) except with leave of the court

4.3 Failure of Petition for Administration or Winding-up

If any petition for the administration or winding-up of the LLP is dismissed or withdrawn or a resolution for winding-up the LLP is not passed by the necessary majority, then without prejudice to any rights exercisable otherwise than in consequence of the presentation of such petition or resolution and subject to anything done in the meantime in pursuance of the powers given by the Deed of Charge and subject to the provisions contained in the Deed of Charge as to costs charges and expenses incurred and payments made, possession of the Charged Property will be restored to the LLP, and the LLP and all persons concerned will be remitted to their original rights provided that the Security Trustee is satisfied that its security position at that time is not materially different from that as at the date of the Deed of Charge

5. POWER OF ATTORNEY, ETC.

5.1 Execution of Power of Attorney

Prior to the execution of the Deed of Charge, the LLP has executed and delivered to the Security Trustee and each Receiver and/or administrator a power of attorney in or substantially in the form set out in schedule 1 of the Deed of Charge. For the avoidance of doubt, the Security Trustee confirms that it may only exercise the powers conferred under such power of attorney in the circumstances set out in paragraph 1 of schedule 1 of the Deed of Charge

5.2 Charged Property on Trust

To the extent that it is permitted to do so under the Transaction Documents, for the purpose of giving effect to the Deed of Charge, the LLP declares that, after the Security created under or pursuant to the Deed of Charge has become enforceable, it will hold all of the Charged Property (subject to the right of redemption) upon trust for the Security Trustee and agrees to convey, assign or otherwise deal with such Charged Property in such manner and to such person as the Security Trustee shall direct, and declares that it shall be lawful for the Security Trustee to appoint a new trustee or trustees of the Charged Property in place of the LLP

6. OTHER SECURITY, ETC.

6.1 No Merger

The Security Interests contained in or created pursuant to the Deed of Charge are in addition to, and shall neither be merged in, nor in any way exclude or prejudice any other Security Interests, right of recourse, set-off or other right whatsoever which the Security Trustee or any Secured Creditor may now or at any time hereafter hold or have (or would apart from the Deed of Charge or any charge contained or created pursuant to the Deed of Charge hold or have) as regards the LLP or any other person in respect of the Secured Obligations, and neither the Security Trustee (subject to the provisions of clause 19.5 of the Deed of Charge) nor any Secured Creditor shall be under any obligation to take any steps to call in or to enforce any security for the Secured Obligations, and shall not be liable to the LLP for any loss arising from any omission on the part of the Security Trustee or

any Secured Creditor to take any such steps or for the manner in which the Security Trustee or any Secured Creditor shall enforce or refrain from enforcing any such security

7. COVENANTS AND WARRANTIES

7.1 Negative Covenants

So long as any of the Secured Obligations remain outstanding, the LLP shall not, save to the extent permitted or contemplated by or provided for in the Transaction Documents or with the prior written consent of the Security Trustee

- (a) create or permit to subsist any Security Interest whatsoever (unless arising by operation of law) upon the whole or any part of its assets or its undertaking, present or future,
- (b)
 - (i) carry on any business other than as described from time to time in the LLP Deed, or
 - (ii) have any subsidiaries or any subsidiary undertakings (as defined in the Companies Act 1985 as modified for limited liability partnerships) or any employees or premises,
- (c) sell, assign, transfer, convey, lend, part with, charge, declare a trust over, create any beneficial interest in or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of the Charged Property, or any of its interest, estate, right, title or benefit therein or thereto or agree or attempt or purport to do so,
- (d) pay any Capital Distributions or any other amounts to its Members,
- (e) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person,
- (f) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person,
- (g) permit any of the Transaction Documents to which it is a party to become invalid or ineffective, or the priority of the Security Interests created thereby to be reduced, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of any of the Transaction Documents to which it is a party, or permit any party to any of the Transaction Documents to which it is a party or any other person whose obligations form part of the Charged Property to be released from its respective obligations,
- (h) have an interest in any bank account other than the LLP Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to it,
- (i) permit any person other than the LLP and the Security Trustee to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein, or
- (j) engage in any activities in the United States (directly or through agents) or derive any income from United States sources as determined under United States income tax principles or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States tax principles

SCHEDULE 3

In this Form LLP395

€, Euro or euro means the lawful currency for the time being of the Member States of the European Union that have adopted or may adopt the single currency introduced at the start of the third stage of European Economic 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 and the Treaty of Amsterdam of 2 October 1997 establishing the European Community,

£, Sterling, sterling or pounds sterling means the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland,

\$, U.S.\$, U.S. Dollars or US Dollars means the lawful currency for the time being of the United States of America,

Accession Undertaking means a form of deed of accession to the Deed of Charge substantially in the form set out in **Schedule 2** to the Deed of Charge,

Account Bank means Alliance & Leicester plc, a public limited company incorporated under the laws of England and Wales and whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL,

Accrual Period means, in accordance with Condition 4 8(c)(1)(A) of the Terms and Conditions, the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date,

Accrued Interest means, in relation to a Loan as at any date, interest accrued but not yet due and payable on the Loan from (and including) the Monthly Payment Day immediately preceding the relevant date to (but excluding) the relevant date,

Agency Agreement means the agency agreement dated the Programme Date and made between the Issuer, the LLP, the Bond Trustee, the Security Trustee, the Principal Paying Agent, the Registrar and the Transfer Agent (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Agents means the Paying Agents, the Registrar, any Exchange Agent, the Transfer Agents and any Calculation Agent,

Agreement Date means, in respect of any Covered Bond, the date on which agreement is reached for the issue of such Covered Bond as contemplated in **Clause 2** of the Programme Agreement which, in the case of the Covered Bonds issued on a syndicated basis or otherwise in relation to which a Subscription Agreement is entered into, shall be the date on which the relevant Subscription Agreement is signed by or on behalf of all the parties to it,

Alliance & Leicester means Alliance & Leicester plc (registered number 0326371), a public limited company incorporated under the laws of England and Wales, whose registered office is at Carlton Park, Narborough, Leicester, LE19 0AL,

Alliance & Leicester Group means Alliance & Leicester plc and its Subsidiaries collectively,

Alliance & Leicester Insurance Policies means

- (a) the Lender Interest-Only Policy,
- (b) the Title Insurance Policy, and
- (c) the Properties in Possession Policy,

Amortised Face Amount has the meaning given to it in Condition 6 7(iii) (*Redemption and Purchase – Early Redemption Amounts*) of the Terms and Conditions,

Appendix means **Appendix 1** to the Mortgage Sale Agreement which sets out details of the Provisional Portfolio and **Appendix 2** to the Mortgage Sale Agreement which sets out details of the Standard Documentation,

in Arrears or **in arrears** means, in respect of a Mortgage Account, that one or more Monthly Payments in respect of such Mortgage Account have become due and remain unpaid by a Borrower,

Arrears of Interest means, in relation to a Loan as at any date, the aggregate of all interest and expenses which are due and payable and unpaid on that date,

Asset Monitor means a reputable institution acceptable to the Rating Agencies appointed as such under the Asset Monitor Agreement,

Asset Monitor Agreement means the asset monitor agreement entered into on the Programme Date between the Asset Monitor, the LLP, the Cash Manager, the Issuer, the Bond Trustee and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Assignment Date means each of the First Assignment Date and each other date on which a New Portfolio is assigned to the LLP in accordance with the terms of the Mortgage Sale Agreement,

Audited Accounts means the balance sheet and profit and loss account of the LLP prepared and audited in accordance with **Clause 25** of the LLP Deed together with the notes to such accounts,

Authorised Investments means each of

- (a) Sterling gilt-edged securities having a remaining maturity date of 30 days or less and maturing on or before the next following LLP Payment Date,
- (b) Sterling demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that in all cases such investments have a remaining period to maturity of 30 days or less and mature on or before the next following LLP Payment Date and the short-term, unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least A-1 by S&P, P-1 by Moody's and F1 by Fitch,
- (c) Sterling denominated government and public securities, as defined from time to time by the FSA, provided that such investments have a remaining period to maturity of 30 days or less and mature on or before the next following LLP Payment Date and which are rated Aaa by Moody's, AAA by S&P and AAA by Fitch
- (d) Sterling denominated residential mortgage backed securities provided that such investments have a remaining period to maturity of 30 days or less and mature on or before the next

following LLP Payment Date, are actively traded in a continuous, liquid market on a recognised stock exchange, are held widely across the financial system, are available in an adequate supply and which are rated at least Aaa by Moody's, AAA by S&P and AAA by Fitch,

provided that such Authorised Investments comply with the requirements of Regulation 2(1)(a) of the RCB Regulations,

Authorised Signatory means (a) in relation to the Bank Account Agreement, any authorised signatory referred to in the Swap Payments Account Mandate or the GIC Account Mandate, as applicable, and (b) in relation to the Stand-by Bank Account Agreement, any authorised Signatory referred to in the Stand-by Transaction Account Mandate or the Stand-by GIC Account Mandate, as applicable

Available Principal Receipts means, on a relevant Calculation Date, an amount equal to the aggregate of (without double counting)

- (a) the amount of Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger on the GIC Account,
- (b) any other amount standing to the credit of the Principal Ledger including (i) the proceeds of any Term Advance (where such proceeds have not been applied to acquire New Portfolios or invest in Substitution Assets), (ii) any Cash Capital Contributions received from a Member (other than those Cash Capital Contributions credited to the Reserve Ledger on the GIC Account) and (iii) the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement to the extent that such proceeds represent principal, but excluding any amount of principal received under the Covered Bond Swap Agreements, and
- (c) the amount of any termination payment received from a Swap Provider which is not applied to acquire a replacement for the relevant terminated Swap,

Less

- (d) any Swap Collateral Excluded Amounts,

Available Revenue Receipts means, on a relevant Calculation Date, an amount equal to the aggregate of (without double counting)

- (a) the amount of Revenue Receipts received during the immediately preceding Calculation Period and credited to the Revenue Ledger on the GIC Account,
- (b) other net income of the LLP including all amounts of interest received on the LLP Accounts, the Substitution Assets and any Authorised Investments in the preceding Calculation Period and the proceeds from any sale of Loans (including, but not limited to, Selected Loans) pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement to the extent that such proceeds comprise Accrued Interest and Arrears of Interest or other interest amounts, but excluding amounts received by the LLP under the Interest Rate Swap Agreement and amounts in respect of interest received by the LLP under each Covered Bond Swap Agreement,
- (c) amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount,

- (d) any other revenue receipts not referred to in paragraphs (a) to (c) (inclusive) above received during the previous Calculation Period and standing to the credit of the Revenue Ledger on the GIC Account,
- (e) following service of a Notice to Pay, amounts standing to the credit of the Reserve Fund, and
- (f) the amount of any premium received by the LLP from a new Swap Provider as consideration for the entry by the LLP into a new Swap, except to the extent applied to pay any termination payment under the relevant Swap being replaced,

Less

- (g) Third Party Amounts, which shall be paid on receipt of cleared funds to the Seller,
- (h) Tax Credits, and
- (i) Swap Collateral Excluded Amounts,

BACS means the Bankers' Automated Clearing Service as amended from time to time or any scheme replacing the same,

Bank Account Agreement means the bank account agreement entered into on the Programme Date between the LLP, the Account Bank, the Cash Manager and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Banking Act means the Financial Services Act and Legislative Decree No 385 of 1 September 1993 of the Republic of Italy, as amended,

Basel Committee means the Basel Committee on Banking Supervision,

Base Rate-Linked Rate means the rate of interest that applies to the Base Rate Loans in the Portfolio that is a margin (expressed as a percentage figure) above and/or equal to and/or below the Bank of England Base Rate,

Base Rate Loans means those Loans to the extent that and for such period that their Mortgage Terms provide that they are subject to the Base Rate-Linked Rate,

Bearer Covered Bonds means Covered Bonds in bearer form,

Bearer Definitive Covered Bond means a Bearer Covered Bond in definitive form issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Trust Deed in exchange for either a Temporary Global Covered Bond or part thereof or a Permanent Global Covered Bond (all as indicated in the applicable Final Terms Document), such Bearer Covered Bond in definitive form being substantially in the form set out in **Part 3 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues) and having the Terms and Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Terms and Conditions by reference as indicated in the applicable Final Terms Document and having the relevant information supplementing, replacing or modifying the Terms and Conditions appearing in the applicable Final Terms Document endorsed thereon or attached thereto and (except in the case of a Zero Coupon

Covered Bond in bearer form) having Coupons and, where appropriate, Receipts and/or Talons attached thereto on issue,

Bearer Global Covered Bonds means Global Covered Bonds in bearer form, comprising Temporary Global Covered Bonds and Permanent Global Covered Bonds, substantially in the forms set out in **Parts 1 and 2**, respectively, of **Schedule 2** to the Trust Deed,

Beneficial Owner means each actual purchaser of each DTC Covered Bond,

block voting instruction has the meaning given to it in **Schedule 4** to the Trust Deed,

Bond Trustee means HSBC Corporate Trustee Company (UK) Limited in its capacity as bond trustee under the Trust Deed together with any successor or additional bond trustee appointed from time to time thereunder,

Borrower means, in relation to a Loan, each individual specified as such in the relevant Mortgage Terms together with each individual (if any) from time to time assuming an obligation to repay such Loan or any part of it,

Buildings Policies means

- (a) all buildings insurance policies relating to freehold, heritable or Scottish leasehold Properties which have been taken out in the name of the relevant Borrower in accordance with the applicable Mortgage Terms, and
- (b) all landlord's buildings insurance policies relating to leasehold Properties including Properties in Scotland held under a long lease,

Business Day means a day which is both

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms Document, and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre, or as otherwise specified in the applicable Final Terms Document or (ii) in relation to any sum payable in euro, a day on which the TARGET System is open,

Calculation Agency Agreement in relation to any Series of Covered Bonds means an agreement in or substantially in the form of **Schedule 1** to the Agency Agreement,

Calculation Agent means, in relation to one or more Series of Variable Interest Covered Bonds, the person initially appointed as calculation agent in relation to such Covered Bonds by the Issuer and the LLP pursuant to the Agency Agreement or, if applicable, any successor calculation agent in relation to such Covered Bonds,

Calculation Amount in relation to any Series of Covered Bonds has the meaning given to it in the applicable Final Terms Document,

Calculation Date means the third London Business Day prior to each LLP Payment Date,

Calculation Period means the period from (and including) one Calculation Date to (but excluding) the next following Calculation Date, except that the first Calculation Period shall commence on (and include) the first Issue Date under the Programme and end on (but exclude) the next following Calculation Date,

Capital Account Ledger means the ledger maintained by the Cash Manager on behalf of the LLP in respect of each Member to record the balance of each Member's Capital Contributions from time to time,

Capital Balance means for a Loan at any date the principal balance of that Loan to which the Servicer applies the relevant interest rate at which interest on that Loan accrues,

Capital Contribution means, in relation to each Member, the aggregate of the capital contributed by that Member to the LLP from time to time by way of Cash Capital Contributions and Capital Contributions in Kind as determined on each Calculation Date in accordance with the formula set out in the LLP Deed,

Capital Contribution Balance means the balance of each Member's Capital Contributions as recorded from time to time in the relevant Member's Capital Account Ledger,

Capital Contribution in Kind means a contribution of Loans and their Related Security to the LLP in an amount equal to (a) the Current Balance of those Loans as at the relevant Assignment Date minus (b) any cash payment paid by the LLP for the Loans and their Related Security on that Assignment Date, together with (i) the principal amount of all Flexible Loan Drawings and Further Advances in respect of such Loans which are funded by the Seller as a Member of the LLP and (ii) Capitalised Arrears added to the principal amount outstanding of such Loans,

Capital Distribution means any return on a Member's Capital Contribution in accordance with the terms of the LLP Deed (and excluding, for the avoidance of doubt, any Deferred Consideration),

Capitalised Arrears means, in relation to a Loan at any date (the **determination date**), the amount (if any) at such date of any Arrears of Interest in respect of which, on or prior to the determination date, each of the following conditions has been satisfied

- (a) the Seller (or the Servicer on the Seller's behalf) has, by arrangement with the relevant Borrower, agreed to capitalise such Arrears of Interest, and
- (b) such Arrears of Interest have been capitalised and added, in the relevant accounts of the Seller (or, if the determination date occurs after the First Assignment Date, the LLP), to the principal amount outstanding in respect of such Loan,

Capitalised Expenses means, in relation to a Loan, the amount of any expense, charge, fee, premium or payment (excluding, however, any Arrears of Interest) capitalised and added to the principal amount outstanding in respect of such Loan in accordance with the relevant Mortgage Terms (including for the avoidance of doubt, any High Loan-to-Value Fee),

Capitalised Interest means the increase in the Current Balance of a Flexible Loan that occurs as a result of the relevant Borrower having taken a Payment Holiday in respect of interest on that Flexible Loan, such increase to be in an amount equal to the Accrued Interest that was due but not paid,

Cash means cash and/or amounts standing to the credit of a bank account, as the context shall require,

Cash Capital Contribution means a capital contribution to the LLP made in cash whether by way of loan or otherwise ,

Cash Flow Model Calculation Date means the Calculation Date falling in January, April, July and October of each year (commencing on the Calculation Date falling in July 2008),

Cash Manager means Alliance & Leicester plc in its capacity as cash manager or any successor cash manager appointed from time to time,

Cash Management Agreement means the cash management agreement entered into on the Programme Date between the LLP, Alliance & Leicester in its capacity as the Cash Manager and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Cash Management Services means the services to be provided to the LLP and the Security Trustee pursuant to the Cash Management Agreement,

Cash Manager Termination Event has the meaning given to it in **Clause 11** of the Cash Management Agreement,

Cash Withdrawal means a cash withdrawal made by a Borrower in the amount of all or part of the accrued Overpayments,

CCA means the Consumer Credit Act 1974,

CCA 2006 means the Consumer Credit Act 2006,

CCA Mortgages means any Loans and their Related Security in the Initial Portfolio or any New Portfolio (and each Product Switch and Further Advance made in respect thereof) which in respect of the English Loans are regulated by the CCA and documented on the following forms

- (a) A&L Regulated Mortgage Conditions 1997 (England & Wales) - 1500107 G385 EW 6-00 (pdf),
- (b) A&L Regulated Mortgage Conditions 2002 (England & Wales) -1500520 E-W 10-02 (pdf) - this document was provided with the 1997 documents,
- (c) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA I01 3-98 EW (pdf),
- (d) Credit Agreement (Second Copy) - linked to the 1997 conditions - CCA I02 3-98 EW (pdf),
- (e) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA R2 3-98 EW (pdf),
- (f) Running Account Credit Facility (Advance Copy) - B7 - 1998 - 2Yr FTB BRT Flexible RACA 9 99 (E&W) (Word document),
- (g) Running Account Credit Facility (Advance Copy) - B7a - 1998 - 3 Yr Discount Flexible RACA 9 99 (E&W) (Word document),
- (h) Credit Agreement (Advance Copy) - B4 - 2002 RACA 1 (pdf),

- (i) Credit Agreement (Second Copy) - B4 - 2002 RACA 2 (pdf), and
- (j) A&L Mortgage Conditions 2002 (England & Wales),

and in respect of the Scottish Loans and Northern Ireland Loans which are stated to be regulated by the CCA and documented on the following forms

- (k) A&L Regulated Mortgage Conditions 1997 (Scotland) - 1500110 SCO 6-00 (pdf),
- (l) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA I01 3-98 S (pdf),
- (m) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA R1 3-98 S (pdf),
- (n) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA I01 3-98 S (pdf),
- (o) A&L Regulated Mortgage Conditions 2002 (Scotland) - 1500523 Sco 10-02 (pdf),
- (p) A&L Regulated Mortgage Conditions 1997 (Northern Ireland) - 1500111 NI 6-00 (pdf),
- (q) A&L Regulated Mortgage Conditions 2002 (Northern Ireland) -1500522 NI 10-02 (pdf);
- (r) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA R26-98 NI (pdf),
- (s) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA R1 6-98 NI (pdf),
- (t) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA I02 6-98 NI (pdf),
- (u) Credit Agreement (Advance Copy) - linked to the 1997 conditions - CCA I01 6-98 NI (pdf), and
- (v) Mortgage Trust Deed (Regulated Loan) – linked to the conditions to which it applies – G3585 NI (6/00),

Certificate of Title means a solicitor's, licensed conveyancer's or (in Scotland) qualified conveyancer's report or certificate of title obtained by or on behalf of the Seller in respect of each Property substantially in the form of the pro-forma set out in the Standard Documentation,

Charged Property means the property, assets and undertakings charged by the LLP pursuant to **Clause 2** of the Deed of Charge,

Clearing Systems means DTC, Euroclear and/or Clearstream, Luxembourg,

Clearstream, Luxembourg means Clearstream Banking, société anonyme or its successors,

CML means the Council of Mortgage Lenders,

Commencement Date means the date of the Master Definitions and Construction Agreement,

Common Depositary means the common depositary for Euroclear and Clearstream, Luxembourg,

Common Safekeeper means Euroclear or any entity so determined pursuant to **Clause 2.8** of the Agency Agreement,

Companies Act means the Companies Act 1985 as amended (including the Companies Act 1985 as it applies to limited liability partnerships) and any regulations made pursuant to that Act,

Completion means the completion of the sale and purchase of the Portfolio pursuant to and in accordance with **Clause 6** of the Mortgage Sale Agreement,

Confirmation Letter means

- (a) in respect of the appointment of a third party as a Dealer for the duration of the Programme, the Confirmation Letter substantially in the form set out in **Part 2** of **Appendix 3** of the Programme Agreement, and
- (b) in respect of the appointment of a third party as a Dealer for one or more particular issue(s) of Covered Bonds under the Programme, the Confirmation Letter substantially in the form set out in **Part 4** of **Appendix 3** of the Programme Agreement,

Corporate Services Agreement means the corporate services agreement dated the Programme Date entered into by the Liquidation Member and Holdings, with, *inter alios*, the Corporate Services Provider and the LLP,

Corporate Services Provider means SFM Limited acting through its office at 35 Great St Helen's, London EC3A 6AP, in its capacity as corporate services provider, together with any successor corporate services provider appointed from time to time,

Coupon means an interest coupon appertaining to a Bearer Definitive Covered Bond (other than a Zero Coupon Covered Bond), such coupon being

- (a) if appertaining to a Fixed Rate Covered Bond, substantially in the form set out in **Part 5A** of **Schedule 2** to the Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), or
- (b) if appertaining to a Floating Rate Covered Bond or an Index Linked Interest Covered Bond, substantially in the form set out in **Part 5B** of **Schedule 2** to the Trust Deed or in such other form, having regard to the terms of issue of the Covered Bonds of the relevant Series, as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s), or
- (c) if appertaining to a Bearer Definitive Covered Bond which is neither a Fixed Rate Covered Bond nor a Floating Rate Covered Bond nor an Index Linked Interest Covered Bond, in such form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s),

Couponholders means the holders of the Coupons (which expression shall, unless the context otherwise requires, include the holders of the Talons),

Covered Bond means each covered bond issued or to be issued pursuant to the Programme Agreement and which is or is to be constituted under the Trust Deed, which covered bond may be represented by a Global Covered Bond or any Definitive Covered Bond and includes any replacements for a Covered Bond issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Terms and Conditions,

Covered Bond Guarantee means an unconditional and irrevocable guarantee by the LLP in the Trust Deed for the payment (following service of a Notice to Pay or an LLP Acceleration Notice) of Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment,

Covered Bond Swap means each transaction between the LLP, the relevant Covered Bond Swap Provider and the Security Trustee pursuant to a Covered Bond Swap Agreement,

Covered Bond Swap Agreement means each agreement between the LLP, a Covered Bond Swap Provider and the Security Trustee governing any Covered Bond Swaps in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex,

Covered Bond Swap Early Termination Event means a Termination Event or Event of Default (each as defined in the relevant Covered Bond Swap Agreement), excluding a Swap Provider Downgrade Event, pursuant to which the Non-defaulting Party or the party that is not the Affected Party (each as defined in the relevant Covered Bond Swap Agreement), as applicable, may terminate the Covered Bond Swap Agreement,

Covered Bond Swap Provider means each provider of a Covered Bond Swap under a Covered Bond Swap Agreement,

Covered Bond Swap Rate means, in relation to a Series of Covered Bonds, the exchange rate specified in the Covered Bond Swap relating to such Covered Bonds or, if the relevant Covered Bond Swap Agreement has terminated, the applicable spot rate,

Covered Bondholders means the several persons who are for the time being holders of outstanding Covered Bonds (being, in the case of Bearer Covered Bonds, the bearers thereof and, in the case of Registered Covered Bonds, the several persons whose names are entered in the register of holders of the Registered Covered Bonds as the holders thereof) save that, in respect of the Covered Bonds of any Series, for so long as such Covered Bonds or any part thereof are represented by a Bearer Global Covered Bond deposited with a common depositary for Euroclear and Clearstream, Luxembourg, or, as the case may be, the Common Safekeeper, or so long as DTC, Euroclear or Clearstream, Luxembourg or its nominee is the registered holder of a Registered Global Covered Bond, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) or, as the case may be, DTC or its nominee, as the holder of a particular principal amount of the Covered Bonds of such Series shall be deemed to be the holder of such principal amount of such Covered Bonds (and the holder of the relevant Global Covered Bond shall be deemed not to be the holder) for all purposes of the trust presents other than with respect to the payment of principal or interest on such principal amount of such Covered Bonds and, in the case of DTC or its nominee, voting, giving consents and making requests pursuant to the trust presents, the rights to which shall be vested, as against the Issuer, the LLP and the Bond Trustee, solely in such common depositary or, as the case may be, DTC or its nominee and for which purpose such common depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such principal amount of such Covered Bonds in accordance with and subject to its terms and the provisions of the trust presents and the expressions **Covered Bondholder**, **Holder** and **holder of Covered Bonds** and related expressions shall be construed accordingly,

Credit Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to the creditworthiness of, performance of obligations by or some other factor relating to one or more reference entities, as set out in the applicable Final Terms Document,

Current Balance means in relation to a Loan at any given date (the **determination date**), the aggregate (without double counting) of

- (a) the Initial Advance,

- (b) Capitalised Expenses,
- (c) Capitalised Interest,
- (d) Capitalised Arrears, and
- (e) Further Advances and/or Flexible Loan Drawings,

in each case relating to such Loan less any prepayment, repayment or payment of any of the foregoing made on or prior to the determination date,

Custodian means any custodian with whom the relevant Registered Global Covered Bonds have been deposited,

Customer Files means the file or files relating to each Loan and its Related Security containing, *inter alia*

- (a) all material correspondence relating to that Loan, and
- (b) the completed mortgage documentation applicable to the Loan (other than the Title Deeds) including (where available) the Valuation Report and, in relation to Loans which are not advanced as part of the Seller's Mortgage Transfer Service, the solicitor's or licensed or (in Scotland) qualified conveyancer's Certificate of Title,

whether original documentation, in electronic form or otherwise or information provided by such documentation stored on an electronic database,

Data Controller means the LLP,

Data Processor means the Servicer,

Data Protection Act means the Data Protection Act 1998,

Data Subject shall have the same meaning as is assigned to it in the Data Protection Act,

Date of Admission means, in relation to a New Member, the date on which that New Member enters into a Deed of Admission,

Day Count Fraction means, in the case of a Fixed Rate Covered Bond, the meaning given in Condition 4.1 (*Interest – Interest on Fixed Rate Covered Bonds*) of the Terms and Conditions and in the case of a Floating Rate Covered Bond, the meaning given in Condition 4.2 (*Interest – Interest on Floating Rate Covered Bonds and Index Linked Interest Covered Bonds*) of the Terms and Conditions,

D.D. Date means the date of delivery to the Account Bank or BACS (as the case may be) of such instructions as may be necessary from time to time for the debit of a Borrower's account in respect of which there is a direct debit mandate,

Dealers means any dealers appointed from time to time in accordance with the Programme Agreement, which appointment may be for a specific issue or on an ongoing basis. References to the **relevant Dealer(s)** shall, in the case of an issue of Covered Bonds being (or intended to be) subscribed for by more than one Dealer, be to all Dealers agreeing to subscribe for such Covered Bonds,

Deed of Accession means the accession undertaking included as **Schedule 2** to the Deed of Charge,

Deed of Charge means the deed of charge dated the Programme Date and made between the LLP, the Bond Trustee, the Security Trustee and the other Secured Creditors (as amended and / or supplemented and / or restated from time to time and including each further charge or security granted pursuant thereto),

Deed of Consent means a deed whereby a person in or intended to be in occupation of a Property agrees with the Seller to postpone his or her interest (if any) in the Property so that it ranks after the interest created by the relevant Mortgage,

Deed of Postponement means a deed or agreement whereby a mortgagee of or a heritable creditor in relation to a Property agrees with the Seller to postpone its mortgage or standard security (as appropriate) over the Property so that the sums secured by it will rank for repayment after the sums secured by the relevant Mortgage,

Defaulted Covered Bond has the meaning given in **Clause 6.6** of the Agency Agreement,

Defaulted Loan means any Loan in the Portfolio which is three months or more in arrears,

Deferred Consideration means the consideration payable to the Seller in respect of the Loans sold to the LLP from time to time, which is payable after making payments of a higher order of priority as set out in the relevant Priority of Payments,

Definitive Covered Bond means a Bearer Definitive Covered Bond and/or a Registered Definitive Covered Bond, as the context may require,

Definitive Regulation S Covered Bond means a Registered Covered Bond in definitive form sold to non-U S persons outside the United States in reliance on Regulation S,

Definitive Rule 144A Covered Bond means a Registered Covered Bond in definitive form sold in the United States to QIBs pursuant to Rule 144A,

Delayed Cashback means, in relation to any Loan, an agreement by the Seller to pay an amount to the relevant Borrower after a specified period of time following completion of the relevant Loan,

Dematerialised Loan means an English Loan completed on or after 13 October 2003 in relation to which the Seller is not required by law to hold any deeds or documents in order to evidence title to the relevant Property or any rights in relation to the relevant Property or the Seller's Mortgage of the relevant Property and in relation to which the Seller does not retain Title Deeds or a Scottish Loan completed on or after 22 January 2007 in relation to which land and charge certificates are available in electronic form only,

Designated Account has the meaning given to it in Condition 5 4 (*Payments – Payments in respect of Registered Covered Bonds*) of the Terms and Conditions,

Designated Bank has the meaning given to it in Condition 5 4 (*Payments – Payments in respect of Registered Covered Bonds*) of the Terms and Conditions,

Designated Maturity has the meaning given to it in the ISDA Definitions,

diligence means the process (under Scots law) by which a creditor attaches the property of a debtor to implement or secure a court decree or judgment,

Directors means the directors for the time being of the Issuer,

Direct Participants means direct participants in DTC,

Disclosure Documents means, in relation to an issue of Covered Bonds, the Final Terms Document together with the Prospectus and, if applicable, any relevant Pricing Supplement and any Issuer Written Information,

Drawdown Date means, in respect of any Term Advance, the date on which that Term Advance is made by the Issuer to the LLP as specified in the Request relating to that Term Advance,

DTC means The Depository Trust Company or its successors,

DTC Covered Bonds means Registered Covered Bonds accepted into DTC's book-entry settlement system,

DTCC means The Depository Trust & Clearing Corporation,

Due for Payment means the requirement by the LLP to pay any Guaranteed Amount

- (a) following service of a Notice to Pay but prior to service of an LLP Acceleration Notice
 - (i) (except where paragraph (ii) below applies) on the date on which the Scheduled Payment Date in respect of such Guaranteed Amount is reached, or, if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to the relevant Series of Covered Bonds, on the Interest Payment Date that would have applied if the Final Maturity Date of such Series of Covered Bonds had been the Extended Due for Payment Date or such other Interest Payment Date(s) specified in the applicable Final Terms Document (the **Original Due for Payment Date**), and
 - (ii) in relation to any Guaranteed Amount in respect of the Final Redemption Amount payable on the Final Maturity Date of a Series of Covered Bonds for which an Extended Due for Payment Date is specified in the applicable Final Terms Document, on the Extended Due for Payment Date, but only to the extent that the LLP, having received the Notice to Pay no later than the date falling one Business Day prior to the Extension Determination Date, does not pay Guaranteed Amounts corresponding to the full amount of the Final Redemption Amount in respect of such Series of Covered Bonds by the Extension Determination Date, because the LLP has insufficient moneys available under the Guarantee Priority of Payments to pay such Guaranteed Amounts in full on the earlier of (1) the date which falls two Business Days after service of the Notice to Pay on the LLP or, if later, the Final Maturity Date (in each case after the expiry of the grace period set out in Condition 9 2(a)) and (2) the Extension Determination Date

For the avoidance of doubt, Due for Payment does not refer to any earlier date upon which payment of any Guaranteed Amounts may become due under the guaranteed obligations, by reason of prepayment, acceleration of maturity, mandatory or optional redemption or otherwise, or

- (b) following service of an LLP Acceleration Notice, on the date on which the LLP Acceleration Notice is served on the Issuer and the LLP,

Early Redemption Amount has the meaning given to it in the applicable Final Terms Document,

EMU means the European Monetary Union,

Encumbrance has the same meaning as **Security Interest**,

English Mortgage means a Mortgage over an English Property,

English Mortgage Conditions means the Mortgage Conditions applicable to English Loans,

English Loans means Loans secured by an English Mortgage,

English Property means a Property situated in England or Wales,

Equity Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to the price, value, performance or some other factor relating to one or more reference assets, as set out in the applicable Final Terms Document,

Established Rate means the rate for the conversion of the relevant Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty,

EU means the European Union,

EURIBOR means the Euro-zone inter-bank offered rate,

Euroclear means Euroclear Bank S A /N V , or its successors,

Euro Equivalent means, in relation to a Term Advance or a Series of Covered Bonds which is denominated in (a) a currency other than Euro, the Euro equivalent of such amount ascertained using the spot exchange rate in London for such currency on the relevant Issue Date and (b) Euro, the applicable amount in Euro,

Eurosystem-eligible NGCB means an NGCB which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms Document,

Excess Proceeds means moneys received (following service of an Issuer Acceleration Notice) by the Bond Trustee from the Issuer or any administrator, administrative receiver, receiver, liquidator, trustee in sequestration or other similar officer appointed in relation to the Issuer,

Exchange Act means the U S Securities Exchange Act of 1934, as amended,

Exchange Agent means (except where the context otherwise requires) the person appointed as exchange agent in relation to one or more Series of Covered Bonds pursuant to the Agency Agreement and shall include any successor agent,

Exchange Event means (i) in the case of Bearer Covered Bonds, (a) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (b) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Bearer Global Covered Bond (and any interests therein) exchanged for Bearer Definitive Covered Bonds and (ii) in the case of Registered Covered Bonds, (a) in the case of Registered Covered Bonds registered in the name of DTC or its nominee, either DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Covered Bonds and no alternative clearing system is available or DTC has ceased to constitute a clearing agency registered under the Exchange Act, (b) in the case of Registered Covered Bonds registered in the name of the Common Depositary or its nominee, the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other

than by reason of holiday, whether statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (c) the Issuer has or will become subject to adverse Tax consequences which would not be suffered were the Registered Global Covered Bond (and any interests therein) exchanged for Registered Definitive Covered Bonds,

Expenses means amounts incurred by a Member, in connection with, or for the purpose of, acting as a Member on behalf of the LLP or in furtherance of the LLP Business,

Extended Due for Payment Date means, in relation to any Series of Covered Bonds, the date, if any, specified as such in the applicable Final Terms Document to which the payment of all or (as applicable) part of the Final Redemption Amount payable on the Final Maturity Date will be deferred in the event that the Final Redemption Amount is not paid in full by the Extension Determination Date,

Extension Determination Date means, in respect of any Series of Covered Bonds, the date falling two Business Days after the expiry of seven days from (and including) the Final Maturity Date of such Series of Covered Bonds,

Extraordinary Resolution has the meaning given to it in paragraph 19 of **Schedule 4** to the Trust Deed,

Facility means the loan facility made available by the Issuer to the LLP under the Intercompany Loan Agreement in an aggregate amount equal to the Total Credit Commitment,

Financial Services Act means Legislative Decree No 58 of 24 February 1998 of the Republic of Italy,

Final Maturity Date means the Interest Payment Date on which a Series of Covered Bonds will be redeemed at their Final Redemption Amount in accordance with the Terms and Conditions,

Final Redemption Amount means, in respect of a Series of Covered Bonds, the amount as specified in the applicable Final Terms Document,

Final Terms Document means the final terms which, with respect to each Tranche or Series of Covered Bonds to be admitted to the Official List and admitted to trading by the London Stock Exchange, will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the applicable Tranche of Covered Bonds

Financial Year means the 12 month period ending on the last day of the calendar year,

First Assignment Date means the date on which the Initial Portfolio is sold and assigned to the LLP pursuant to the terms of the Mortgage Sale Agreement,

First Issue means the issuance by the Issuer of a Series of Covered Bonds for the first time pursuant to the Programme,

First Issue Date means the date on which the Issuer issues a Series of Covered Bonds for the first time pursuant to the Programme,

Fitch means Fitch Ratings Ltd or its successors,

Fixed LLP Payment Period means the period from (and including) an LLP Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) LLP Payment Date,

Fixed Rate Covered Bonds means Covered Bonds paying a fixed rate of interest on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s),

Fixed Rate Loans means those Loans to the extent that and for such time that the interest rate payable by the Borrower on all or part of the Current Balance does not vary and is fixed for a certain period of time by the Seller,

Fixed Rate Period means the period of time during which a Fixed Rate Loan is subject to a specified fixed rate of interest,

Flexible Draw Capacity means an amount equal to any Overpayments that Borrowers are entitled to draw under Flexible Loans included in the Portfolio as at the end of the immediately preceding Calculation Period,

Flexible Loan means a type of loan product that that may, *inter alia*, incorporate features that give the Borrower the option to make Overpayments and, from the credit accumulated on the flexible facility by virtue of such Overpayments, make Underpayments or take Payment Holidays or make Cash Withdrawals (in each case only if and to the extent that the Borrower has overpaid),

Flexible Loan Conditions means the Mortgage Conditions applicable to any Flexible Loan,

Flexible Loan Drawing means any further drawing of monies made by a Borrower under a Flexible Loan other than the Initial Advance (but including any Capitalised Interest),

Floating Rate has the meaning given to it in the ISDA Definitions,

Floating Rate Covered Bonds means Covered Bonds which bear interest at a rate determined

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions, or
- (b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service, or
- (c) on such other basis as may be agreed between the Issuer and the relevant Dealer(s),

as set out in the applicable Final Terms Document,

Floating Rate Option has the meaning given to it in the ISDA Definitions,

Form of Transfer means the form of transfer endorsed on a Registered Definitive Covered Bond substantially in the form set out in **Part 8 of Schedule 2** to the Trust Deed,

Framework means a comprehensive framework, the text of which was published by the Basel Committee on Banking Supervision in June 2004 under the title "*International Convergence of Capital Measurement and Capital Standards a Revised Framework – Comprehensive Version*",

FSA means the U K Financial Services Authority,

FSMA means the Financial Services and Markets Act 2000, as amended,

Further Advance means, in relation to a Loan, any advance of further money to the relevant Borrower following the making of the Initial Advance, which is secured by the same Mortgage as the Initial Advance, excluding the amount of any retention advanced to the relevant Borrower as part of the Initial Advance after completion of the Mortgage, and does not include a Flexible Loan Drawing,

GIC Account means the account in the name of Alliance & Leicester Covered Bonds LLP held at the Account Bank subject to the terms of the Bank Account Agreement and the Deed of Charge or any other account in the name of the LLP held with Alliance & Leicester and maintained subject to the terms of the Bank Account Agreement, the Deed of Charge and the LLP Deed or such additional or replacement account (including the Stand-by GIC Account) as may be for the time being in place pursuant to the Cash Management Agreement with the prior consent of the Security Trustee and designated as such,

GIC Account Mandate means the bank account mandate between the LLP and the Account Bank relating to the operation of the GIC Account in or substantially in the form set out in **Schedule 1** to the Bank Account Agreement,

GIC Balance means, on any day, the amount standing to the credit of the GIC Account as at the opening of business on such day,

Global Covered Bond means a Bearer Global Covered Bond and/or a Registered Global Covered Bond, as the context may require,

Guaranteed Amounts means, prior to the service of an LLP Acceleration Notice, with respect to any Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, the sum of Scheduled Interest and Scheduled Principal, in each case, payable on that Original Due for Payment Date or, if applicable, any Extended Due for Payment Date, or after service of an LLP Acceleration Notice, an amount equal to the relevant Early Redemption Amount as specified in the Terms and Conditions plus all accrued and unpaid interest and all other amounts due and payable in respect of the Covered Bonds (other than additional amounts payable under Condition 7), including all Excluded Scheduled Interest Amounts, all Excluded Scheduled Principal Amounts (whenever the same arose) and all amounts payable by the LLP under the Trust Deed,

Guarantee Priority of Payments has the meaning given to it in **Clause 16.4** of the LLP Deed,

Guarantors means Group Guarantor and the LLP and a **Guarantor** means any of them,

Halifax Index means the index of movements in house prices issued by Halifax plc in relation to residential properties in the United Kingdom,

Halifax Price Indexed Valuation means, in relation to any Property at any date, the Latest Valuation of that Property increased or decreased as appropriate by the increase or decrease in the Halifax Index since the date of that Latest Valuation,

High Loan-to-Value Fee means any fee incurred by a Borrower as a result of taking out a Loan with an LTV ratio in excess of a certain percentage specified in the Offer Conditions,

HM Revenue & Customs means the United Kingdom HM Revenue & Customs (formerly the United Kingdom Inland Revenue and the United Kingdom HM Customs and Excise),

Holdings means Alliance & Leicester Covered Bonds LM Holding Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no 06378148),

Holding Company means any body corporate which is for the time being a holding company within the meaning given to it in Section 736 of the Companies Act 1985,

ICTA means the Income and Corporation Taxes Act 1988,

IFRS means International Financial Reporting Standards promulgated by the International Accounting Standards Board,

Implementation Date means the date on which the Prospectus Directive was implemented in the United Kingdom,

Index Linked Interest Covered Bonds means Covered Bonds in respect of which payments of interest will be calculated by reference to such index and/or formula or to changes in the prices of such securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree,

Indirect Participants means indirect participants in DTC that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly,

Initial Advance means, in respect of any Loan, the original principal amount advanced by the Seller including any retention(s) advanced to the relevant Borrower after completion of the Mortgage but excluding any (a) High Loan-to-Value Fee, (b) Further Advance, (c) Flexible Loan Drawing and (d) Early Repayment Charges relating to any such Loan,

Initial Cash Consideration means a cash payment to be made by the LLP to the Seller out of the Sterling Equivalent of the proceeds of the Initial Term Advance(s) on the First Assignment Date in consideration of the sale by the Seller of the Initial Portfolio to the LLP,

Initial Documentation List means the lists of documents set out in **Appendix 1** of the Programme Agreement,

Initial Portfolio means the Provisional Portfolio, other than any Loan and its Related Security redeemed in full on or before the First Assignment Date (including any relevant CCA Mortgages), to be sold by the Seller to the LLP on the First Assignment Date,

Initial Term Advance means each term advance made on the First Assignment Date by the Issuer to the LLP from the proceeds of the first issue of Covered Bonds pursuant to the Intercompany Loan Agreement,

Insolvency Act means the Insolvency Act 1986, as amended,

Insolvency Event means, in respect of the Seller, the Servicer or the Cash Manager

- (a) an order is made or an effective resolution passed for the liquidation or winding up of the relevant entity, except for the purposes of a reconstruction, amalgamation or merger or following the transfer of all or substantially all of the assets of the relevant entity, the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution of the Covered Bondholders or which has been effected in compliance with the terms of Condition 14, or
- (b) the relevant entity stops or threatens to stop payment to its creditors generally, or
- (c) the relevant entity ceases or threatens to cease to carry on its business or substantially the whole of its business save,

- (i) for so long as it remains after such cessation not unable to pay its debts within the meaning of Section 123 of the Insolvency Act,
- (ii) for the purposes of a reorganisation on terms approved by the Bond Trustee or
- (iii) for purposes of a reconstruction, amalgamation or merger between the Issuer and the relevant entity or following the transfer of all or substantially all of the assets of the Issuer to the relevant entity or of the relevant entity to the Issuer, or
- (d) an encumbrancer takes possession or a receiver, administrator, administrative receiver or other similar officer is appointed to the whole or any material part of the undertaking, property and assets of the relevant entity or a distress, diligence or execution is levied or enforced upon or sued out against the whole or any material part of the chattels or property of the relevant entity and, in the case of any of the foregoing events, is not discharged within 30 days, or
- (e) the relevant entity is unable to pay its debts as they fall due,

Insolvency Regulation means the EC Regulation on Insolvency Proceedings 2000 (Council Regulation (EC) No 1346/2000 of 29 May 2000),

Instalment Covered Bonds means Covered Bonds which will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms Document,

Insurance Contracts means the insurance policies described in **Schedule 9** to the Mortgage Sale Agreement and any other insurance contracts in replacement, addition or substitution therefor from time to time which relate to the Loans and their Related Security,

Insurance Policies means the Buildings Policies, the Lender Interest-Only Policy, the Title Insurance Policies and the Properties in Possession Cover and **Insurance Policy** shall be construed accordingly,

Intercompany Loan means the Sterling Equivalent of all Term Advances made by the Issuer to the LLP under the Intercompany Loan Agreement,

Intercompany Loan Agreement means the term loan agreement dated the Programme Date between the Issuer, the LLP, the Cash Manager and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Intercompany Loan Event of Default means the circumstances described in **Clause 11.1** of the Intercompany Loan Agreement,

Intercompany Loan Ledger means the ledger of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record all payments of interest and repayments of principal on each of the Term Advances,

Interest Amount means the amount of interest payable on the Floating Rate Covered Bonds or Variable Interest Covered Bonds in respect of each Specified Denomination for the relevant Interest Period, as calculated in accordance with Condition 4 2(d),

Interest Commencement Date means, in the case of interest-bearing Covered Bonds, the date specified in the applicable Final Terms Document from (and including) which the relevant Covered Bonds start accruing interest,

Interest Determination Date, in respect of Floating Rate Covered Bonds to which Screen Rate Determination is applicable, has the meaning given to it in the applicable Final Terms Document,

Interest Payment Date, in respect of Fixed Rate Covered Bonds, has the meaning given to it in the applicable Final Terms Document and, in respect of Floating Rate Covered Bonds and Variable Interest Covered Bonds, has the meaning given to it in Condition 4.2(a) of the Terms and Conditions,

Interest Period means, in accordance with Condition 4.8(e), the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date,

Interest Rate Shortfall has the meaning given to it in **Clause 4.3** of the Servicing Agreement,

Interest Rate Shortfall Test shall have the meaning set out in **Clause 4.3** of the Servicing Agreement,

Interest Rate Swap means the interest rate swap entered into under the terms of the Interest Rate Swap Agreement,

Interest Rate Swap Agreement means the agreement between the LLP, the Interest Rate Swap Provider and the Security Trustee dated the Programme Date governing the Interest Rate Swap in the form of an ISDA Master Agreement, including a schedule, one or more confirmations and a credit support annex,

Interest Rate Swap Early Termination Event means a Termination Event or an Event of Default (each as defined in the Interest Rate Swap Agreement), excluding a Swap Provider Downgrade Event, pursuant to which the Non-defaulting Party or the party that is not the Affected Party (each as defined in the Interest Rate Swap Agreement), as applicable, may terminate the Interest Rate Swap Agreement,

Interest Rate Swap Provider means Alliance & Leicester plc in its capacity as interest rate swap provider under the Interest Rate Swap Agreement together with any successor interest rate swap provider,

Internal Revenue Code or **Code** means the U S Internal Revenue Code of 1986,

Investment Company Act means the U S Investment Company Act of 1940, as amended,

Investor Report means the monthly report made available to the Covered Bondholders, the Security Trustee, the Bond Trustee and the Rating Agencies detailing, *inter alia*, compliance with the Asset Coverage Test,

Investor Put has the meaning given to it in Condition 6.4,

Irrecoverable VAT means any amount in respect of VAT incurred by a party to the Transaction Documents (for the purposes of this definition, a **Relevant Party**) as part of a payment in respect of which it is entitled to be indemnified under the relevant Transaction Documents to the extent that the Relevant Party does not or will not receive and retain a credit or repayment of such VAT as input tax (as that expression is defined in Section 24(1) of the Value Added Tax Act 1994) for the prescribed accounting period (as that expression is used in Section 25(1) of the Value Added Tax Act 1994) to which such input tax relates,

ISDA means the International Swaps and Derivatives Association, Inc

ISDA Definitions means the 2006 ISDA Definitions, as published by ISDA,

ISDA Master Agreement means the 1992 ISDA Master Agreement (Multicurrency – Cross Border), as published by ISDA,

ISDA Rate has the meaning given to it in Condition 4 2(b)(1) (*Interest – Interest on Floating Rate Covered Bonds and Index Linked Interest Covered Bonds*) of the Terms and Conditions;

Issue Date means each date on which the Issuer issues a Tranche of Covered Bonds under the Programme, as specified in the applicable Final Terms Document,

Issue Price means the price, generally expressed as a percentage of the nominal amount of the Covered Bonds, at which a Series or Tranche of Covered Bonds will be issued,

Issuer means Alliance & Leicester plc (registered number 03263713), a public limited company incorporated under the laws of England and Wales whose registered office is at Carlton Park, Narborough, Leicester LE19 0AL,

Issuer Acceleration Notice has the meaning given to it in Condition 9 1 (*Events of Default and Enforcement – Issuer Events of Default*) of the Terms and Conditions,

Issuer Event of Default means any of the conditions, events or acts provided in Condition 9 1 (*Events of Default and Enforcement – Alliance & Leicester Events of Default*) of the Terms and Conditions to be events upon the happening of which the Covered Bonds of each Series would, subject only to notice by the Bond Trustee as therein provided, become immediately due and payable as against the Issuer,

Issuer Written Information means any written information in addition to the Final Terms Document, the Prospectus and any relevant Pricing Supplement that the Issuer and the relevant Dealers expressly agree to treat as part of the Disclosure Documents as set forth in the relevant Subscription Agreement,

Latest Valuation means, in relation to any Property, the value given to that Property by the most recent Valuation Report addressed to the Seller,

Law includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute, treaty or other legislative measure in any jurisdiction and any present or future directive, regulation, guideline, practice, concession, request or requirement whether or not having the force of law issued by any governmental body, agency or department or any central bank or other fiscal, monetary, Taxation, regulatory, self regulatory or other authority or agency,

Lead Manager means, in relation to any Tranche of Covered Bonds, the person named as the Lead Manager in the applicable Subscription Agreement or, when only one Dealer signs such Subscription Agreement, such Dealer,

Ledger means each of the Revenue Ledger, the Principal Ledger, the Reserve Ledger, the Capital Account Ledger and the Payment Ledger,

Legend means the relevant legend set out in **Part 8 of Schedule 2** to the Trust Deed,

Lender Interest-Only Policy means a block buildings policy in the name of the Seller relating to the Properties where the relevant Borrower has been unable to effect his own buildings insurance and written by Zurich Insurance Company,

Lending Criteria means the lending criteria of the Seller from time to time, or such other criteria as would be acceptable to a Reasonable, Prudent Mortgage Lender,

Liability means any loss, damage, cost, charge, claim, demand, expense, judgment, decree, action, proceeding or other liability whatsoever (including, without limitation in respect of Taxes, duties, levies, imposts and other charges) and including any amounts in respect of VAT or other Tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis,

LIBOR means the London inter-bank offered rate,

Liquidation Member means Alliance & Leicester Covered Bonds (LM) Limited, a special purpose vehicle incorporated in England and Wales as a private limited company (registered no 6386071),

Listing Agent means, in relation to any Covered Bonds which are, or are to be, listed, quoted and/or traded on or by a Stock Exchange other than the London Stock Exchange, the listing agent appointed by the Issuer from time to time for the purposes of liaising with that Stock Exchange,

Listing Particulars means, with regard to the issue of Covered Bonds to be listed, quoted and/or traded on or by a Stock Exchange, any listing particulars (including supplementary listing particulars) approved under the Prospectus Rules by the relevant authority

- (a) in accordance with the provisions of Section 75 of the FSMA (including any supplementary listing particulars published in accordance with the Programme Agreement or otherwise) in the case of Covered Bonds which are, or are to be, listed on the London Stock Exchange, and/or
- (b) in accordance with their equivalent in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange,

LLP means Alliance & Leicester Covered Bonds LLP, a limited liability partnership established in England and Wales (registered no OC332032),

LLPA 2000 or LLP Act means the Limited Liability Partnerships Act 2000,

LLP Acceleration Notice means a notice in writing given by the Bond Trustee to the Issuer and the LLP, that each Covered Bond of each Series is, and each Covered Bond of each Series shall, as against the Issuer (if not already due and repayable against it following an Issuer Acceleration Notice) and as against the LLP, thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest and all amounts payable by the LLP under the Covered Bond Guarantee shall thereupon immediately become due and payable at the Guaranteed Amount corresponding to the Early Redemption Amount for each Covered Bond of each Series together with accrued interest in each case as provided in and in accordance with the Trust Deed and thereafter the Security shall become enforceable, if any of the LLP Events of Default shall occur and be continuing,

LLP Accounts means the GIC Account and any additional or replacement accounts opened in the name of the LLP, including each Swap Payments Account, each Swap Collateral Account, the Stand-by GIC Account and the Stand-by Transaction Account,

LLP Agreements means the Transaction Documents to which the LLP is a party and each agreement which is, at any time, treated as an LLP Agreement pursuant to any Accession Undertaking under the Deed of Charge,

LLP Business means the business of the LLP to be conducted under the LLP Deed and as described in **Clause 2.3** thereof or as otherwise determined by the LLP Management Board with the prior written consent of the Security Trustee, prior to the release of the Security constituted by the Deed of Charge whilst the Covered Bonds are outstanding,

LLP Deed means the limited liability partnership deed entered into on the Programme Date between the LLP, the Seller, the Liquidation Member, the Bond Trustee and the Security Trustee,

LLP Differential Rate means, in relation to a Discount Loan in the Portfolio, the applicable margin above or below the LLP Standard Variable Rate as set, other than in limited circumstances, by the Servicer pursuant to the Servicing Agreement,

LLP Event of Default has the meaning given to it in Condition 9.2 (*Events of Default and Enforcement – LLP Events of Default*) of the Terms and Conditions,

LLP Land Register Transfer means each assignment by the LLP in favour of the Seller granted pursuant to **Clauses 8.7(d)(i) or 11.5(b)(iii)** of the Mortgage Sale Agreement, substantially in the form set out in **Part 3 of Schedule 13** thereto,

LLP Management Board means the management board which will act on behalf of the LLP and to which (other than any decision to approve the audited accounts of the LLP or to make a resolution for the voluntary winding up of the LLP, which require a unanimous decision of the Members) the Members delegate all matters relating to the business of the LLP and its management,

LLP Payment Date means the 17th day of each month or if not a London Business Day the next following London Business Day,

LLP Payment Period means the period from (and including) an LLP Payment Date to (but excluding) the next following LLP Payment Date,

LLP Power of Attorney means the security power of attorney executed by the LLP pursuant to the Deed of Charge,

LLP Registrar means the registrar of limited liability partnerships at Companies House appointed pursuant to the Companies Act,

LLP Sasine Register Transfer means each assignment by the LLP in favour of the Seller granted pursuant to **Clauses 8.7(d)(ii) or 11.5(b)(iv)** of the Mortgage Sale Agreement, substantially in the form set out in **Part 4 of Schedule 13** thereto,

LLP Standard Variable Rate means the standard variable rate applicable to the Variable Rate Loans in the Portfolio as set, other than in limited circumstances, by the Servicer, as set out in **Clause 4** of the Servicing Agreement,

Loan means each mortgage loan referenced by its mortgage loan identifier number (as specified in **Appendix 1** to the Mortgage Sale Agreement or the Schedule to any New Portfolio Notice and, for the avoidance of doubt, including any such loan subject of the CCA mortgages trust and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all Further Advances) due or owing with respect to that loan under the relevant Mortgage Terms by a Borrower on the security of a Mortgage from time to time outstanding or, as the context may require, the Borrower's obligations in respect of the same,

Loan Interest Payment Date means, in respect of any Term Advance, each Interest Payment Date in respect of the corresponding Series or Tranche of Covered Bonds that funded such Term Advance or such other payment date as is specified in the relevant Term Advance Notice,

Loan Interest Period means, in respect of any Term Advance, each period from and including a Loan Interest Payment Date (or, in the case of the first Loan Interest Period, the Drawdown Date of the Term Advance) to, but excluding the next Loan Interest Payment Date (or, in the case of the first Loan Interest Period, the first Loan Interest Payment Date in respect of that Term Advance),

Loan Repurchase Notice means a notice in substantially the form set out in **Schedule 6** to the Mortgage Sale Agreement served by the LLP on the Seller in relation to the repurchase of Loans in the Portfolio by the Seller in accordance with the terms of the Mortgage Sale Agreement,

London Business Day means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London,

London Stock Exchange means the London Stock Exchange plc,

Losses means all losses on the Loans,

LTV ratio or **loan-to-value ratio** or **LTV** means the ratio of the outstanding balance of a Loan to the value of the Property as at the time of the last lending securing that Loan,

LTV Test means a test which assigns a credit enhancement value to each Loan in the Portfolio based on its current loan-to-value ratio and the amount of mortgage indemnity cover on that Loan and whereby the weighted average credit enhancement value for the Portfolio is then determined,

Mandate means the Swap Payments Account Mandate and/or the GIC Account Mandate and/or the Stand-by Transaction Account Mandate and/or the Stand-by GIC Account Mandate and/or the mandates in relation to each other LLP Account, as the case may be,

Margin means, in respect of a Floating Rate Covered Bond, the percentage rate per annum (if any) specified in the applicable Final Terms Document,

Marketing Materials means any investor presentation material or marketing materials prepared by any of the Dealers on the basis of information supplied by any of the Issuer or the LLP and any and all other information, documents, advertisements and notices provided and/or approved by any of the Issuer or the LLP,

Master Definitions and Construction Schedule means the master definitions and construction schedule dated 9 April 2008 entered into by the parties to the Transaction Documents (as the same may be amended, restated, supplemented, replaced or novated from time to time),

MCOB means the Mortgages and Home Finance Conduct of Business sourcebook published by the FSA as amended, supplemented and restated from time to time as set out in the FSA's handbook,

Member means each member of the LLP,

Member State means, at any time, a state that has joined the European Union from the time of its inception,

MH/CP Documentation means an affidavit, declaration, consent or renunciation granted in terms of the Matrimonial Homes (Family Protection) (Scotland) Act 1981 and/or the Civil Partnership Act 2004 in connection with a Scottish Mortgage or the Property secured thereby,

Modified Following Business Day Convention has the meaning given to it in Condition 4 8(b)(iii) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Terms and Conditions,

Month means calendar month,

Monthly Asset Coverage Report means the report substantially in the form set out in **Schedule 3** to the Cash Management Agreement,

Monthly Payment means the amount which the relevant Mortgage Terms require a Borrower to pay on each Monthly Payment Day in respect of that Borrower's Loan,

Monthly Payment Day means the date on which interest (and principal in relation to a repayment mortgage) is due to be paid by a Borrower on a Loan or, if any such day is not a London Business Day, the next following London Business Day,

Monthly Reports has the meaning given to it in **Clause 12.4(c)** of the Servicing Agreement,

Moody's means Moody's Investors Service Limited or its successors,

Mortgage means the legal charge, standard security, mortgage or charge securing a Loan,

Mortgage Account means the mortgage account into which all Loans secured on the same Property are incorporated,

Mortgage Code means the mortgage code sponsored by the CML and policed by the MCCB under which, until 31 October 2004, residential mortgage business in the United Kingdom was voluntarily self-regulated,

Mortgage Conditions or **Loan Conditions** means the terms and conditions applicable to a Loan as contained in the Standard Documentation provided to Borrowers from time to time,

Mortgage Deed means, in respect of any Mortgage, the deed creating that Mortgage,

Mortgage Pool means the mortgages owned from time to time by the LLP,

Mortgage Sale Agreement means the mortgage sale agreement entered into on the Programme Date and made between the Seller, the LLP and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time) and, where the context so requires, including any New Mortgage Sale Agreement entered into from time to time between any New Seller, the LLP and the Security Trustee,

Mortgage Terms means all the terms and conditions applicable to a Loan, including, without limitation, the applicable Mortgage Conditions and Offer Conditions,

Mortgage Transfer Service means the service offered by the Seller which allows remortgages of properties to be completed under an expedited procedure, whereby Loans are advanced to Borrowers as a means to discharge a pre-existing first fixed charge or first ranking standard security (as applicable) over residential property and to replace such pre-existing first fixed charge or first ranking standard security (as applicable) with a Mortgage and where a full conveyancing service is

not undertaken by solicitors acting on behalf of the Seller but instead a truncated conveyancing process is undertaken and a Title Insurance Policy taken out in relation to the relevant Loan,

Mortgagee means the person for the time being entitled to exercise the rights of the mortgagee or (in Scotland) heritable creditor under a Mortgage,

MSA means the Mortgage Sale Agreement,

N2 means the first stage of the FSMA which came into effect on 1 December 2001,

N(M) means the date on which the FSMA regime relating to the regulation of mortgages came into effect, 31 October 2004,

Negative Carry Factor means a percentage (which will never be less than 0.50 per cent) calculated by reference to the weighted average margin of the Covered Bonds,

New Company has the meaning set out in **Clause 20.3(a)** of the Trust Deed,

New Dealer means any entity appointed as an additional Dealer in accordance with **Clause 12** of the Programme Agreement,

New English Loans means any New Loans which are secured by an English Mortgage,

New Entity has the meaning given to it in **Clause 20.4(a)** of the Trust Deed,

New Loan means Loans, other than the Loans comprised in the Initial Portfolio, which the Seller may assign or transfer to the LLP after the First Assignment Date pursuant to the Mortgage Sale Agreement,

New Loan Type means a new type of mortgage loan originated by the Seller or a New Seller, which the Seller or the New Seller intends to transfer to the LLP, the terms and conditions of which are materially different (in the opinion of the Seller or the New Seller, acting reasonably) from any of the Loans or New Seller Loans in the Portfolio. For the avoidance of doubt, a mortgage loan will not constitute a New Loan Type if it differs from any of the Loans or New Seller Loans in the Portfolio solely due to it having different interest rates and/or interest periods and/or time periods for which it is subject to a fixed rate, capped rate or any other interest rate or the benefit of any discounts, cash-backs and/or rate guarantees,

New Member means any new member admitted to the LLP after the Programme Date,

New Mortgage Sale Agreement means any new mortgage sale agreement entered into between any New Seller, the LLP and the Security Trustee, which shall be substantially in the same form and contain substantially the same provisions (provided that the Security Trustee may agree variations to the representations and warranties in relation to the relevant New Seller Loans and their Related Security) as the mortgage sale agreement entered into on the Programme Date between the Seller, the LLP and the Security Trustee,

New Northern Irish Loans means any New Loans which are secured by a Northern Irish Mortgage,

New Portfolio means in each case the portfolio of Loans and their Related Security (other than any Loans and their Related Security which have been redeemed in full prior to the relevant Assignment Date or which do not otherwise comply with the terms of the Mortgage Sale Agreement as at the relevant Assignment Date but, for the avoidance of doubt, including any relevant CCA Mortgages), particulars of which are set out in the relevant New Portfolio Notice or in a document stored upon

electronic media (including, but not limited to, a CD-ROM), and all right, title, interest and benefit of the Seller in and to

- (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest and Capitalised Arrears) and other sums due or to become due in respect of such New Loans and their Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms,
- (b) subject where applicable to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MH/CP Documentation and all third party guarantees and any collateral security for the repayment of the relevant New Loans,
- (c) the right to exercise all the powers of the Seller in relation thereto,
- (d) all the estate and interest in the relevant Properties vested in the Seller,
- (e) each Certificate of Title and Valuation Report and any right of action of the Seller against any solicitor, licensed conveyancer, qualified conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with any relevant New Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any relevant New Loan or part thereof,
- (f) all rights, titles and interests of the Seller (both present and future) (including, without limitation the proceeds of all claims to which the Seller is entitled) under the Insurance Policies, and
- (g) all proceeds from the enforcement of such Loans and their Related Security,

New Portfolio Notice means a notice in the form set out in **Schedule 10** to the Mortgage Sale Agreement served in accordance with the terms of the Mortgage Sale Agreement,

New Scottish Loans means any New Loans which are secured by a Scottish Mortgage,

New Secured Creditors means any person which becomes a Secured Creditor pursuant to and in accordance with the Deed of Charge,

New Seller means any member of the Alliance & Leicester Group (other than Alliance & Leicester) that is a "connected person" as defined in Regulation 5 of the RCB Regulations and that has its register office in the United Kingdom and either (i) has its centre of main interests in the United Kingdom or (ii) is authorised under Part IV of the FSMA to carry on the regulated activity of accepting deposits and that accedes to the relevant Transaction Documents and sells New Seller Loans and their Related Security to the LLP in the future pursuant to a New Mortgage Sale Agreement,

New Seller Loans means Loans originated by a New Seller,

New Servicer means any entity appointed as a substitute servicer in accordance with the Servicing Agreement,

NGCB or New Global Covered Bond means a Temporary Global Covered Bond in the form set out in **Part 1 of Schedule 2** to the Trust Deed or a Permanent Global Covered Bond in the form set out

in **Part 2 of Schedule 2** to the Trust Deed, in either case where the applicable Final Terms Document specifies that the Covered Bonds are in NGCB form,

NIPs means the Non-Investment Products Code,

Nominee has the meaning given to it in **Clause 19.1** of the Programme Agreement,

Non-eligible NGCB means a NGCB which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms Document

Northern Irish Loans means Loans secured by a Northern Irish Mortgage,

Northern Irish Mortgage means a Mortgage over a Northern Irish Property,

Northern Irish Mortgage Conditions means the Mortgage Conditions applicable to Northern Irish Loans,

Northern Irish Property means a Property situated in Northern Ireland,

Northern Irish Transfer means a transfer of Northern Irish Mortgages and the Northern Irish Loans secured thereby in the forms set out in **Parts 1 and 3 of Schedule 17** to the Mortgage Sale Agreement (in relation to Northern Irish Mortgages registered or required to be registered in the Land Registry of Northern Ireland) or in the forms set out in **Parts 2 and 4 of Schedule 17** to the Mortgage Sale Agreement (in relation to Northern Irish Mortgages registered at the Registry of Deeds and not required to be registered at the Land Registry of Northern Ireland),

notice means, in respect of notice to be given to Covered Bondholders, a notice validly given pursuant to Condition 14 (*Notices*) of the Terms and Conditions,

Notice to Pay has the meaning given to it in Condition 9.1 (*Events of Default and Enforcement – Issuer Events of Default*) of the Terms and Conditions and is substantially in the form set out in **Schedule 3** to the Trust Deed,

Offer Conditions means the terms and conditions applicable to a specified Loan as set out in the relevant offer letter to the Borrower,

Official List means the official list of the UK Listing Authority,

OFT means the Office of Fair Trading,

Ombudsman means the Financial Ombudsman Service under the FSMA,

Omnibus Proxy means the omnibus proxy mailed by DTC to the Issuer as soon as possible after the record date in accordance with DTC's usual procedures,

Order means the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI2001/544), as amended,

Opening Capital Contribution Balance means the Capital Contribution Balance of each Original Member on the Programme Date and, in the case of a New Member, on the Date of Admission of that New Member,

Ordinary Decision means a decision by the majority in number of the Members,

Original Due for Payment Date has the meaning given to it in paragraph (a) of the definition of **Due for Payment**,

Original Members means the original members of the LLP pursuant to the LLP Deed as at the Programme Date, being the Seller and the Liquidation Member,

Outstanding means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than

- (a) those Covered Bonds which have been redeemed pursuant to the trust presents,
- (b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Terms and Conditions has occurred and the redemption moneys (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 (*Notices*) of the Terms and Conditions) and remain available for payment against presentation (unless the relevant Covered Bonds are in NGCB form) of the relevant Covered Bonds and/or Receipts and/or Coupons,
- (c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6 9 (*Redemption and Purchase – Purchases*) and 6 10 (*Redemption and Purchase – Cancellation*) of the Terms and Conditions,
- (d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 (*Prescription*) of the Terms and Conditions,
- (e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Terms and Conditions,
- (f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Terms and Conditions,
- (g) any Bearer Global Covered Bond to the extent that it shall have been exchanged for Bearer Definitive Covered Bonds or another Bearer Global Covered Bond pursuant to its provisions, the provisions of the trust presents and the Agency Agreement, and
- (h) those Legended Covered Bonds which have been exchanged for Unlegended Covered Bonds and those Unlegended Covered Bonds which have been exchanged for Legended Covered Bonds, in each case pursuant to their provisions, the provisions of the trust presents and the Agency Agreement,

PROVIDED THAT for each of the following purposes, namely

- (i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series, to give instruction or direction to the Bond Trustee and for the purposes of a resolution in writing as envisaged by paragraph 19 of **Schedule 4** to the Trust Deed,

- (ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of **Clauses 10.3 and 10.4** of the Trust Deed, Conditions 9 (*Events of Default and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Terms and Conditions and paragraphs 2, 5, 6 and 8 of **Schedule 4** to the Trust Deed,
- (iii) any discretion, power or authority (whether contained in the trust presents or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series, and
- (iv) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of the Issuer or any of their respective Subsidiaries (including the LLP) as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding,

Overpayment means a payment by a Borrower in an amount greater than the Monthly Payment then due on the Loan,

Partial Portfolio means part of any portfolio of Selected Loans,

Participants means Direct Participants and Indirect Participants,

Partly-Paid Covered Bonds means Covered Bonds which are only partly paid up on issue, in respect of which interest will accrue in accordance with Condition 4.4 (*Interest on Partly-Paid Covered Bonds*) of the Terms and Conditions on the paid-up amount of such Covered Bonds or on such other basis as may be agreed between the Issuer and the relevant Dealer(s) and indicated in the applicable Final Terms Document,

Paying Agents means the Principal Paying Agent and any other paying agent appointed pursuant to the terms of the Agency Agreement,

Payment Day has the meaning given to it in Condition 5.6 (*Payments – Payment Day*) of the Terms and Conditions,

Payment Holiday means a period during which a Borrower may suspend payments under a Loan where the Borrower is permitted under the relevant Mortgage Terms to do so and will therefore not be in breach of the relevant Mortgage Terms,

Payment Instruction means a payment instruction given by the Cash Manager to the Stand-by Account Bank in the form of **Schedule 1** to the Stand-by Account Bank Agreement,

Payment Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the credits and debits of the Available Revenue Receipts and Available Principal Receipts for application in accordance with the relevant Priority of Payments,

Permanent Global Covered Bond means a global covered bond substantially in the form set out in **Part 2 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms Document annexed thereto, comprising some or all of the Covered Bonds of the same Series, issued by the

Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the trust presents in exchange for the whole or part of any Temporary Global Covered Bond issued in respect of such Covered Bonds,

Permitted Product Switch means a variation in the financial terms and conditions of a Loan in which a Borrower exchanges its then current Loan product for a different Loan product offered by the Seller, provided that

- (a) the relevant Borrower has made at least one monthly payment on its then current Loan product, and
- (b) the new Loan for which the prior Loan is to be exchanged is a Permitted Replacement Loan, and
- (c) the conditions in **Clause 4.4** of the Mortgage Sale Agreement are satisfied, and
- (d) the interest-only mortgages level test is satisfied if, as calculated on the most recent Calculation Date $A/B \times 100 \leq C$

where

A = the Current Balance of all interest-only Loans (which, for the avoidance of doubt includes interest-only components of part-and-part Loans) in the Portfolio as at the relevant Calculation Date,

B = the Current Balance of all Loans comprising the Portfolio as at the relevant Calculation Date, and

C = 45 per cent ,

Permitted Replacement Loan means a Loan

- (a) that is either a Fixed Rate Loan, a Variable Rate Loan or a Base Rate-Linked Rate Loan,
- (b) that has a maturity date prior to October 2052, and
- (c) to which the purchase obligations of the Seller under **Clause 8.3** of the Mortgage Sale Agreement shall not apply

Person means a reference to any person, individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, governmental entity or other entity of similar nature (whether or not having separate legal personality),

Personal Data means any information of whatever nature satisfying the definition of 'personal data' in the Data Protection Act that, by whatever means, is provided to the Data Processor by the Data Controller, is accessed by the Data Processor on the authority of the Data Controller or is otherwise received by the Data Processor on the Data Controller's behalf, for the purposes of the Processing specified in the Servicing Agreement,

Portable Loan means a Loan (other than a Variable Rate Loan) that incorporates a portability facility, which allows the Borrower to transfer the loan balance at the same interest rate and subject to all the existing terms and conditions to a new Property during any applicable Discount Rate Period, Fixed Rate Period or Premium Rate Period,

Portfolio means the Initial Portfolio and any New Portfolio acquired by the LLP (other than any Loans which have been redeemed in full or repurchased by the Seller or a New Seller pursuant to **Clause 8** of the Mortgage Sale Agreement or otherwise sold by the LLP),

Post-Enforcement Priority of Payments has the meaning given to it in **Clause 6.2** of the Deed of Charge,

Postponed Deferred Consideration means Deferred Consideration, the payment of which is, by reason of the making of provisions as referred to in **Clause 2.1(c)** or **Clause 4.6(c)** of the Mortgage Sale Agreement, postponed from the date on which such Deferred Consideration would, but for such provisions, have been paid,

Potential Issuer Event of Default has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Terms and Conditions,

Potential LLP Event of Default has the meaning given to it in Condition 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) of the Terms and Conditions,

Pre-Acceleration Principal Priority of Payments has the meaning given to it in **Clause 14.5** of the LLP Deed,

Pre-Acceleration Priority of Payments means the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments,

Pre-Acceleration Revenue Priority of Payments has the meaning given to it in **Clause 13.4** of the LLP Deed,

Preceding Business Day Convention has the meaning given to it in Condition 4 8(b)(iv) (*Interest – Business Day, Business Day Convention, Day Count Fractions and other adjustments*) of the Terms and Conditions,

Premium Rate Period means the period of time during which a Base Rate Loan is subject to the Base Rate-Linked Rate,

Pricing Supplement means the document prepared in connection with the offer and sale of Rule 144A Covered Bonds, which includes such pricing and other necessary information (including, without limitation and if appropriate, financial or other disclosure relating to the Issuer) substantially in the form of **Appendix 7** to the Programme Agreement,

Principal Amount Outstanding means, in accordance with Condition 4 8(g), in respect of a Covered Bond on any day, the principal amount of that Covered Bond on the relevant Issue Date thereof less principal amounts received by the relevant Covered Bondholder in respect thereof on or prior to that day,

Principal Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement to record the credits and debits of Principal Receipts in accordance with the terms of the LLP Deed,

Principal Paying Agent means, in relation to all or any Series of the Covered Bonds, HSBC Bank plc at its office at 8 Canada Square, London, E14 5HQ or, if applicable, any successor principal paying agent in relation to all or any Series of the Covered Bonds,

Principal Receipts means any payment in respect of principal received in respect of any Loan (including payments pursuant to any Insurance Policies), whether as all or part of a Monthly

Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of the relevant Property) or on the disposal of such Loan or otherwise (without double counting but including principal received or treated as received after completion of the enforcement procedures),

Priorities of Payments means the orders of priority for the allocation and distribution of amounts standing to the credit of the LLP Accounts in different circumstances,

Processing shall have the same meaning as is assigned to it in the Data Protection Act,

Product Switch means a variation to the financial terms and conditions applicable to a Loan other than any variation

- (a) involving a Permitted Product Switch,
- (b) agreed with a Borrower to control or manage arrears on the Loan,
- (c) in the term of the Loan extending it beyond 50 years,
- (d) imposed by statute,
- (e) of the rate of interest payable in respect of the Loan where that variation or rate is offered to the Borrowers under Loans which constitute 10 per cent or more by Current Balance of Loans comprised in the Portfolio in any LLP Payment Period, or
- (f) in the frequency with which the interest payable in respect of the Loan is charged,

Programme means the €10 billion global covered bond programme established by the Issuer on the Programme Date,

Programme Agreement means the programme agreement dated the Programme Date between the Issuer, the LLP and the Dealers named therein (or deemed named therein) concerning the purchase of Covered Bonds to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating or modifying such agreement and any accession letters and/or agreements supplemental thereto,

Programme Date means 9 April 2008,

Programme Limit has the meaning given to it in the Trust Deed,

Programme Resolution means any Extraordinary Resolution to direct the Bond Trustee to accelerate the Covered Bonds pursuant to Condition 9 (*Events of Default and Enforcement*) of the Terms and Conditions or to direct the Bond Trustee or the Security Trustee to take any enforcement action pursuant to Condition 9,

Properties in Possession Policy means the properties in possession cover written by Zurich Insurance Company (policy number 12/006419/41048361) for Loans originated by the Seller and any endorsements or extensions thereto as issued from time to time, or any such similar alternative or replacement properties in possession policy or policies as may be effected from time to time to cover the Seller in respect of Loans and their Related Security, such other properties in possession policy or policies to provide such level of cover as would be acceptable to a Reasonable, Prudent Mortgage Lender at the date of such other policy or policies,

Property means (in England and Wales) freehold, commonhold or leasehold property or (in Northern Ireland) freehold or leasehold property or property held under a fee farm grant or (in Scotland) a heritable property or a property held under a long lease which is subject to a Mortgage,

Prospectus means the prospectus prepared in connection with the Programme and constituting (in the case of Covered Bonds to be listed on a Stock Exchange), to the extent specified in it, the Listing Particulars, as revised, supplemented or amended from time to time by the Issuer and the LLP in accordance with **Clause 5.2** of the Programme Agreement including any documents which are from time to time incorporated in the Prospectus by reference except that

- (a) in relation to each Tranche of Covered Bonds only, the applicable Final Terms Document shall be deemed to be included in the Prospectus, and
- (b) for the purpose of **Clauses 4.1, 4.2 and 4.3** of the Programme Agreement in respect of the Agreement Date and the Issue Date, the Prospectus means the Prospectus as at the Agreement Date, but not including any subsequent revision, supplement or amendment to it or incorporation of information in it,

Prospectus Directive means Directive 2003/71/EC,

Prospectus Rules means

- (a) in the case of Covered Bonds which are, or are to be, admitted to the Official List and admitted to trading on the regulated market of the London Stock Exchange's, the prospectus rules made under Section 84 of the FSMA, and
- (b) in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange, the prospectus rules and regulations for the time being in force for that Stock Exchange,

Provisional Portfolio means the portfolio of Loans and their Related Security, particulars of which are set out in **Appendix 1** to the Mortgage Sale Agreement, and all right, title, interest and benefit of the Seller in and to

- (a) all payments of principal and interest (including, for the avoidance of doubt, all Accrued Interest, Arrears of Interest and Capitalised Interest) and other sums due or to become due in respect of such Loans and their Related Security including, without limitation, the right to demand, sue for, recover and give receipts for all principal monies, interest and costs and the right to sue on all covenants and undertakings made or expressed to be made in favour of the Seller under the applicable Mortgage Terms,
- (b) subject where applicable to the subsisting rights of redemption of Borrowers, all Deeds of Consent, Deeds of Postponement, MH/CP Documentation, all third party guarantees and any other collateral security for the repayment of the relevant Loans secured by the Mortgages,
- (c) the right to exercise all the powers of the Seller in relation thereto, subject to and in accordance with the applicable Mortgage Terms,
- (d) all the estate and interest in the relevant Properties vested in the Seller,
- (e) to the extent they are assignable, each Certificate of Title and Valuation Report (in each case, where available) and any right of action of the Seller against any solicitor, licensed conveyancer, qualified conveyancer, valuer or other person in connection with any report, valuation, opinion, certificate or other statement of fact or opinion given in connection with

such Loan and its Related Security, or any part thereof or affecting the decision of the Seller to make or offer to make any such Loan or part thereof,

- (f) all rights, title and interests of the Seller (both present and future) (including, without limitation, the proceeds of all claims to which the Seller is entitled) under the Insurance Policies, and
- (g) all proceeds from the enforcement of such Loans and their Related Security,

Purchase Price means the purchase price to be paid by the LLP to the Seller in consideration of the Seller's sale of the Initial Portfolio and/or the relevant New Portfolio to the LLP,

Purchaser means any third party or the Seller or a New Seller to whom the LLP offers to sell Selected Loans,

QIB means a "qualified institutional buyer" within the meaning of Rule 144A,

QIS means Quantitative Impact Study,

Random Basis means any process which selects Loans under a Mortgage Account and their Related Security on a basis that is not designed to favour the selection of any identifiable class or type or quality of Loans under a Mortgage Account and their Related Security over all the Loans and their Related Security in the Portfolio,

Rate of Interest has the meaning given to it in the applicable Final Terms Document as further elaborated by Condition 4 (*Interest*) of the Terms and Conditions,

Rating Agencies means Moody's, S&P and Fitch and each a **Rating Agency**,

Rating Agency Confirmation means a confirmation in writing by the Rating Agencies that the then current ratings of the Covered Bonds will not be adversely affected by or withdrawn as a result of the relevant event or matter,

RCB Regulations means the Regulated Covered Bonds Regulations 2008 (SI 2008/346),

RCB Sourcebook means the FSA Regulated Covered Bond Sourcebook,

Reasonable, Prudent Mortgage Lender means a reasonably prudent prime residential mortgage lender lending to borrowers in England, Wales, Scotland and Northern Ireland who generally satisfy the lending criteria of traditional sources of residential mortgage capital,

Receipt means a receipt for the payment of instalments of principal (other than the final instalment) attached on issue to Bearer Definitive Covered Bonds repayable in instalments, such receipt being substantially in the form set out in **Part 4 of Schedule 2** to the Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues) and includes any replacements for Receipts issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Terms and Conditions,

Receiptholders means the holders of the Receipts,

Receiver means any person or persons appointed (and any additional person or persons appointed or substituted) as an administrative receiver, receiver, manager, or receiver and manager of the Charged Property by the Security Trustee pursuant to **Clause 9.1** of the Deed of Charge,

Record Date has the meaning given to it in Condition 5.4 (*Payments -- Payments in respect of Registered Covered Bonds*) of the Terms and Conditions,

Redeemed Covered Bonds has the meaning given to it in Condition 6.3 (*Redemption and Purchase -- Redemption at the option of the Issuer (Issuer Call)*) of the Terms and Conditions,

Redemption Fee means the standard redemption fee charged to the Borrower by a Seller where the Borrower makes a repayment of the full outstanding principal of a Loan,

Reference Banks means, in the case of a determination of Sterling LIBOR, the principal London office of four major banks in the London inter-bank market selected by the Cash Manager,

Reference Rate, in respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, has the meaning given to it in the applicable Final Terms Document,

Register means the register of holders of the Registered Covered Bonds maintained by the Registrar,

Registered Covered Bond means a Covered Bond in registered form,

Registered Definitive Covered Bond means a Registered Covered Bond in definitive form issued or, as the context may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), the Agency Agreement and the Trust Deed either on issue or in exchange for a Registered Global Covered Bond or part thereof (all as indicated in the applicable Final Terms Document), such Registered Covered Bond in definitive form being substantially in the form set out in **Part 8 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and having the Terms and Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Terms and Conditions by reference (where applicable to the Trust Deed) as indicated in the applicable Final Terms Document and having the relevant information supplementing, replacing or modifying the Terms and Conditions appearing in the applicable Final Terms Document endorsed thereon or attached thereto and having a Form of Transfer endorsed thereon,

Registered Global Covered Bonds means Global Covered Bonds in registered form, comprising Rule 144A Global Covered Bonds and Regulation S Global Covered Bonds, substantially in the form set out in **Part 7 of Schedule 2** to the Trust Deed,

Registered Land means, in the case of England and Wales, land the title to which is, or is required to be, registered at the Land Registry and, in the case of Northern Ireland, land the title to which is, or is required to be, registered at the Land Registry of Northern Ireland,

Registered Land Transfer means a deed of transfer of Northern Irish Mortgage(s) over Registered Land substantially in the form set out in Schedule 17 (Part 1) to the Mortgage Sale Agreement with such modifications as may be required from time to time,

Registered Transfer means a deed of transfer of English Mortgage(s) over Registered Land substantially in the forms set out in **Schedule 2** to the Mortgage Sale Agreement with such modifications as may be required from time to time,

Registers of Northern Ireland means the Land Registry of Northern Ireland and the Registry of Deeds,

Registers of Scotland means the Land Register of Scotland and/or the General Register of Sasines,

Registrar means HSBC Bank plc, in its capacity as registrar (and any successor registrar),

Registry of Deeds means the body responsible for recording details of Unregistered Land in Northern Ireland,

Regulated Covered Bonds means Covered Bonds that have been admitted to the register of regulated covered bonds maintained by the FSA pursuant to the RCB Regulations,

Regulated Mortgage Contract has the meaning given to it under FSMA on or after N(M), being a contract that is a regulated mortgage contract if, at the time it is entered into

- (a) the contract is one under which the lender provides credit to an individual or to trustees,
- (b) the contract provides that the obligation of the individual/trustee to repay is to be secured by (in England and Wales) a first ranking legal mortgage or (in Northern Ireland) a first ranking legal charge or first ranking legal mortgage or (in Scotland) a first ranking standard security on land (other than timeshare accommodation) in the United Kingdom, and
- (c) at least 40 per cent of that land is used, or is intended to be used, as or in connection with a dwelling by the individual or (in the case of credit provided to a trustee) by an individual who is a beneficiary of the trust, or by a related person,

Regulation S means Regulation S under the Securities Act,

Regulation S Covered Bond means a Covered Bond represented by a Regulation S Global Covered Bond and/or a Definitive Regulation S Covered Bond, as the context may require,

Regulation S Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold to non-U S persons outside the United States in reliance on Regulation S and substantially in the form set out in **Part 7 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues),

Related Security means, in relation to a Loan, the security for the repayment of that Loan including the relevant Mortgage and all other matters applicable thereto acquired as part of the Portfolio sold to the LLP pursuant to **Clause 2.1** or **Clause 4.1** of the Mortgage Sale Agreement including (without limitation)

- (a) the benefit of all affidavits, consents, renunciations, guarantees, indemnities, waivers and postponements (including, without limitation, Deeds of Consent, Deeds of Postponement and MH/CP Documentation) from occupiers and other persons having an interest in or rights in connection with the relevant Property,
- (b) each right of action of the Seller against any person (including, without limitation, any Valuer, licensed or qualified conveyancer, solicitor and any registrar or registry) in connection with any report, valuation, opinion, certificate or other statement of fact or opinion (including, without limitation, each Certificate of Title and Valuation Report) given or received in connection with all or part of any Loan and its Related Security or affecting the decision of the Seller to make or offer to make all or part of the relevant Loan, and
- (c) the benefit of (including, without limitation, the rights as the insured person under and as notations of interest on, returns of premium and proceeds of claims under) Insurance Policies (including the Buildings Policies) deposited, charged, obtained, or held in connection with the relevant Loan, Mortgage and/or Property and Customer Files,

Relevant Date has the meaning given to it in Condition 7 (*Taxation*) of the Terms and Conditions,

Relevant Event has the meaning given to it in **Clause 5.2** of the LLP Deed,

Relevant Implementation Date has the meaning given to it in **Appendix 2** of the Programme Agreement,

relevant Member has the meaning given to it in **Clause 10.2** of the LLP Deed,

Relevant Member State has the meaning given to it in **Appendix 2** of the Programme Agreement,

Relevant Party means each Dealer, their respective affiliates and each person who controls such Dealer (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and each of their respective directors, officers, employees and agents,

Relevant Screen Page, in respect of Floating Rate Covered Bonds to which Screen Rate Determination applies, has the meaning given to it in the applicable Final Terms Document,

Relevant Shares means the twenty shares in the share capital of Liquidation Member held by Alliance & Leicester at the date of the Master Definitions and Construction Agreement,

repay, redeem and pay shall each include both of the others and cognate expressions shall be construed accordingly,

Replacement Issuer means any entity that assumes the obligations of the Issuer under the Covered Bonds,

Representations and Warranties means the representations and warranties set out in **Schedule 1** to the Mortgage Sale Agreement,

Representation Date means any date on which the Issuer and the LLP gives representations and warranties to and for the benefit of each Dealer under the Programme Agreement, which dates shall include the date of the Programme Agreement, any Agreement Date for the issue of Covered Bonds in relation to a particular issue, the Time of Sale in relation to a particular issue (in respect of Rule 144A Covered Bonds only) and any time that the Prospectus is amended or supplemented,

Request means a written request from the LLP to the Issuer for a Term Advance or Term Advances to be made in the form of **Schedule 2** to the Intercompany Loan Agreement,

Required Current Balance Amount has the meaning given to it in **Clause 18.2** of the LLP Deed,

Required Redemption Amount means, in respect of any relevant Series of Covered Bonds, the amount calculated as follows

the Principal Amount Outstanding of the relevant Series of Covered Bonds

multiplied by

$(1 + \text{Negative Carry Factor} \times (\text{days to maturity of the relevant Series of Covered Bonds}/365))$,

Requisite Ratings means (at any time) the rating then ascribed by each Rating Agency to the long-term, unsecured, unguaranteed and unsubordinated debt obligations of the Issuer,

Reservations has the meaning given to it in **Clause 4.1(c)** of the Programme Agreement,

Reserve Fund means the reserve fund that the LLP will be required to establish on the GIC Account which will be credited with Available Revenue Receipts up to an amount equal to the Reserve Fund Required Amount, and any Cash Capital Contributions made to the LLP by the Seller which the Seller directs the LLP to credit thereto,

Reserve Fund Required Amount means, if the Issuer's short-term unsecured unsubordinated and unguaranteed debt obligations are rated at least A-1+ by S&P or F1+ by Fitch or P-1 by Moody's, nil or such other amount as the Issuer shall direct the LLP from time to time and otherwise, an amount equal to the Sterling Equivalent of the interest due on each Series of Covered Bonds for X months together with an amount equal to one-twelfth of the anticipated aggregate annual amount payable in respect of the items specified in paragraphs (a) to (b) of the Pre-Acceleration Revenue Priority of Payments plus £600,000 or such higher amount as the Issuer shall direct the LLP from time to time

where,

X = the number of months between the dates on which the LLP is required to make payments under the Covered Bond Swap entered into in relation to a Series of Covered Bonds, or if no Covered Bond Swap has been entered into in relation to a Series of Covered Bonds, the number of months between the Interest Payment Dates in relation to the Series of Covered Bonds,

Reserve Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record the crediting of Revenue Receipts and (if so directed by the Seller) Cash Capital Contributions to the Reserve Fund and the debiting of such Reserve Fund in accordance with the terms of the LLP Deed,

Reset Date has the meaning given to it in the ISDA Definitions,

Revenue Ledger means the ledger on the GIC Account of such name maintained by the Cash Manager pursuant to the Cash Management Agreement, to record credits and debits of Revenue Receipts in accordance with the terms of the LLP Deed,

Revenue Receipts means any payment received in respect of any Loan, whether as all or part of a Monthly Payment in respect of such Loan, on redemption (including partial redemption) of such Loan, on enforcement of such Loan (including the proceeds of sale of such Loan), on the disposal of such Loan or otherwise (including payments pursuant to any Insurance Policy) which in any such case is not a Principal Receipt in respect of such Loan or a Third Party Amount,

Rule 144A means Rule 144A under the Securities Act,

Rule 144A Covered Bond means either a Covered Bond represented by a Rule 144A Global Covered Bond and/or a Definitive Rule 144A Covered Bond, as the context may require,

Rule 144A Global Covered Bond means a Registered Global Covered Bond representing Covered Bonds sold in the United States to QIBs pursuant to Rule 144A and substantially in the form set out in **Part 8 of Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues),

Rules means the rules, regulations and procedures creating and affecting DTC and its operations,

S&P means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc or its successors,

Sale Proceeds means the cash proceeds realised from the sale of Selected Loans and their Related Security,

Sarbanes-Oxley Act means the U S Sarbanes-Oxley Act of 2002,

Sasine Transfer means an assignation of Scottish Mortgages (and the Scottish Loans secured thereby) recorded or required to be recorded in the General Register of Sasines substantially in the form set out in **Part 2 of Schedule 13** to the Mortgage Sale Agreement,

Scheduled Interest means, in relation to a Series of Covered Bonds, an amount equal to the amount in respect of interest which is or would have been due and payable under such Covered Bonds on each Interest Payment Date as specified in Condition 4 (*Interest*) of the Terms and Conditions (but excluding any additional amounts relating to premiums, default interest or interest upon interest (**Excluded Scheduled Interest Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice), as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date and (if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to the relevant Covered Bonds) as if the maturity date of the Covered Bonds had been the Extended Due for Payment Date (but taking into account any principal repaid in respect of such Covered Bonds or any Guaranteed Amounts paid in respect of such principal prior to the Extended Due for Payment Date) or, where applicable, after the Final Maturity Date, such other amount of interest as may be specified in the applicable Final Terms Document less any additional amounts the Issuer would be obliged to pay as a result of any gross-up in respect of any withholding or deduction made under the circumstances set out in Condition 7 (*Taxation*) of the Terms and Conditions,

Scheduled Payment Date means, in relation to payments under the Covered Bond Guarantee in respect of a Series of Covered Bonds, each Interest Payment Date or the Final Maturity Date as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date,

Scheduled Principal means, in relation to a Series of Covered Bonds, an amount equal to the amount in respect of principal which is or would have been due and repayable under such Covered Bonds on each Interest Payment Date or the Final Maturity Date (as the case may be) as specified in Condition 6.1 (*Redemption and Purchase – Final Redemption*) and Condition 6.8 (*Redemption and Purchase – Instalments*) of the Terms and Conditions (but excluding any additional amounts relating to prepayments, early redemption, broken funding indemnities, penalties, premiums or default interest (**Excluded Scheduled Principal Amounts**) payable by the Issuer following service of an Issuer Acceleration Notice but including such amounts (whenever the same arose) following service of an LLP Acceleration Notice) as if such Covered Bonds had not become due and repayable prior to their Final Maturity Date and (if the applicable Final Terms Document specified that an Extended Due for Payment Date is applicable to such relevant Covered Bonds) as if the maturity date of such Covered Bonds had been the Extended Due for Payment Date,

Scottish Declaration of Trust means each declaration of trust in relation to Scottish Loans and their Related Security made pursuant to **Clauses 3.1(a) or 4.9(a)** the Mortgage Sale Agreement, in substantially in the form set out in **Schedule 14** thereto by means of which the transfer of the beneficial interest in such Scottish Loans and their Related Security by the Seller (or, as applicable, any New Seller) to the LLP is given effect,

Scottish Loan means a Loan secured by a Scottish Mortgage,

Scottish Mortgage means a Mortgage over a Scottish Property,

Scottish Mortgage Conditions means the Mortgage Conditions applicable to Scottish Loans,

Scottish Property means a Property situated in Scotland,

Scottish Sub-Security means each standard security over any Scottish Mortgage (and the Loan secured thereby) granted by the LLP in favour of the Security Trustee pursuant to **Clause 2.4** of the Deed of Charge, substantially in the relevant form set out in **Schedules 3 or 4** thereto,

Scottish Supplemental Charge means each assignation in security of the LLP's interest under any Scottish Declaration of Trust granted by the LLP in favour of the Security Trustee pursuant to **Clause 2.5** of the Deed of Charge, substantially in the form set out in **Schedule 5** thereto,

Scottish Transfer means each SLR Transfer, Sasine Transfer, LLP Land Register Transfer and LLP Sasine Register Transfer,

Scottish Trust means each trust declared and created pursuant to each Scottish Declaration of Trust,

Scottish Trust Property has the meaning given to it in the relevant Scottish Declaration of Trust,

Screen Rate means, for any date, the arithmetic mean of the offered quotations for Sterling deposits of the relevant term in the London inter-bank market displayed on Reuters Page LIBOR 01 as of 11 00 a m London time on that date, in each case, displayed on the above mentioned Reuters page (or such replacement page on that service which displays the information) or, if that service ceases to display the information, the Cash Manager (after consultation with the Issuer and the Security Trustee) may specify another page or service displaying the appropriate rate,

Screen Rate Determination means, if specified as applicable in the applicable Final Terms Document, the manner in which the Rate of Interest on Floating Rate Covered Bonds is to be determined in accordance with Condition 4 2(b)(ii) (*Screen Rate Determination for Floating Rate Covered Bonds*) of the Terms and Conditions,

SEC means the U S Securities and Exchange Commission,

Secretarial Services Agreement means the secretarial services agreement entered into on the Programme Date and made between, inter alios, the Secretarial Services Provider, the LLP and the Liquidation Member,

Secretarial Services Provider means Alliance & Leicester plc in its capacity as secretarial services provider under the Secretarial Services Agreement,

Secured Creditors means the Security Trustee (in its own capacity and on behalf of the other Secured Creditors), the Bond Trustee (in its own capacity and on behalf of the Covered Bondholders), the Covered Bondholders, the Receiptholders, the Couponholders, the Issuer, the Seller, the Servicer, the Account Bank, the Stand-by Account Bank, the Cash Manager, the Swap Providers, the Secretarial Services Provider, the Corporate Services Provider, the Asset Monitor, the Agents and any other person which becomes a Secured Creditor pursuant to the Deed of Charge,

Secured Obligations means any and all moneys, obligations and liabilities and all other amounts due, owing, payable or owed by the LLP to the Secured Creditors under Covered Bonds and/or the Transaction Documents and references to Secured Obligations includes references to any of them,

Securities Act means the United States Securities Act of 1933, as amended,

Securities and Exchange Law means the Securities and Exchange Law of Japan,

Security means the security granted by the LLP to the Security Trustee under and pursuant to the terms of the Deed of Charge,

Security Interest or Encumbrance means any mortgage, sub mortgage, standard security, charge, sub charge, pledge, right of set-off, lien (other than a lien arising in the ordinary course of business or by operation of law), assignment, assignation in security or other encumbrance or security interest howsoever created or arising,

Security Trustee means HSBC Corporate Trustee Company (UK) Limited, in its capacity as security trustee under the Trust Deed and the Deed of Charge together with any successor security trustee appointed from time to time,

Selected Loan Offer Notice means a notice from the LLP served on the Seller offering to sell Selected Loans and their Related Security for an offer price equal to the greater of the then Current Balance of the Selected Loans and the Adjusted Required Redemption Amount,

Selected Loan Repurchase Notice means a notice from the Seller served on the LLP accepting an offer set out in a Selected Loan Offer Notice,

Selected Loans means Loans and their Related Security to be sold by the LLP pursuant to the terms of the LLP Deed and the Mortgage Sale Agreement and having in aggregate the Required Current Balance Amount,

Selection Date has the meaning given to it in Condition 6.3 (*Redemption and Purchase – Redemption at the option of the Issuer (Issuer Call)*) of the Terms and Conditions,

Seller means Alliance & Leicester plc in its capacity as Seller under the Mortgage Sale Agreement, and **Sellers** means, together, the Seller and any New Sellers,

Seller Accession Letter means the Seller Accession Letter substantially in the form set out in **Part 1** of **Appendix 4** of the Programme Agreement,

Seller Bank Accounts means the bank account(s) of the Seller into which monies may be paid from time to time pursuant to the terms of the LLP Deed, details of which will be given to the LLP,

Seller Confirmation Letter means the Seller Confirmation Letter substantially in the form set out in **Part 2** of **Appendix 4** of the Programme Agreement,

Seller Power of Attorney means a power of attorney to be provided by the Seller substantially in the form set out in **Schedule 5** to the Mortgage Sale Agreement,

Seller's Policy means the originating, underwriting, administration, arrears and enforcement policy applied by the Seller from time to time to Loans and their related security for their repayment which are beneficially owned solely by the Seller,

Seller Standard Variable Rate means the standard variable rate set by the Seller which applies to the relevant Variable Rate Loans and discount Loans beneficially owned by the Seller on the Seller's residential mortgage book,

Series means a Tranche of Covered Bonds together with any further Tranche or Tranches of Covered Bonds which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Covered Bonds of the**

relevant Series, holders of Covered Bonds of the relevant Series and related expressions shall be construed accordingly,

Series Reserved Matter

means, in relation to Covered Bonds of a Series

- (a) reduction or cancellation of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, modification of the method of calculating the date of payment in respect of any principal or interest in respect of the Covered Bonds other than in accordance with the terms thereof,
- (b) alteration of the currency in which payments under the Covered Bonds, Receipts and Coupons are to be made,
- (c) alteration of the majority required to pass an Extraordinary Resolution,
- (d) any amendment to the Guarantee or the Deed of Charge (except in a manner determined by the Bond Trustee not to be materially prejudicial to the interests of the Covered Bondholders of any Series or an amendment which is in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be) of a formal, minor or technical nature or to correct a manifest error or an error which is, in the sole opinion of the Bond Trustee or the Security Trustee (as the case may be) proven or is to comply with mandatory provisions of law),
- (e) the sanctioning of any such scheme or proposal for the exchange or sale of the Covered Bonds or the conversion of the Covered Bonds into, or the cancellation of the Covered Bonds in consideration of, shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively, and
- (f) alteration of the proviso to paragraph 5 or paragraph 6 of **Schedule 4** to the Trust Deed,

Servicer means Alliance & Leicester plc in its capacity as servicer under the Servicing Agreement together with any successor servicer appointed from time to time,

Servicer Event of Default has the meaning given to it in **Clause 21.1** of the Servicing Agreement,

Servicer Termination Event has the meaning given to it in **Clause 21.1** of the Servicing Agreement,

Services means the services listed in **Schedule 1** to the Servicing Agreement to be provided by the Servicer pursuant to that Servicing Agreement,

Servicing Agreement means the servicing agreement entered into on the Programme Date between the LLP, the Servicer and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Share Trustee means SFM Corporate Services Limited in its capacity as share trustee, acting through its office at 35 Great St Helen's, London EC3A 6AP together with any successor share trustee appointed from time to time,

SLR Transfer means an assignation of Scottish Mortgages (and the Scottish Loans secured thereby) registered or required to be registered in the Land Register of Scotland substantially in the form set out in **Part 1 of Schedule 13** of the Mortgage Sale Agreement,

Specified Currency means, subject to any applicable legal or regulatory restrictions, euro, Sterling, U S Dollars and such other currency or currencies as may be agreed from time to time by the Issuer, the relevant Dealer(s), the Principal Paying Agent and the Bond Trustee and specified in the applicable Final Terms Document,

Specified Denomination means, in respect of a Series of Covered Bonds, the denomination or denominations of such Covered Bonds specified in the applicable Final Terms Document,

Specified Interest Payment Date, in respect of Floating Rate Covered Bonds or Variable Interest Covered Bonds, has the meaning (if any) given to it in the applicable Final Terms Document,

Specified Period, in respect of Floating Rate Covered Bonds or Variable Interest Covered Bonds, has the meaning (if any) given to it in the applicable Final Terms Document,

Spread Determination Date means the date that is 15 Business Days prior to each Cash Flow Model Calculation Date,

Stabilised Rate means the rate to which any Loan reverts after the expiration of any period during which any alternative method(s) of calculating the interest rate specified in the Offer Conditions are used,

Standard Documentation means the standard documentation annexed as an exhibit to the Mortgage Sale Agreement or any update or replacement therefor as the Seller may from time to time introduce acting in accordance with the standards of a Reasonable, Prudent Mortgage Lender,

Standard Variable Rate means the Seller Standard Variable Rate and/ or LLP Standard Variable Rate, as the context may require,

Stand-by Account Bank means HSBC Bank plc, acting through its offices at 8 Canada Square, London E14 5HQ, in its capacity as stand-by account bank, or such other person for the time being acting as stand-by account bank in accordance with the Stand-by Bank Account Agreement,

Stand-by Account Bank Notice means a written notice to the Stand-by Account Bank served in accordance with the provisions of the Stand-by Bank Account Agreement and stating that the appointment of the Stand-by Account Bank under the Stand-by Bank Account Agreement is to become operative,

Stand-by Account Mandates means the Stand-by GIC Account Mandate and the Stand-by Transaction Account Mandate,

Stand-by Accounts means the Stand-by GIC Account and the Stand-by Transaction Account,

Stand-by Bank Account Agreement means the stand-by bank account agreement entered into on the Programme Date between the LLP, the Stand-by Account Bank, the Cash Manager and the Security Trustee (as the same may be amended, restated, supplemented, replaced or novated from time to time),

Stand-by GIC Account means the account in the name of the LLP opened and maintained with the Stand-by Account Bank in accordance with and subject to the terms of the Stand-by Bank Account Agreement, the Deed of Charge and the LLP Deed or such additional or replacement account as may be for the time being in place with the prior consent of the Security Trustee and designated as such,

Stand-by GIC Balance means, on any day, the amount standing to the credit of the Stand-by GIC Account as at the opening of business on such day,

Stand-by GIC Rate means the rate of interest accruing on the balance standing to the credit of the Stand-by GIC Account equal to the rate of one-month Sterling LIBOR minus 0.50 per cent per annum,

Sterling Equivalent means, in relation to a Term Advance or a Series of Covered Bonds (including any calculations of the Required Redemption Amount of such Series of Covered Bonds) which is denominated in (a) a currency other than Sterling, the Sterling equivalent of such amount ascertained using the relevant Covered Bond Swap Rate relating to such Term Advance or the Term Advance applicable to such Series of Covered Bonds and (b) Sterling, the applicable amount in Sterling,

Sterling LIBOR means LIBOR for Sterling deposits having the relevant maturity,

Stock Exchange means the London Stock Exchange or any other or further stock exchange(s) on which any Covered Bonds may from time to time be listed or admitted to trading and references to the **relevant Stock Exchange** shall, in relation to any Covered Bonds, be references to the Stock Exchange on which such Covered Bonds are, from time to time, or are intended to be, listed or admitted to trading,

Subscription Agreement means an agreement supplemental to the Programme Agreement (by whatever name called) in or substantially in the form set out in **Appendix 6** of the Programme Agreement or in such other form as may be agreed between the Issuer, the LLP and the Lead Manager or one or more Dealers (as the case may be),

Subsidiary means any company which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act),

Substitution Assets means each of

- (a) Sterling gilt-edged securities,
- (b) Sterling demand or time deposits, certificates of deposit, long-term debt obligations and short-term debt obligations (including commercial paper) provided that in all cases such investments have a remaining period to maturity of one year or less and the short-term unsecured, unguaranteed and unsubordinated debt obligations or, as applicable, the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being an authorised person under the FSMA) are rated at least P-1/Aa3 by Moody's, A-1+/AA- by S&P and F1+/AA- by Fitch,
- (c) Sterling denominated government and public securities, as defined from time to time by the FSA, provided that such investments have a remaining period to maturity of one year or less and which are rated at least Aaa by Moody's, AAA by S&P and AAA by Fitch, and
- (d) Sterling denominated residential mortgage backed securities provided that such investments have a remaining period to maturity of one year or less, are actively traded in a continuous, liquid market on a recognised stock exchange, are held widely across the financial system,

are available in an adequate supply and which are rated at least Aaa by Moody's, AAA by S&P and AAA by Fitch,

provided that such Substitution Assets comply with the requirements of Regulation 2(1)(a) of the RCB Regulations,

sub-unit means, in accordance with Condition 4 8(j), with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, euro 0 01,

Successor means, in relation to an Agent and the Calculation Agent, any successor to any one or more of them in relation to the Covered Bonds which shall become such pursuant to the provisions of the trust presents and/or the Agency Agreement (as the case may be) and/or such other or further principal paying agent, paying agents, registrar, transfer agent, exchange agent and calculation agent (as the case may be) in relation to the Covered Bonds as may (with the prior approval of, and on terms previously approved by, the Bond Trustee in writing (such approval not to be unreasonably withheld or delayed)) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the case of the Principal Paying Agent being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer and the LLP, and (except in the case of the initial appointments and specified offices made under and specified in the Terms and Conditions and/or the Agency Agreement, as the case may be) notice of whose appointment or, as the case may be, nomination has been given to the Covered Bondholders,

Successor in Business means

- (a) any corporation which is validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, registered as a successor corporation to the Issuer and to another corporation or other corporations in order to effect the amalgamation of the Issuer with such other corporation or corporations, or
- (b) any corporation which validly and effectually, in accordance with all enactments, orders and regulations in force from time to time, undertakes to fulfil the obligations of the Issuer as part of a transfer of engagements by the Issuer to such corporation, or
- (c) a company or other entity to which the Issuer validly and effectually, in accordance with all enactments, orders and regulations in force for the time being and from time to time, as part of a transfer of the whole or substantially the whole of its business, undertaking or assets transfers the whole or substantially the whole of its business, undertaking or assets for the purpose of such other company or entity assuming and conducting the business of the Issuer in its place and which company or other entity undertakes to fulfil the obligations of the Issuer under these presents, or
- (d) any other entity which in acquiring in any other manner all or a substantial part of the undertaking, property and/or assets of the Issuer or in carrying on as a successor to the Issuer the whole or a substantial part of the business carried on by the Issuer prior thereto undertakes to fulfil the obligations of the Issuer under these presents,

where, in each of the cases in paragraphs (a) to (d) above the terms of the proposed transaction have been previously approved by the Bond Trustee or by and Extraordinary Resolution of the holders of the Covered Bonds

Swap Agreements means the Covered Bond Swap Agreements together with the Interest Rate Swap Agreement and each a **Swap Agreement**,

Swap Collateral means, at any time, any asset (including, without limitation, cash and/or securities) which is paid or transferred by a Swap Provider to the LLP as collateral in respect of the performance by such Swap Provider of its obligations under the relevant Swap Agreement together with any income or distributions received in respect of such asset and any equivalent of such asset into which such asset is transformed,

Swap Collateral Accounts means the account in the name of Alliance & Leicester Covered Bonds LLP held at the Account Bank subject to the terms of the Bank Account Agreement and the Deed of Charge or any other account in the name of the LLP held with Alliance & Leicester (or any other Account Bank from time to time) into which Swap Collateral in respect of an Interest Rate Swap or a Covered Bond Swap may be deposited in accordance with the terms of any such Swap,

Swap Collateral Available Amounts means, at any time, the amount of Swap Collateral which under the terms of the relevant Swap Agreement may be applied in satisfaction of the relevant Swap Provider's obligations to the LLP following termination of a Swap to the extent that such obligations relate to payments to be made in connection with the Pre-Acceleration Priority of Payments or the Guarantee Priority of Payments,

Swap Collateral Excluded Amounts means, at any time, the amount of Swap Collateral which may not be applied at that time in satisfaction of the relevant Swap Provider's obligations to the LLP under the terms of the relevant Swap Agreement, including Swap Collateral which is to be returned to the relevant Swap Provider upon termination of the relevant Swap,

Swap Payments Accounts means the account in the name of Alliance & Leicester Covered Bonds LLP held at the Account Bank subject to the terms of the Bank Account Agreement and the Deed of Charge or any other account in the name of the LLP held with Alliance & Leicester (or any other Account Bank from time to time) through which payments under the Interest Rate Swaps or the Covered Bond Swaps will be made,

Swap Provider Default means the occurrence of an Event of Default (as defined in the relevant Swap Agreement) with respect to the relevant Swap Provider, where the relevant Swap Provider is the Defaulting Party (as defined in the relevant Swap Agreement),

Swap Provider Downgrade Event means the occurrence of an Additional Termination Event (as defined in the relevant Swap Agreement) following a failure by the Swap Provider to comply with the requirements of the ratings downgrade provisions set out in the relevant Swap Agreement,

Swap Providers means the Covered Bond Swap Providers and the Interest Rate Swap Provider, and each a **Swap Provider**,

Swaps means the Covered Bond Swaps together with the Interest Rate Swap, and each a **Swap**,

Talontholders means the several persons who are for the time being holders of the Talons,

Talons means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Definitive Covered Bonds (other than Zero Coupon Covered Bonds), such talons being substantially in the form set out in **Part 6 of Schedule 2** to the Trust Deed or in such other form as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 10 (*Replacement of Covered Bonds, Receipts, Coupons and Talons*) of the Terms and Conditions,

TARGET System means, in accordance with Condition 4 8(a)(11), the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System,

Tax Credit has the meaning given to it in the relevant Swap Agreement,

Taxes means all present and future taxes, levies, imposts, duties (other than stamp duty), fees, deductions, withholdings or charges of any nature whatsoever and wheresoever imposed, including, without limitation, income tax, corporation tax, VAT or other tax in respect of added value and any franchise, transfer, sales, gross receipts, use, business, occupation, excise, personal property, real property or other tax imposed by any national, local or supranational taxing or fiscal authority or agency together with any penalties, fines or interest thereon and **Tax** and **Taxation** shall be construed accordingly,

Temporary Global Covered Bond means a temporary global covered bond substantially in the form set out in **Part 1** of **Schedule 2** to the Trust Deed with such modifications (if any) as may be agreed between the Issuer, the Principal Paying Agent, the Bond Trustee and the relevant Dealer(s) or Lead Manager (in the case of syndicated issues), together with the copy of the applicable Final Terms Document annexed thereto, comprising some or all of the Covered Bonds of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) relating to the Programme, the Agency Agreement and the trust presents,

Term Advance means each term advance made by the Issuer to the LLP from the proceeds of Covered Bonds pursuant to the Intercompany Loan Agreement,

Term Advance Notice means the notice to be delivered to the LLP by the Issuer prior to each Issue Date in accordance with the Intercompany Loan Agreement in the form set out in **Schedule 1** to the Intercompany Loan Agreement,

Terms and Conditions or **Conditions** means the terms and conditions of the Covered Bonds (as set out in **Schedule 1** to the Trust Deed),

Third Party Amounts includes

- (a) amounts under a direct debit which are repaid to the bank making the payment if such a bank is unable to recoup that amount itself from the customer's account,
- (b) payments by Borrowers of any fees and other charges which are due to the Seller (including payments of insurance premiums, if any, due to the Seller in respect of any Seller arranged insurance policy to the extent not paid or payable by the Seller (or to the extent such insurance premiums have been paid by the Seller in respect of any Loan, which is not repurchased by the Seller, to reimburse the Seller)), or
- (c) recoveries in respect of amounts deducted from Loans, which will belong to and be paid to the Seller,

Time of Sale means the time specified in the relevant Subscription Agreement or as may otherwise be agreed between the parties thereto,

Title Deeds means, in relation to each Loan and its Related Security and the Property relating thereto, all conveyancing deeds and documents (if any) which make up the title to the Property and the security for the Loan and all searches and enquiries undertaken in connection with the grant by the Borrower of the related Mortgage,

Title Insurance Policy means a title insurance policy with First Title Insurance PLC (company registration number 01112603) and referenced HLPP(E&W)8/01, HLPPSCOT8/01 or HLPPNI01/05,

Total Credit Commitment means an amount equal to the Programme Limit from time to time,

Tranche means an issue of Covered Bonds which are identical in all respects (including as to listing and admission to trading),

Transaction Documents means

- (a) the Mortgage Sale Agreement,
- (b) each Scottish Declaration of Trust,
- (c) the Servicing Agreement,
- (d) the Asset Monitor Agreement,
- (e) the Intercompany Loan Agreement,
- (f) the LLP Deed,
- (g) the Cash Management Agreement,
- (h) the Interest Rate Swap Agreement,
- (i) each Covered Bond Swap Agreement,
- (j) the Bank Account Agreement,
- (k) the Stand-by Bank Account Agreement
- (l) the Secretarial Services Agreement,
- (m) the Corporate Services Agreement,
- (n) the Deed of Charge (and each document entered into pursuant to the Deed of Charge, including without limitation each Scottish Supplemental Charge and Scottish Sub-Security),
- (o) the Trust Deed,
- (p) the Agency Agreement,
- (q) the Programme Agreement,
- (r) each of the Final Terms Documents (as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement),
- (s) each Subscription Agreement (as applicable in the case of each issue of listed Covered Bonds subscribed for pursuant to a subscription agreement),
- (t) any custody agreement entered into from time to time in connection with the holding of any Authorised Investments,
- (u) the Master Definitions and Construction Schedule, and
- (v) any other agreement or document from time to time designated as such by the Issuer, the LLP and the Bond Trustee and/or the Security Trustee,

Transfer Agent means, in relation to all or any Series of Registered Covered Bonds, HSBC Bank plc whose registered office is at 8 Canada Square, London E14 5HQ, in its capacity as transfer agent or, if applicable, any successor transfer agent in relation to all or any Series of the Covered Bonds,

Transfer Certificate means the transfer certificate substantially in the form set out in **Schedule 4** to the Agency Agreement,

Trust Corporation means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee,

Trust Deed means the trust deed entered into on the Programme Date between the Issuer, the LLP, the Security Trustee and the Bond Trustee under which Covered Bonds will, on issue, be constituted and which sets out the terms and conditions on which the Bond Trustee has agreed to act as bond trustee and includes any trust deed or other document executed by the Issuer, the LLP, the Security Trustee and the Bond Trustee in accordance with the provisions of the Trust Deed and expressed to be supplemental to the Trust Deed,

Trust Indenture Act means the U S Trust Indenture Act of 1939, as amended,

trust presents means the Trust Deed and the Schedules and any trust deed supplemental to the Trust Deed and the Schedules (if any) thereto and the Covered Bonds, the Receipts, the Coupons, the Talons, the Terms and Conditions and each of the Final Terms Documents, all as from time to time modified in accordance with the provisions therein contained,

Trustee Acts means the Trustee Act 1925 and the Trustee Act 2000 of England and Wales,

UK Listing Authority means the FSA in its capacity as competent authority under the FSMA,

UNCITRAL Implementing Regulations means the Cross Border Insolvency Regulations 2006 (S I 2006/1030),

Unanimous Decision means a unanimous decision of the Members which has either been recorded in writing, signed by each of the Members or passed unanimously at a Members' meeting,

Underpayment means a reduced payment by a Borrower under a Flexible Loan and where such reduced payment is in place of the Monthly Payment set out in the Offer Conditions (or any changed Monthly Payment subsequently notified to the Borrower), where there are sufficient available funds to fund the difference between the Monthly Payment and this reduced payment and where the Borrower is not in breach of the Mortgage Terms for making such payment,

Unlegended Covered Bond means any Registered Covered Bond which is not a Legended Covered Bond,

Unregistered Land means, in the case of England and Wales, land in England and Wales title to which is not, and is not required to be, registered at the Land Registry and, in the case of Northern Ireland, land in Northern Ireland title to which is registered at the Registry of Deeds and which is not, and is not required to be, registered at the Land Registry of Northern Ireland,

Unregistered Transfer means a deed of transfer of English Mortgage(s) over Unregistered Land substantially in the forms set out in **Schedule 3** to the Mortgage Sale Agreement with such modifications as may be required from time to time,

UTCCR means the Unfair Terms in Consumer Contracts Regulations 1994 and 1999, as amended,

VAT or Value Added Tax means value added tax imposed by the United Kingdom under the Value Added Tax Act 1994 and legislation (whether delegated or otherwise) replacing the same or supplemental thereto or in any primary or subordinate legislation promulgated by the European Union or any official body or agency thereof, and any similar turnover tax replacing or introduced in addition to any of the same,

VATA means the Value Added Tax Act 1994,

Valuation Report means the valuation report or reports for mortgage purposes, in the form of the pro-forma report contained in the Standard Documentation, obtained by the Seller from a Valuer in respect of each Property or a valuation report in respect of a valuation of a Property made using a methodology which would be acceptable to a Reasonable, Prudent Mortgage Lender and which has been approved by the Director of group Property and survey of the Seller (or his successor),

Valuer means an Associate or Fellow of the Royal Institution of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers who was at the relevant time either a member of a firm which was on the list of Valuers approved by or on behalf of the relevant Seller from time to time or an Associate or Fellow of the Royal Institute of Chartered Surveyors or the Incorporated Society of Valuers and Auctioneers employed in-house by the Seller acting for the Seller in respect of the valuation of a Property,

Variable Interest Covered Bonds means Index Linked Interest Covered Bonds, Credit Linked Interest Covered Bonds, Equity Linked Interest Covered Bonds, Dual Currency Interest Covered Bonds and other Covered Bonds (excluding Floating Rate Covered Bonds) where the rate of interest is variable,

Variable Rate Loans means those Loans which are subject to the Standard Variable Rate of Interest which may at any time be varied in accordance with the relevant Mortgage Terms (and shall, for the avoidance of doubt, include discount Loans but exclude Fixed Rate Loans and Base Rate Loans),

voting certificate has the meaning given to it in **Schedule 4** to the Trust Deed,

WAFF means weighted average foreclosure frequency in respect of the Portfolio determined in accordance with the methodologies prescribed by the Rating Agencies,

WALS means weighted average loss severity in respect of the Portfolio determined in accordance with the methodologies prescribed by the Rating Agencies, and

Zero Coupon Covered Bonds means Covered Bonds which will be offered and sold at a discount to their nominal amount and which will not bear interest



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

**Pursuant to section 401(2) of the Companies Act 1985 as applied to
Limited Liability Partnerships pursuant to Paragraph 4 and
Schedule 2 of the Limited Liability Partnerships Regulations 2000.**

LLP NO. OC332032

CHARGE NO. 1

**THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A DEED OF CHARGE DATED THE 9
APRIL 2008 AND CREATED BY ALLIANCE & LEICESTER
COVERED BONDS LIMITED LIABILITY PARTNERSHIP FOR
SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE
LIMITED LIABILITY PARTNERSHIP TO THE SECURED
CREDITORS UNDER THE TERMS OF THE AFOREMENTIONED
INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS
REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE
COMPANIES ACT 1985 AS APPLIED TO LIMITED LIABILITY
PARTNERSHIPS PURSUANT TO PARAGRAPH 4 AND SCHEDULE
2 OF THE LIMITED LIABILITY PARTNERSHIPS REGULATIONS
2000 ON THE 28 APRIL 2008**

GIVEN AT COMPANIES HOUSE, CARDIFF THE 2 MAY 2008



Companies House
— for the record —



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**