

the Guarantor's board of directors in its sole discretion; or

- (ii) to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios under the Capital Adequacy Regulations, as determined by the Guarantor's board of directors (and as notified by the Guarantor's board of directors to the Regulator and the Issuer) in its sole discretion; or
- (iii) if the board of directors of the Guarantor has resolved not later than the Distribution Determination Date that no Distributions should be made on the next Distribution Payment Date; or
- (iv) if the Regulator has instructed the General Partner or the Guarantor not to make such payment.

The discretion of the Guarantor's board of directors to resolve that a Distribution should not be paid is unfettered, except that the Guarantor's board of directors will exercise such discretion not to pay if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or not paid the most recent payment or foresees suspension of the next payment on any of its preference shares (unless such payment is the last payment in the Dividend Stopper Period) or Tier 2 Securities (unless prior to the relevant Distribution Payment Date of the Preferred Securities all the deferred and accrued arrears of interest in respect of such Tier 2 Securities have been paid in full).

To the extent that a Distribution is not paid by reason of the limitations described above, no payment under the Subordinated Guarantee will be paid, or may be claimed in respect thereof.

Subject to (b) above, if, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities or dividends or other distributions are not paid in full on any Parity Securities, but the Guarantor's board of directors determine that there are sufficient Adjusted Distributable Reserves to allow payment of part of any Distribution, the General Partner may determine to pay the Relevant Proportion of such Distribution.

Distribution and Capital Stopper:

The Guarantor will undertake in the Subordinated Guarantee that, in the event that any Distribution is not paid it will not:

- (c) declare or pay any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Junior Share Capital or Parity Securities, until the then applicable Dividend Stopper Period has expired; or
- (d) (if permitted) repurchase or redeem Junior Share Capital or Parity Securities until the then applicable Dividend Stopper Period has expired.

The Guarantor will also undertake in the Subordinated Guarantee that, in the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid it will only declare and pay (or make a payment under a guarantee in respect of) an amount not exceeding the Relevant Proportion of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security for the applicable Dividend Stopper Period.

Capital Deficiency Event and Substituted Preference Shares:

If a Capital Deficiency Event occurs and is continuing then the General Partner has the discretion to cause, and if the Regulator requires will so cause, the substitution of the Preferred Securities for non-cumulative preference shares issued directly by the Guarantor (the **Preferred Securities Substitution**).

On the substitution date, each Preferred Security of €1,000 in liquidation preference will be substituted for each Substituted Preference Share which will have a liquidation preference of €1,000 and have rights as to quantum of distributions and upon liquidation equivalent to the Preferred Securities.

The General Partner will notify holders if a Capital Deficiency Event occurs and the Preferred Securities Substitution is to take place. In the notice the General Partner will include information of the procedures for effecting the Preferred Securities Substitution.

*If a Preferred Securities Substitution occurs it is the current intention of the General Partner to arrange for an alternative method for investors to hold their Substituted Preference Shares. If this method is adopted by the General Partner and an accountholder elects for this alternative method, then instead of delivering each Substituted Preference Share directly to the investors, the General Partner will invite a third party investment bank to arrange for the establishment of a finance company which will receive each relevant Substituted Preference Share. Each relevant investor will receive a security in a nominal amount of €1,000 issued by the finance company and backed by the Substituted Preference Shares. The General Partner will only offer this alternative means of holding the Substituted Preference Shares if under Irish law in force at the time of the Preferred Securities Substitution such an arrangement would enable investors to hold the security in Clearstream Banking AG, Frankfurt am Main ("**Clearstream, Frankfurt**") and receive cashflows on the Substituted Preference Shares free of Irish withholding taxes and such security would be transferable free of Irish stamp taxes.*

The above statements in italics will not form part of the terms of the Preferred Securities and thus will not constitute a contractually binding commitment.

No Preferred Securities Substitution will take place and the Holders will continue to hold their Preferred Securities and all their rights thereunder if prior to the substitution date, a winding-up of the Guarantor occurs.

Optional Redemption:

The Preferred Securities will be perpetual securities and are not subject to any mandatory redemption provisions. They will, however, be redeemable on 8th June, 2011 (the **First Call Date**) or on any

Distribution Payment Date thereafter, in whole but not in part, at the option of the General Partner and subject to the satisfaction of the Redemption Conditions, at the Optional Redemption Price.

Capital Disqualification Event Redemption:

If at any time a Capital Disqualification Event occurs, the Preferred Securities will be redeemable at any time (including prior to the First Call Date) in whole, but not in part, at the option of the General Partner, subject to satisfaction of the Redemption Conditions at the Optional Redemption Price.

Ranking of the Preferred Securities:

The Preferred Securities, together with the Subordinated Guarantee, are intended to provide Holders with rights on liquidation equivalent to non-cumulative preference shares of the Guarantor, whether or not issued.

Claims under the Preferred Securities in respect of any Liquidation Distributions will rank:

- (i) senior to the rights of the General Partner in respect of other partnership interests issued by the Issuer; and
- (ii) *pari passu* with claims of the holders of all other preferred securities issued by the Issuer unless the terms of such other preferred securities or provisions of relevant law provide otherwise.

Rights upon Liquidation:

In the event of the dissolution of the Issuer, Holders will be entitled to receive, subject as set out below, for each Preferred Security a Liquidation Distribution out of the assets of the Issuer legally available for distribution.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor other than pursuant to a Permitted Reorganisation, the Liquidation Distribution payable per Preferred Security shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been non-cumulative preference shares issued by the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) and any other liability ranking *pari passu* with or junior to the Subordinated Guarantee);
- (b) *pari passu* with Parity Securities, if any, issued by the Guarantor

and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and

(c) senior to Junior Share Capital.

In the event of an order being made for the liquidation, dissolution or winding-up of the Guarantor other than pursuant to a Permitted Reorganisation or a declaration being made that the Guarantor is insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders will be entitled as a Liquidation Distribution will be as described above.

Notwithstanding the foregoing, Holders shall have no rights to receive Distributions, nor shall they have any rights to receive, in circumstances where the Issuer is being dissolved, Liquidation Distributions out of the assets of the Issuer legally available for distribution upon Substituted Preference Shares being issued and allotted to, or to the order of, the Holders consequent upon the occurrence of a Capital Deficiency Event.

Withholding Tax and Additional Amounts:

The Issuer will pay such additional amounts (**Additional Amounts**) as may be necessary in order that the net payment received by each Holder in respect of the Preferred Securities, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer, will equal the amount which would have been received in the absence of any such withholding taxes, subject to certain exceptions.

The Subordinated Guarantee will contain a similar provision in respect of Irish taxes.

Administrator:

The Issuer will appoint an administrator to perform those operational matters in relation to the Issuer required under the Financial Services and Markets Act 2000 to be performed by a person authorised by the FSA to establish, operate and wind-up collective investment schemes.

Form of the Preferred Securities:

The Preferred Securities will be in registered form.

The Preferred Securities will be represented on issue by a single global certificate in registered form, which will be registered in the name of BT Globenet Nominees Limited, as nominee for, and deposited with, Clearstream, Frankfurt. The Preferred Securities will also be eligible for clearing and settlement through Euroclear and Clearstream, Luxembourg.

ISIN:	DE000A0E5U85
Common Code:	022172794
WKN:	A0E5U8
Fondscod:	45614

Definitive certificates will not be made available to Holders other than in certain limited circumstances.

Listing:

Application will be made to list the Preferred Securities on the Official Market of the Frankfurt Stock Exchange (*amtlicher Markt*) and has been made to list the Preferred Securities on Eurolist by Euronext

Amsterdam.

Rating:

The Preferred Securities are expected to be assigned, on issue, a rating of "A2" by Moody's Investors Service, Inc., a rating of "A" by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and a rating of "A+" by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

Governing Law:

The Limited Partnership Agreement, the Preferred Securities and the Subordinated Guarantee will be governed by, and construed in accordance with, English law.

The subordination provisions of the Limited Partnership Agreement and the Subordinated Guarantee will be governed by, and construed in accordance with, Irish law.