

# PROSPECTUS

## ARLO XII Limited

*(Incorporated with limited liability in the Cayman Islands)*

### Series 2013 (CLN-8)

### JPY 500,000,000 Secured Limited Recourse Credit-Linked Notes due 28 September 2018

This Prospectus is issued in conjunction with, and incorporates by reference the contents of, the Base Prospectus dated 21 September 2012 (the “**Base Prospectus**”) in relation to the U.S.\$ 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”) of ARLO XII Limited (the “**Issuer**”). This Prospectus has been approved by the Central Bank of Ireland (the “**Central Bank**”) as competent authority under the Prospectus Directive 2003/71/EC (as amended by Directive 2010/73/EU) (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Unless the context otherwise requires, terms defined in the Base Prospectus have the same meanings when used in this Prospectus.

Application has been made to the Irish Stock Exchange Limited (the “**Irish Stock Exchange**”) for the Notes to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC.

This document constitutes a Prospectus for the purposes of the Prospectus Directive.

This Prospectus has been prepared for the purpose of giving information about the issue of the Series 2013 (CLN-8) JPY 500,000,000 Secured Limited Recourse Credit-Linked Notes due 28 September 2018 of the Issuer (the “**Notes**”).

The terms and conditions set out below should be read in conjunction with the Terms and Conditions set out in the Base Prospectus.

**The date of this Prospectus is 13 September 2013.**

**Arranger**

**BARCLAYS BANK PLC**

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## **RISK FACTORS**

**The following is a description of certain aspects of the issue of the Notes of which any prospective purchaser of the Notes should be aware, but it is not intended to be exhaustive and any prospective purchaser of the Notes should also read the detailed information set out elsewhere in this document and the other documents relating to the Notes and take their own tax, legal and other relevant advice as to the advisability, structure and viability of their investment. In particular, the attention of prospective purchasers of the Notes is drawn to “Investor Suitability” and “Risk Factors” in the Base Prospectus.**

### **General**

#### ***Credit Considerations***

Prospective purchasers of Notes should take into account, when making a decision as to whether or not to invest in the Notes, that the timing of redemption of the Notes, the amount due to be paid and/or delivered upon redemption of the Notes and the timing and the amount of any interest and principal due on the Notes is dependent on the performance of the Charged Assets and the Charged Agreement.

#### ***Security***

There can be no assurance that the amount payable to the Noteholders on any early redemption of the Notes or upon enforcement of the security for the Notes will be equal to the Issue Price or the outstanding Principal Amount of the Notes. Any shortfall in payments due to the Noteholders will be borne in accordance with the Priority of Payments specified in Paragraph 4 of “Conditions of the Notes”, and any claims of the Noteholders remaining after a mandatory redemption of the Notes or a realisation of the security and application of the proceeds as aforesaid shall be extinguished. None of the Programme Parties or the obligors under the Collateral (other than the Issuer) has any obligation to Noteholders for payment of any amount owing by the Issuer in respect of the Notes.

#### ***Custody Arrangements***

The Issuer and the Trustee have appointed the Custodian to hold the Charged Assets on their respective behalfs in accordance with the Custody Agreement, and the Custodian has appointed the Sub-Custodian to hold the Charged Assets that comprise any bonds issued by the Government of Japan in the Alternative Clearing System in accordance with the Sub-Custody Arrangements. The Issuer has no direct contractual relationship with the Sub-Custodian, and the Custodian has not created security over its rights against the Sub-Custodian in favour of the Issuer. Accordingly, in the event that the Trustee enforces its security, it will have no direct rights against the Sub-Custodian or the Alternative Clearing System for delivery of the Charged Assets that comprise any bonds issued by the Government of Japan, but rather will be relying on the rights it has against the Custodian for such delivery.

Prospective purchasers of the Notes should undertake their own due diligence as to the impact of these custodial arrangements upon the enforceability of the security interests purported to be created by the Pledge Agreement (as defined below).

## ***Expenses***

All payments of anticipated costs and expenses of the Issuer in connection with the issue of Notes have been, or will be, met by the Arranger pursuant to the Programme Expenses Letter and the Series Expenses Letter (each as defined below). To the extent that any unanticipated or extraordinary costs and expenses of the Issuer which are payable by the Issuer arise in connection with the Notes or otherwise and such costs and expenses are not paid by the Arranger (or are not otherwise payable by the Arranger pursuant to the Programme Expenses Letter and the Series Expenses Letter), the Issuer may have no available funds to pay such costs and expenses and there is a risk that it might become insolvent as a result thereof.

## ***Migration***

In respect of any rating assigned to a Reference Entity or Reference Obligation (each as defined in the Charged Agreement), rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that the financial condition of the Reference Entity or other obligor in respect of a Reference Obligation may be better or worse than its rating indicates.

## ***Secondary Market Trading***

Under normal market conditions, Barclays Bank PLC or its affiliates may purchase the Notes in the secondary market and, upon request by a Noteholder, may, within a reasonable time, provide secondary market prices during the term of the Notes. Such prices may be subject to change by the time of any such purchase. The minimum transaction size for a secondary market purchase is JPY 100,000,000. The Notes cannot be partially sold.

## ***The Notes as Credit-Linked Notes***

### ***Exposure to the Reference Entity and Reference Obligation***

The Notes do not represent a claim against the Reference Entity and, in the event of any loss, the Noteholders will not have recourse under the Notes to the Reference Entity. However, the Noteholders will be exposed to the credit risk of the Reference Entity and any Reference Obligation (as defined in the Charged Agreement). The likelihood of a Credit Event (as defined in the Charged Agreement) occurring in respect of a Reference Entity will generally fluctuate with, among other things, the financial condition of such Reference Entity, together with general economic conditions, the conditions of certain financial markets, political events, developments or trends in particular industries and changes in prevailing market rates.

### ***Risk of Loss***

The Noteholders bear the risk of loss in relation to the Reference Entity and any Reference Obligation and in relation to the Charged Assets. Noteholders should note that such risk is borne from 1 August 2013, notwithstanding that this date precedes the Issue Date of the Notes. If a Credit Event or a Bond Redemption Event (each as defined in the Charged Agreement) occurs, the Notes will be redeemed (in the manner more particularly described in the Notes) and the Issuer will (subject as provided herein) pay to the Noteholders the Adjusted Principal Amount (in the case of a Credit Event) and pay to the Noteholders the Bond Redemption Amount (as defined in the Charged Agreement) (in the case of a Bond Redemption Event) (each

as defined herein). The Adjusted Principal Amount and/or Bond Redemption Amount may be substantially less than par, or even zero and therefore the Noteholders may receive on such redemption less than their initial investment. In addition, the amount of interest payments will be adversely affected. If a Credit Event or a Bond Redemption Event occurs interest due on the Notes will cease to accrue from and including the Event Determination Date or the Buyer Period End Date immediately preceding the Bond Event Notice Delivery Date (each as defined in the Charged Agreement) in respect of such Credit Event or Bond Redemption Event or, if there is no preceding Buyer Period End Date, one Business Day immediately following the Effective Date (as defined in the Charged Agreement).

### ***Exposure to default or early termination under Charged Agreement***

Upon the occurrence of an Event of Default or Termination Event (each as defined in the Charged Agreement) under the Charged Agreement, the Notes shall fall due for early redemption by applying the net proceeds of enforcement of the security in accordance with the Conditions, which may have a market value substantially less than par or even zero, and therefore in such circumstances, the Noteholders may receive on redemption an amount which is equal to less than the outstanding Principal Amount of the Notes.

### ***No Obligation to Make Good on Losses***

Neither the Issuer nor any of the Programme Parties guarantees the performance of or otherwise stands behind the Reference Entity or any Reference Obligation, the issuer or obligor of the Charged Assets or the Charged Assets and is not obligated to make good on any losses suffered by the Noteholders as a result of Credit Events with respect to the Reference Entity or any Reference Obligation or as a result of Bond Redemption Events with respect to the issuer or obligor of the Initial Charged Assets or the Initial Charged Assets.

### ***Limited Recourse***

All payments to be made by the Issuer in respect of the Notes will only be due and payable from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Collateral in respect of such Notes. To the extent that such sums are less than the amount which the holders of the Notes expected to receive (the difference being referred to herein as a “**shortfall**”), such shortfall will be borne, following enforcement of the security for the Notes, first by the Noteholders and then by the Swap Counterparty, in accordance with the order of priorities on enforcement specified in Condition 4(d). Each holder of Notes by subscribing for or purchasing such Notes will be deemed to accept and acknowledge that it is fully aware that: (i) the holders of the Notes shall look solely to the sums referred to in the first sentence of this section, as applied in accordance with the order of priorities referred to in the second sentence of this section (the “**Relevant Sums**”), for payments to be made by the Issuer in respect of such Notes; (ii) the obligations of the Issuer to make payments in respect of such Notes will be limited to the Relevant Sums and the holders of such Notes shall have no further recourse to the Issuer (or any of its rights, assets or properties), the Swap Counterparty or any other Programme Party or person and, without limiting the generality of the foregoing, any right of the holders of such Notes to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and (iii) the holders of such Notes shall not be entitled to petition for the winding up of the Issuer as a consequence of any such shortfall or otherwise.

### ***No Guarantee of Performance***

None of the Programme Parties is obligated to make payments on the Notes, and none of them guarantees the value of the Notes or is obliged to make good on any losses suffered as a result of an investment in the Notes. Investors must rely solely on the relevant Collateral for payment under the Notes. There can be no assurance that amounts received by the Issuer from the Collateral will be sufficient to pay all amounts when due if at all. Neither the Issuer nor any of the Programme Parties will have any liability to the holders of any Notes as to the amount, or value of, or any decrease in the value of, the relevant Collateral.

### ***Synthetic Exposure***

The Issuer does not own any of the Reference Obligation(s) and the Swap Counterparty is not obligated to own any Reference Obligation or have any credit exposure to the Reference Entity. The Issuer and the Swap Counterparty need not suffer any loss in order for a Credit Event to exist. The Notes do not represent a claim against the Reference Entity and, in the event of any loss, Noteholders do not have recourse under the Notes to the Reference Entity.

### ***Swap Counterparty Discretion***

The Swap Counterparty will be entitled to determine in its sole and absolute discretion when and whether to deliver a Credit Event Notice and Notice of Publicly Available Information, and any delay or forbearance in delivering any such notices following the occurrence of any event or condition permitting the same is not and shall not be construed as a waiver of any such right and shall not affect the right of the Swap Counterparty to give any such notice at any time thereafter.

### ***Independent Review and Advice***

Each prospective purchaser of the Notes is responsible for its own independent appraisal of and investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the issuer or obligor of the Initial Charged Assets, the Initial Charged Assets, the Reference Entity, the Reference Obligation or any obligations of the Reference Entity, as well as the risks in respect of the Notes and their terms, including, without limitation, any tax, accounting, credit, legal and regulatory risks.

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the issuer or obligor of the Initial Charged Assets, the Reference Entity and the Issuer. None of the Issuer or any of the Programme Parties will have any responsibility or duty to make any such investigations, to keep any such matters under review or to provide the prospective purchasers of the Notes with any information in relation to such matters or to advise as to the attendant risks. See also the section entitled "Investor Suitability" in the Base Prospectus.

Although the Swap Counterparty and/or its affiliates may have entered into and may from time to time enter into business transactions with the issuer of the Charged Assets or the Reference Entity, the Swap Counterparty and/or its affiliates at any

time may or may not hold obligations of or have any business relationship with the issuer of the Charged Assets or any particular Reference Entity.

### ***No Representations***

None of the Issuer, any of the Programme Parties or any of their respective affiliates will have made any investigation of, or makes any representation or warranty, express or implied, as to the issuer of the Initial Charged Assets or the Reference Entity (including, without limitation, with regard to their respective financial condition or creditworthiness) or any Initial Charged Assets or any Reference Obligation or any obligation of the Reference Entity or any information contained in any documents provided by the issuer of the Initial Charged Assets or by the Reference Entity, respectively, to any of them or to any other person or filed by the issuer of the Initial Charged Assets or by the Reference Entity with any exchange or with any governmental entity regulating the offer and sale of securities.

In particular, none of the Issuer, any of the Programme Parties or any of their respective affiliates will have made any investigation of, or makes any representation or warranty, express or implied, as to:

- (1) the existence or financial or other condition of the issuer of the Initial Charged Assets or the Reference Entity; or
- (2) whether the relevant Obligations and/or the Reference Obligations (each as defined in the Charged Agreement) and Specified Reference Obligation(s), or the Initial Charged Assets, constitute legal, valid and binding obligations of the Reference Entity or the issuer or obligor of the Initial Charged Assets, respectively.

### ***Conflicts of Interest***

The Issuer, the Programme Parties and any of their respective affiliates may deal in any obligation, including the Charged Assets, other obligations of the issuer of the Charged Assets and any obligation of the Reference Entity or its affiliates, and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with the issuer of the Charged Assets and the Reference Entity, its affiliates, any other person or entity having obligations relating to the issuer of the Charged Assets, the Reference Entity or its affiliates and may act with respect to such business in the same manner as if any Notes issued hereunder did not exist, regardless of whether any such action might have an adverse effect (including, without limitation, any action which might give rise to an event of default or a Credit Event) on the issuer of the Charged Assets or the Reference Entity and/or its affiliates. Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and some or all of the Issuer, the Programme Parties and any of their respective affiliates, on the other hand. None of the Issuer, the Programme Parties nor any of their respective affiliates is required to resolve such conflicts of interest in favour of the Noteholders and may pursue actions and take such steps that it deems necessary or appropriate to protect its interests without regard to the consequences for the Noteholders. In particular, the interests of the Swap Counterparty may be adverse to those of the Noteholders. The terms of the Notes and the Charged Agreement provide the Swap Counterparty with certain discretions which it may exercise without any regard for the interests of the Noteholders.

### ***Provision of Information***

The Issuer, the Programme Parties and any of their respective affiliates, whether by virtue of the types of relationships described herein or otherwise, may possess information in relation to the issuer of the Charged Assets, the Reference Entity, any Reference Obligation, any obligation of the Reference Entity, any affiliate of the Reference Entity or any guarantor that is or may be material in the context of these Notes and that may or may not be publicly available or known. The Notes will not create any obligation on the part of any of the Issuer, the Programme Parties and any of their respective affiliates to disclose any such relationship or information (whether or not confidential). None of the Issuer, the Programme Parties or any of their respective affiliates makes any representation as to the credit quality of the Charged Assets, the issuer of the Charged Assets, the Reference Entity, the Reference Obligation or any obligation of the Reference Entity. The information contained herein in relation to the Initial Charged Assets, the Reference Entity and the Specified Reference Obligation is contained in the sections entitled "Description of the Initial Charged Assets" and "Description of the Reference Entity" and in Annex 1 (Form of Charged Agreement), and is summary only and has been reproduced from public sources and none of the Programme Parties or any of their respective affiliates or any other person has verified, and the Issuer has only made very limited enquiries in relation to, the information relating to the Initial Charged Assets, the Reference Entity and the Specified Reference Obligation contained herein or in any of the documents made available for inspection by the Noteholders and, save as otherwise set out in the section headed "Responsibility Statement", none of them accepts any responsibility for the accuracy or completeness of such information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

This Prospectus does not provide any information on the creditworthiness of, or likelihood of the occurrence of a Credit Event with respect to, the Reference Entity. As the occurrence of a Credit Event may result in a loss to purchasers of the Notes, each prospective investor is advised to make its own assessment of the likelihood of the occurrence of a Credit Event in respect of the Reference Entity.

### ***Legal Opinions***

Whilst legal opinions relating to the issue of the Notes have been obtained by the Arranger, the Dealer and the Trustee with respect to English law, Japanese law and Cayman Islands law, no legal opinions have been obtained with respect to the laws governing any Reference Obligation or other obligation of the Reference Entity or the laws of the country of incorporation of the Reference Entity in the context of the validity, enforceability or binding nature of the relevant Reference Obligation or other obligation of the Reference Entity as against the Reference Entity.

### ***No Fiduciary Role***

None of the Issuer, any of the Programme Parties or any of their respective affiliates is acting as an investment adviser, and none of them (other than the Trustee) assumes any fiduciary obligation, to any purchaser of Notes.

None of the Issuer or any of the Programme Parties assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of the issuer or obligor of

any Charged Assets or the terms thereof or of the Reference Entity or any Reference Obligation or any obligation of a Reference Entity or of any Swap Counterparty or the terms of the Charged Agreement.

None of such parties makes any representation or warranty, express or implied, as to any of such matters nor as to the legal, valid and binding effect of the terms of the Charged Assets or of the Charged Agreement.

### **Third Party Information**

The Issuer has only made very limited enquiries with regards to, and none of the Programme Parties has verified or (save as otherwise set out in the section headed “Responsibility Statement”) accepts any responsibility for, the accuracy and completeness of the Third Party Information. Prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the accuracy and completeness of the Third Party Information.

### ***The Foreign Account Tax Compliance Act***

The Foreign Account Tax Compliance Act (Sections 1471 through 1474 of the United States Internal Revenue Code of 1986), enacted on 18 March 2010, and US Treasury regulations (“**Regulations**”) promulgated thereunder that took effect from 28 January 2013 (together “**FATCA**”) will impose a 30% United States withholding tax on certain United States source payments, if paid to a foreign financial institution (including amounts paid to a foreign financial institution on behalf of a Noteholder), unless such institution enters into an agreement with the United States Treasury to collect and provide to the United States Internal Revenue Service (“**IRS**”) substantial information regarding United States account holders, including certain account holders that are foreign entities with United States owners, with such institution. Such withholding tax would apply inter alia to United States source payments of interest (and original issue discount), dividends (and dividend equivalents), or other fixed or determinable annual or periodical gain, profits, and income, and on the gross proceeds from a disposition of property of a type which can produce United States source interest or dividends (“**Withholdable Payments**”). The legislation also generally imposes a withholding tax of 30 per cent. on Withholdable Payments made to a non-financial foreign entity unless such entity provides the withholding agent with a certification that it does not have any substantial United States owners or a certification identifying the direct and indirect substantial United States owners of the entity. Under certain circumstances, a Noteholder may be eligible for refunds or credits of such taxes.

In addition, under FATCA, “passthru payments” made by a foreign financial institution to “recalcitrant holders” or non-compliant foreign financial institutions are subject to a 30% United States withholding tax. A “recalcitrant holder” generally is a holder of an account with a foreign financial institution that fails to comply with reasonable requests for information that will help enable the relevant foreign financial institution to comply with its reporting requirements (a Note may constitute an account for these purposes). A “passthru payment” is defined by the Regulations as any Withholdable Payment and any “foreign passthru payment” (which term will be defined in future regulations yet to be proposed). Under the Regulations, the 30% United States withholding tax on “recalcitrant holders” or non-compliant foreign financial institutions may be imposed on United States source payments (e.g. interest and dividend equivalent payments) made after 31 December 2013 and on non-United States source payments made after 31 December 2016 at the earliest.

A “Model 1 intergovernmental agreement” regarding FATCA implementation is expected to be signed by the United States and the Cayman Islands (being the jurisdiction through which the Issuer is acting). On that basis, subject to the Cayman Islands enacting FATCA implementing legislation and the Issuer complying with such legislation, the Issuer should generally not suffer FATCA withholding tax on payments made to it, nor should the Issuer generally be obliged to withhold tax pursuant to FATCA on payments it may make in respect of the Notes. The Issuer would report to the relevant Cayman Islands authority instead of the IRS, which would then automatically exchange the required information with the IRS under the terms of the intergovernmental agreement.

If an amount in respect of US withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, Noteholders may receive less interest or principal than expected. Holders of the Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes. The application of FATCA to Notes issued or materially modified on or after 1 January 2014 (or whenever issued, in the case of Notes treated as equity for U.S. federal tax purposes) may be addressed in relevant Final Terms or a supplement to the Base Prospectus, as applicable.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS OF NOTES IS UNCERTAIN AT THIS TIME. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW THIS LEGISLATION MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

## RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus. In relation to the information under the heading “Information concerning the Swap Counterparty” and in paragraph 9 under the heading “General Information” (the “**Barclays Information**”), Barclays Bank PLC also takes responsibility therefor; in relation to the information under the heading “Information concerning The Bank of New York Mellon” (the “**BNY Mellon Information**”), The Bank of New York Mellon also takes responsibility therefor; and in relation to the information under the heading “Information concerning BNY Mellon Corporate Trustee Services Limited” (the “**BNY Trustee Information**”), BNY Mellon Corporate Trustee Services Limited also takes responsibility therefor.

The information regarding the Initial Charged Assets under the heading “Description of the Initial Charged Assets” and elsewhere in this Prospectus has been accurately reproduced from the website of the Ministry of Finance Japan and Bloomberg and, as far as the Issuer is aware and is able to ascertain from information published by the issuer of the Initial Charged Assets, no facts have been omitted which would render the reproduced information inaccurate or misleading. The information regarding the Reference Entity and the Specified Reference Obligation under the heading “Description of the Reference Entity” and elsewhere in this Prospectus has been accurately reproduced from the website of the Tokyo Stock Exchange, the website of the Nagoya Stock Exchange and Bloomberg and, as far as the Issuer is aware and is able to ascertain from such sources, no facts have been omitted which would render such information inaccurate or misleading. The information in relation to the Reference Entity and Specified Reference Obligation contained in the Form of Charged Agreement set out in Annex 1 hereto has been accurately reproduced from such Form of Charged Agreement and, as far as the Issuer is aware and is able to ascertain from the sources referenced in the immediately preceding sentence above, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The Issuer has not conducted extensive due diligence on the Barclays Information, the BNY Mellon Information, the BNY Trustee Information and the information regarding the Initial Charged Assets, the Reference Entity and the Specified Reference Obligation in this Prospectus (together, the “**Third Party Information**”) or made any enquiries as to its own possession of non-publicly available information. Barclays Bank PLC has not (save in respect of the Barclays Information) conducted any due diligence on the Third Party Information, or made any enquiries as to its own possession of non-publicly available information.

To the best of the knowledge and belief of the Issuer (and in the case of (i) the Barclays Information, Barclays Bank PLC, (ii) the BNY Mellon Information, The Bank of New York Mellon and (iii) the BNY Trustee Information, BNY Mellon Corporate Trustee Services Limited) (each of which has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus for which it takes responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information. The delivery of this Prospectus at any time does not imply that any information contained herein is correct at any time subsequent to the date hereof.

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation

must not be relied upon as having been authorised by the Issuer, the Arranger or the Trustee. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger or any other person to subscribe for, or purchase, any Notes.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Trustee and the Arranger to inform themselves about and to observe any such restriction.

This Prospectus contains summaries of certain provisions of, or extracts from, the Constituting Instrument executed in relation to the Notes and the documents and agreements referred therein. Such summaries and extracts are subject to, and are qualified in their entirety by, the actual provisions of such documents and agreements, copies of which are annexed hereto or available for inspection at the principal office of the Trustee and the specified office of the Principal Paying Agent. Holders of the Notes to which this Prospectus relates, and any other person into whose possession this Prospectus comes, will be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of such Notes.

The Notes will not be rated.

This Prospectus contains references to credit ratings granted by (i) Standard & Poor's Credit Market Services Europe Limited; (ii) Standard & Poor's, a Division of The McGraw-Hill Companies, Inc.; (iii) Moody's Investors Service, Inc.; (iv) Moody's Investors Service Ltd. and (v) Fitch Ratings Limited. Each of Standard & Poor's Credit Market Services Europe Limited, Moody's Investors Service Ltd. and Fitch Ratings Limited is established in the European Community and is registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies. Each of Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. and Moody's Investors Service, Inc. is not established in the European Community and is not registered in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies.

This Prospectus has been approved by the Central Bank as competent authority under the Prospectus Directive. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. This document constitutes a Prospectus for the purposes of the Prospectus Directive. The Notes were not admitted to the Official List of the Irish Stock Exchange nor admitted to trading on its regulated market on the Issue Date and no assurance is given that such listing and admission will be obtained or, if obtained, maintained.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES**

**ACT**”), OR ANY STATE SECURITIES LAWS, AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**1940 ACT**”). THE NOTES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT).

Each purchaser or holder of Notes will be deemed to represent that it is not, and for so long as it holds any Notes will not be, an employee benefit plan subject to the fiduciary responsibility provisions of ERISA, a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended, a person or entity whose assets include the assets of any such employee benefit plan or plan by reason of 29 C.F.R. Section 2510.3-101 or otherwise, or any other employee benefit plan without regard to the federal, state, local or foreign law pursuant to which the plan is organised or administered, and such purchaser or holder is not using the assets of any such plan to acquire the Notes.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Electronic links have been provided to the documents incorporated by reference into this Prospectus but any websites mentioned herein do not form part of this Prospectus.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The Base Prospectus is incorporated in, and shall be taken to form part of, this Prospectus.

The Base Prospectus is available for viewing at the following link:  
[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_3af7cc47-8f12-46f5-8815-a5c3d73e18a9.pdf](http://www.ise.ie/debt_documents/Base%20Prospectus_3af7cc47-8f12-46f5-8815-a5c3d73e18a9.pdf)

This document must be read and construed in conjunction with the Base Prospectus and shall be deemed to modify and supersede the contents of the Base Prospectus to the extent that a statement contained herein is inconsistent with such contents.

## **NOTICE TO INVESTORS FROM BARCLAYS BANK PLC**

Neither Barclays Bank PLC nor any of its affiliates is under any legal, regulatory or moral obligation to purchase the Notes or the Initial Charged Assets (as defined herein) or support any losses suffered by the Issuer or the purchasers of any Notes. Neither Barclays Bank PLC nor its affiliates guarantees or stands behind the Issuer or the Issuer's obligations under the Notes and will not make good and is under no obligation to make good any losses under the Initial Charged Assets or the Notes or under any agreements that the Issuer might enter into with any third parties. The Issuer and each person into whose possession this document comes will be deemed to have acknowledged and agreed to the foregoing.

## INVESTOR REPRESENTATIONS

By purchasing any Notes each Noteholder shall be deemed to represent, warrant and covenant on the date it agrees to purchase such Notes and on the date of such purchase and on one Business Day immediately following the date of such purchase to each of the Issuer and the Programme Parties as follows:

1. **Purchase as principal.** The Noteholder is purchasing the Notes as principal for its own account and not as agent or trustee for any other party, with no view to the re-sale thereof to one or more third parties.
2. **Organization and Authority.** The Noteholder is duly organised and validly existing under the laws of the jurisdiction of its organization or incorporation and, if relevant under such laws, in good standing. The Noteholder has the power and taken all necessary action to purchase the Notes.
3. **Consents.** All governmental and other consents that are required to have been obtained with respect to the Noteholder's agreement to purchase the Notes have been obtained and all relevant authorisations, licences and approvals applicable to the Noteholder in respect of the Notes have been obtained and are in full force and effect and all conditions of any such consents, authorisations, licences and approvals have been complied with.
4. **No Conflict.** Performance of the Noteholder's obligations in connection with any purchase of the Notes do not violate or conflict with any law applicable to the Noteholder, any rule or regulation to which the Noteholder is subject, any provision of its constitutional documents (including without limitation, any operating, investment, risk management or other guidelines, whether or not mandatory), any order or judgment of any court or other agency of government applicable to such Noteholder or any of its assets or any contractual restriction binding on or affecting it or any of its assets.
5. **Non-Reliance.** The Noteholder is acting for its own account and has made its own independent decisions to purchase the Notes and as to whether the Note purchase is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it deems necessary. The Noteholder is not relying on any communication (written or oral) from Barclays Bank PLC as investment advice or as a recommendation to purchase the Notes; it being understood that information and explanations related to the terms and conditions of the Notes shall not be considered investment advice or a recommendation to purchase the Notes. No communication (written or oral) received from Barclays Bank PLC shall be deemed to be an assurance or guarantee as to the expected results of the purchase of the Notes. The Noteholder acknowledges that Barclays Bank PLC are not a fiduciary or financial, investment or trading advisor for it, Barclays Bank PLC have not committed to unwind or cover losses from any purchase, and have not given it (directly or indirectly through any other person) any advice or counsel, assurance, guarantee, or representation whatsoever as to the expected or projected success, profitability, return, performance, result, effect, consequence or benefit (either legal, regulatory, tax, financial, accounting or otherwise) of an investment in or terms of the Notes.

6. **Assessment and Understanding.** The Noteholder is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of purchasing the Notes. The Noteholder is also capable of assuming and it assumes, the financial and other risks of purchasing the Notes, including the risks and outcome of any Credit Event. The Noteholder understands and approves the credit(s) to which the Notes will be linked. If the Notes permit replacement or substitution of credits, the Noteholder understands and approves the methodology and criteria for such replacements or substitutions. The Noteholder has conducted independent investigation and analysis regarding the Issuer, the Notes, and all other relevant persons and such market and economic factors as it deems appropriate to evaluate the merits and risks of an investment in the Notes. The Noteholder has such knowledge and experience in financial and business matters, particularly in transactions that involve a high degree of risk, and access to and knowledge of appropriate analytical resources to be able to evaluate the information in the term sheet and this Prospectus and the merits and risks of an investment in the Notes, after full consideration of its financial, tax, accounting and regulatory circumstances and investment objectives.
7. **Terms and Conditions.** The Noteholder acknowledges that the operative terms and conditions of the Notes will be exclusively those set forth in this Prospectus and that it is not entitled to rely on any description of the terms and conditions of the Notes or any undertaking by any other party with respect to the Notes that is not set forth in this Prospectus, including, without limitation, any such description or undertaking communicated orally or set forth in any pitch books or other marketing materials. The Noteholder understands and acknowledges that Japanese translations of any documents provided to it by, or on behalf of, the Issuer or Barclays Bank PLC or any of the affiliates of Barclays Bank PLC are being provided for reference purposes only and that, in all cases, the English language version of the document will be the governing document.
8. **Compliance with all applicable law and regulation.** The Noteholder acknowledges that no action has been or will be taken by it in any jurisdiction that would permit a public offering of the Notes. The Noteholder is exclusively responsible for any re-sale of the Notes including, without limitation, in Japan, and it has complied and will comply with any applicable laws and regulations in any relevant jurisdiction in offering or re-selling the Notes or carrying out any type of solicitation in connection with the Notes. In addition, the Noteholder will ensure that the purchasers of the Notes will comply with any applicable laws and regulations in any relevant jurisdiction in its purchase of the Notes.
9. **Third Party Information.** The Noteholder acknowledges and agrees that the Issuer has only made very limited enquiries with regards to, and none of the Programme Parties has verified or (save as otherwise set out in the section headed "Responsibility Statement") accepts any responsibility for, the accuracy and completeness of the Third Party Information.

## CONDITIONS OF THE NOTES

### Series 2013 (CLN-8)

#### JPY 500,000,000 Secured Limited Recourse Credit-Linked Notes due 28 September 2018

The Terms and Conditions of the Notes designated as above (the “**Notes**”) shall be the Master Conditions as completed, modified and amended by the terms set out herein (the “**Terms**”). The Master Conditions are set out in the Base Prospectus dated 21 September 2012 (the “**Base Prospectus**”) relating to the ARLO XII Limited U.S.\$5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the “**Programme**”), and for the purposes of these Notes, the Master Conditions (June 2011 Edition – Version 1) shall apply.

Unless the context otherwise requires, terms defined in the Master Conditions or in the Charged Agreement (as defined below) shall have the same meanings when used in these Terms.

1.
  - (i) Issuer: ARLO XII Limited.
  - (ii) Arranger and Dealer: Barclays Bank PLC.
  - (iii) Swap Counterparty: Barclays Bank PLC.
  - (iv) Trustee: BNY Mellon Corporate Trustee Services Limited.
  - (v) Issue Agent and Principal Paying Agent: The Bank of New York Mellon.
  - (vi) Paying Agent: The Bank of New York Mellon.
  - (vii) Custodian: The Bank of New York Mellon. The Bank of New York Mellon has appointed the Sub-Custodian to hold the Charged Assets that comprise any JGBs – see paragraphs 9 and 32 below.
  - (viii) Interest Calculation Agent: Barclays Bank PLC.
  - (ix) Common Depository: The Bank of New York Mellon.
  - (x) Determination Agent: Barclays Bank PLC.
  - (xi) Realisation Agent: Barclays Bank PLC.
  - (xii) Registrar and Transfer Agent: Not Applicable.
2.
  - (i) Series Number: Series 2013 (CLN-8).
  - (ii) Specified Currency: Japanese Yen (“**JPY**” or “**¥**”).
3. Principal Amount: JPY 500,000,000.
4. Status: The Notes are secured and limited recourse obligations of the Issuer ranking *pari passu* and rateably without preference among themselves, recourse in respect of which is limited in the manner described in the Conditions. The Notes

are secured in the manner described in Condition 4 (“*Security*”) and Paragraph 11 (“*Security*”) below and are subject to the priority set out below.

After meeting the expenses and remuneration of and any other amounts due to the Trustee, including in respect of liabilities incurred, or to any receiver appointed pursuant to the Trust Deed, in each case in respect of the Notes, the net proceeds of the enforcement of the security constituted pursuant to the Trust Deed will be applied:

- (i) **first**, in meeting the claims (if any) of the Swap Counterparty under the Charged Agreement;
- (ii) **secondly**, in meeting the claims (if any) of the Noteholders *pari passu* and rateably; and
- (iii) **thirdly**, in payment of the balance (if any) to the Issuer.

5.	Issue Price:	100 per cent.
	Arranger’s/Dealer’s commission:	JPY 1,875,000.
6.	Authorised Denomination:	JPY 100,000,000.
7.	Issue Date:	22 August 2013.
8.	Maturity Date:	Scheduled Termination Date of the Charged Agreement.
9.	Charged Assets:	The Charged Assets comprise the Initial Charged Assets (as defined below), as may be adjusted from time to time pursuant to the provisions below relating to operation of the Credit Support Annex in respect of the Charged Agreement.

On the Issue Date, the Charged Assets will comprise JPY 500,000,000 principal amount of an issue by the Government of Japan No. 296 1.50 per cent. Bonds due 20 September 2018 (ISIN: JP1102961891) (the “**Initial Charged Assets**”).

Following the Issue Date, (i) any Eligible Credit Support and/or Equivalent Credit Support (each as defined in the Charged Agreement) transferred by the Swap Counterparty to the Issuer pursuant to the Credit Support Annex in respect of the Charged Agreement shall, upon such transfer, comprise part of the Charged Assets; and (ii) any Eligible Credit Support and/or Equivalent Credit Support (each as defined in the Charged Agreement) transferred by the Issuer to the Swap Counterparty pursuant to the Credit Support Annex in respect of the Charged Agreement shall, upon such transfer, no longer comprise part of

the Charged Assets.

The Charged Assets that comprise JGBs are book-entry Japanese Government Bonds (*furikae kokusai*) and will be held in the Bank of Japan's Japanese Government Bonds Book-entry System (*Kokusai-Furikae Kessai Seido*), which shall constitute an **"Alternative Clearing System"** for the purpose of this Series.

Pursuant to the Custody Agreement, the Custodian will operate two custody accounts, one account in the name of the Issuer, and one account in the name of the Trustee. The Custodian will appoint a sub-custodian (the **"Sub-Custodian"**) in respect of each account, pursuant to the Sub-Custody Arrangements (as defined below). As at the Issue Date, the Custodian has appointed Mizuho Bank, Ltd. as the Sub-Custodian.

The **"Sub-Custody Arrangements"** means (a) the arrangement pursuant to which the Custodian appoints the Sub-Custodian to open and maintain the Issuer Sub-Custody Account (as defined in paragraph 32), and (b) the arrangement pursuant to which the Custodian appoints the Sub-Custodian to open and maintain the Trustee Sub-Custody Account (as defined in paragraph 32), in each case on substantially the same terms as the Custody Agreement.

If the Charged Assets are redeemed in whole or in part on or prior to the Maturity Date, provided that such redemption does not constitute a Bond Redemption Event under the provisions of Paragraph 25(A) (*Bond Redemption*) hereof, such Redemption Proceeds shall be credited to the relevant Custody Cash Account pursuant to the Custody Agreement, and shall comprise Charged Assets as from the date of such crediting.

Interest shall accrue on the respective Custody Cash Account Balance up to and including the Maturity Date on a daily basis at the relevant Overnight Rate in an amount equal to the product of the following:

- (a) the respective Custody Cash Account Balance (as defined in the Charged Agreement);
- (b) the relevant Overnight Rate; and
- (c)  $1/365$ ,

provided that where, for whatever reason, the Custodian is unable to pay interest in accordance with this paragraph, interest shall cease to accrue in respect thereof from such date as so determined by the Custodian.

Where the Custodian is unable to pay interest on any Custody Cash Account at the aforementioned rate, it shall promptly notify the Issuer, the Trustee, the Principal Paying Agent, the Realisation Agent and the Swap Counterparty.

**"Overnight Rate"** means the offered rate of the Custodian for overnight deposits in the applicable currency in the relevant Custody Cash Account in an amount equal to the related Custody Cash Account Balance.

10. Charged Agreement: The International Swaps and Derivatives Association, Inc. (**"ISDA"**) 1992 form of Master Agreement (Multicurrency – Cross Border) and a schedule thereto dated the date of the Constituting Instrument between the Swap

Counterparty and the Issuer; as supplemented by (i) a confirmation of a swap transaction entered into between the Swap Counterparty and the Issuer, with an effective date of 22 August 2013 and (ii) the ISDA 1995 form of Credit Support Annex (Bilateral Form – Transfer) and the Paragraph 11 thereto in the form of Schedule 6 to the Constituting Instrument entered into between the Swap Counterparty and the Issuer dated 22 August 2013 (the “**Credit Support Annex**”).

11. Security:

As set out in Condition 4(a) (*Security*) save that to the extent that the Charged Assets comprise JGBs:

- (i) there will additionally be an assignment of the Issuer’s rights against the Custodian and the Sub-Custodian with respect to such Charged Assets under the Custody Agreement and the Sub-Custody Arrangements, and any moneys and/or other assets received thereunder; and
- (ii) such Charged Assets will additionally be secured pursuant to a Japanese law pledge agreement between the Issuer, the Custodian, the Trustee and the Swap Counterparty on the terms (as amended, modified and/or supplemented by the Constituting Instrument) set out in the Master Japanese Pledge Terms (Japanese Government Bonds) as specified in the Constituting Instrument (the “**Pledge Agreement**”).

The Pledge Agreement shall constitute an “**Additional Charging Instrument**” for the purposes of this Series.

12. Fixed Rate Notes Provisions:

Not Applicable.

13. Floating Rate Notes Provisions:

Applicable.

- (i) Interest Commencement Date: One Business Day immediately following the Issue Date.
- (ii) Interest Periods: Each Buyer Calculation Period (as defined in the Charged Agreement).
- (iii) Interest Payment Dates: Each Buyer Period End Date (as defined in the Charged Agreement).

- (iv) Interest Amount: In respect of each Interest Period, the Buyer Payment Amount (as defined in the Charged Agreement) payable by the Swap Counterparty in respect of the Buyer Calculation Period that corresponds to such Interest Period.
- For the avoidance of doubt, the provisions of this paragraph 13 are deemed to amend and supplement Condition 6 (*Interest*) and, to the extent of any conflict between the provisions of this paragraph 13 and Condition 6 (*Interest*), the provisions of this paragraph 13 shall prevail.
14. Zero Coupon Notes Provisions: Not Applicable.
15. Index-Linked Interest Notes Provisions: Not Applicable.
16. Notes issued in bearer or registered form: Bearer Notes.
17. Whether Notes will be C Notes or D Notes: The Notes shall be D Notes and, accordingly, the Notes shall be represented on issue by a Temporary Global Note.
- The Temporary Global Note shall be exchangeable for a Permanent Global Note on or after 40 days from the Issue Date (or such later date as may be determined to be the Exchange Date in accordance with the terms of such Temporary Global Note) upon certification as to non-U.S. beneficial ownership.
- The Permanent Global Note shall be exchangeable for definitive Bearer Notes in the limited circumstances set out in Condition 1(a)(1) (*Bearer Notes*).
18. Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity for each Talon: No
19. U.S. Series or non-U.S. Series: Non U.S. Series
20. Listing: It is expected that application will be made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market. Such market is a regulated market for the purposes of the Markets in Financial Instruments Directive 2004/39/EC. However, the Notes will not be so listed and admitted on the Issue Date and no assurance is given that such listing and admission will be obtained thereafter.

21. Ratings: None.
22. Business Days: Tokyo, London and New York.
23. Call/Put Option: Not Applicable
24. Scheduled Redemption Amount: In respect of each Note, 100% of the Authorised Denomination, subject to Early Redemption.

The Notes may be redeemed in part (and the Principal Amount reduced accordingly) in accordance with the Credit Derivatives Definitions as amended by Section 8(c) of the Charged Agreement, where more than one Successor (as defined in the Charged Agreement) to a Reference Entity has been identified.

*Noteholders are referred to the Credit Derivatives Definitions as amended by Section 8(c) of the Charged Agreement set out in Annex 1 to this Prospectus for further details on such partial redemption of the Notes.*

25. Early redemption:

(A) **Bond Redemption:** If a Bond Redemption Event occurs (regardless of whether or not it is continuing) and the Swap Counterparty delivers a Bond Event Notice to the Issuer pursuant to the Charged Agreement, the Notes shall be redeemed by payment of the Bond Redemption Amount in accordance with the following provisions and, accordingly, Condition 7(b) (*Mandatory Redemption*) shall not apply.

- (i) If the Swap Counterparty delivers a Bond Event Notice pursuant to the Charged Agreement, the Issuer shall, on the Business Day following the date of delivery of the Bond Event Notice by the Swap Counterparty, give notice thereof to the Trustee and the other Agents and the Noteholders in accordance with Condition 14 (*Notices*) and the Notes shall become due and repayable on the Early Termination Date. The failure to deliver any such notice by or on behalf of the Issuer shall not affect the effectiveness of any Bond Event Notice delivered pursuant to the Charged Agreement or the application of the other provisions of this Paragraph 25(A).
- (ii) On the Early Termination Date, the Notes shall be redeemed at the Bond Redemption Amount (and upon payment in full thereof, the Issuer's obligations in respect of the Notes shall be cancelled and discharged in full, the Issuer shall have no obligation to make payment to the Noteholders of the Principal Amount, and the Noteholders shall have no further recourse to the Issuer or any other party in respect of the Notes).

*Noteholders should be aware that they bear the risk of a Bond Redemption Event occurring or having occurred at any time from and including 1 August 2013 (notwithstanding that such date precedes the Issue Date), up to and including the Specified Date, or if applicable, the Extension Date (as defined in the Charged Agreement).*

*None of the Issuer, the Programme Parties and their respective affiliates has made any investigation of, or makes any representation or warranty, express or implied, as to whether a Bond Redemption Event has occurred or is likely to occur or as to the creditworthiness of the issuer of the Charged Assets, and each prospective Noteholder is advised to make its own investigations and assessment of the same.*

- (B) **Credit Event Redemption:** If a Credit Event occurs in respect of the Reference Entity and the Swap Counterparty delivers a Credit Event Notice to the Issuer pursuant to the Charged Agreement, the Issuer shall give notice thereof to the Trustee, the Agents and the Noteholders in accordance with Condition 14 (*Notices*) on the Business Day following the date of delivery of the Credit Event Notice by the Swap Counterparty (provided that the failure by the Issuer to deliver any such notice shall not affect the effectiveness of any Credit Event Notice delivered pursuant to the Charged Agreement or the application of the other provisions of this Paragraph 25(B)) and each Note shall be redeemed on the applicable Cash Settlement Date (as defined in the Charged Agreement) by payment to the relevant Noteholder of its Adjusted Face Amount (as defined below).

The “**Adjusted Face Amount**” of a Note is an amount equal to such Note’s pro rata portion of the Adjusted Principal Amount of the Notes.

The “**Adjusted Principal Amount**” of the Notes is an amount equal to the “Adjusted Notional Amount” of the Charged Agreement.

*Noteholders should be aware that they bear the risk of a Credit Event occurring or having occurred at any time from and including 1 August 2013 (notwithstanding that such date precedes the Issue Date), up to and including the Specified Date (as defined in the Charged Agreement), which is 28 September 2018, or, if applicable, the Extension Date (as defined in the Charged Agreement).*

*None of the Issuer, the Programme Parties and their respective affiliates has made any investigation of, or makes any representation or warranty, express or implied, as to whether a Credit Event has occurred or is likely to occur or as to the creditworthiness of the Reference Entity, and each prospective Noteholder is advised to make its own investigations and assessment of the same.*

- (C) Any determination made by the Realisation Agent and/or the Determination Agent pursuant to this Paragraph 25 shall (in the absence of manifest error) be final and binding upon all parties. If the Realisation Agent or the Determination Agent is unable or unwilling to act as such, the Issuer shall, with the prior written consent of the Trustee, appoint the London office of a leading international investment bank to act as such in its place. The Realisation Agent and the Determination Agent may not resign its duties without a successor having been appointed as aforesaid.
- (D) Any term that is used in this Paragraph 25 and not defined herein shall bear the meaning ascribed to it in the Charged Agreement.
- (E) For the avoidance of doubt, Condition 7(c) (*Redemption on termination of Charged Agreement*) shall only apply to the Notes if the Charged Agreement is terminated in whole but not in part and other than in consequence of Condition 7(g) (*Purchase*) or Condition 7(h) (*Exchange*) or in connection with a redemption of Notes pursuant to Paragraph 25 hereof or Condition 9 (*Events of Default*).
- (F) Notwithstanding Condition 7(e)(2) (*Redemption Amount of Notes*), if an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to the

Swap Counterparty as the Defaulting Party, the amount payable upon redemption of each Note shall be the amount determined by the Trustee or, where applicable, the Determination Agent to be the amount available for redemption of such Note by applying the portion available to the Noteholders pursuant to Condition 4(d) (*Realisation of the Collateral upon redemption pursuant to Conditions 7(e), 7(f), 7(g) or 9*) (or as it may be amended or replaced by the Constituting Instrument) of the net proceeds of enforcement of the security in accordance with Condition 4 *pari passu* and rateably to the Notes. For the avoidance of doubt, unless otherwise specified herein, all other terms of Condition 7(e)(2) (*Redemption Amount of Notes*) shall remain unchanged and enforceable.

26. Settlement Procedures: The Notes have been accepted for settlement in Euroclear and Clearstream, Luxembourg.
27. Common Code: 095962017
28. ISIN: XS0959620179
29. Additional Provisions: None.
30. Agent for service of process: For the purposes of Condition 18 (*Governing Law and Submission to Jurisdiction*), the Issuer has appointed Maples and Calder of 11<sup>th</sup> Floor, 200 Aldersgate Street, London EC1A 4HD as its agent for service of any proceedings in England in relation to the Notes, the Trust Deed and the Constituting Instrument.
31. Bond Redemption Events and Credit Events: The occurrence of any Bond Redemption Event or any Credit Event, and all calculations, determinations and other steps required to be taken in connection therewith, under or in respect of the Charged Agreement are conclusive and binding on the Issuer, the Trustee, the Noteholders, the Agents and all other persons when and as they occur or they are made or taken under or in connection with the Charged Agreement pursuant to its terms, without further notice or determination hereunder.
32. Depository Account: (A) To the extent that the Charged Assets comprise JGBs, the Depository Account shall be the Issuer Depository Account and/or the Trustee Depository Account, as the context may require, and the definition of “**Depository Account**” shall be construed accordingly.
- The “**Issuer Depository Account**” means an account in the name of the Custodian for and on behalf of the Issuer opened and maintained with the Sub-Custodian, the account number of which shall be notified in writing by the Custodian to the Issuer, the

Trustee and the Swap Counterparty from time to time.

The “**Trustee Depository Account**” means an account in the name of the Custodian for and on behalf of the Trustee opened and maintained with the Sub-Custodian, the account number of which shall be notified in writing by the Custodian to the Issuer, the Trustee and the Swap Counterparty from time to time.

For the purposes of holding the Charged Assets, the Sub-Custodian has opened and maintained a sub-custody account in the name of the Custodian (in respect of the Issuer Depository Account) with the Alternative Clearing System (the “**Issuer Sub-Custody Account**”) and has opened and maintained a sub-custody account in the name of the Custodian (in respect of the Trustee Depository Account) with the Alternative Clearing System (the “**Trustee Sub-Custody Account**”). The Issuer Sub-Custody Account and the Trustee Sub-Custody Account are each opened and maintained with the Alternative Clearing System under the JGB Book-Entry System of BOJ under and in accordance with the Laws and Regulations on Book-Entry transfer of Corporate Bonds, Stocks, etc.

“**BOJ**” means the Bank of Japan.

“**Laws and Regulations on Book-Entry Transfer of Corporate Bonds, Stocks, etc.**” means the Law Concerning Book-Entry Transfer of Corporate Bonds, Stocks, etc. (Law No. 75 of 2001 as amended) and related laws, regulations and the administrative rules established by BOJ for the operation of the JGB Book-Entry System of BOJ.

- (B) To the extent that the Charged Assets do not comprise JGBs, the Depository Account shall be such other account(s) maintained by the Custodian for and on behalf of the Issuer from time to time.

CONFIRMED

**ARLO XII LIMITED**

By:

Dated: 22 August 2013

## TAX CONSIDERATIONS

**Prospective investors should consult their own tax advisors on the possible tax consequences of the purchase, ownership and disposition of the Notes under the laws of their country of citizenship, residence or domicile.**

Investors should consult their own tax advisors regarding whether the purchase of the Notes, either alone or in conjunction with an investor's other activities, may subject a holder to any state or local taxes based, for example, on an assertion that the investor is either "doing business" in, or deriving income from a source located in, any state or local jurisdiction. Additionally, potential investors should consider the state, local and other tax consequences of purchasing, owning or disposing of the Notes. State and local tax laws may differ substantially from the corresponding federal tax law, and the foregoing discussion does not purport to describe any aspect of the tax laws of any state or other jurisdiction.

The Noteholders will assume and be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges, that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to the Noteholders to reimburse it for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer or by the Principal Paying Agent.

## SUBSCRIPTION AND SALE

### General

No action has been or will be taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Base Prospectus or any part thereof or any other offering material or this Prospectus, in any country or jurisdiction where action for that purpose is required.

The Arranger will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers the Notes or has in its possession or distributes the Base Prospectus or any part thereof, any other offering material or this Prospectus in all cases at its own expense unless otherwise agreed and neither the Issuer nor any other Arranger shall have responsibility therefor.

### United States

The Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, U.S. persons (as such term is defined in Regulation S under the Securities Act).

### United Kingdom

The Arranger has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated, and it will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA (and all rules and regulations made pursuant to the FSMA) with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

### Cayman Islands

No invitation may be made to the public in the Cayman Islands to subscribe for the Notes unless at the time of such invitation the Issuer is listed on the Cayman Islands Stock Exchange. The Issuer currently has no intention of applying for such a listing.

### European Economic Area

The Arranger has represented, warranted and agreed that in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”), it has not made and will not make an offer of Notes to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (A) if the Prospectus in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication

of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Prospectus contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning on the date the of publication of the prospectus and ending on the date which is 12 months after the date of such publication;

- (B) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (C) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (D) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (B) to (D) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

## **Republic of Ireland**

The Arranger has represented, warranted and agreed that:

- (i) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), and any codes of conduct or rules issued in connection therewith and any conditions, requirements or other enactments imposed or approved by the Central Bank, and the provisions of the Irish Investor Compensation Act 1998;
- (ii) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2011 and any codes of practice made under section 117(1) of the Irish Central Bank Act 1989;
- (iii) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank; and

- (iv) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank.

## Japan

The Arranger is aware that the Notes have not been, and will not be, registered under the Financial Instruments and Exchange Act of Japan (the “FIEA”), and that it may not offer or sell any such Notes, directly or indirectly, in Japan or to, or the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

As offering of the Notes constitutes an Offering to Qualified Institutional Investors (*tekikaku kikan toushika muke kanyuu*) (as defined in Article 23-13, Paragraph 1 of the FIEA), the Notes have not been and will not be registered under Article 4, Paragraph 1 of the FIEA. A purchaser may transfer the Notes only to Qualified Institutional Investor(s) (as defined in Article 2, Paragraph 3, Item 1 of the FIEA).

## Hong Kong

The Arranger has represented, warranted and agreed that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) other than (a) to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

## INFORMATION CONCERNING THE SWAP COUNTERPARTY

*In addition to the Issuer, Barclays Bank PLC accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". None of the Trustee or any of the other Programme Parties (other than Barclays Bank PLC) has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into Barclays Bank PLC and the Group (as defined below).*

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the "Group") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group.

The short term unsecured obligations of Barclays Bank PLC are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated A by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Group's audited financial information for the year ended 31 December 2012, the Group had total assets of £1,490,747 million (2011: £1,563,402 million), total net loans and advances<sup>1</sup> of £466,627 million (2011: £478,726 million), total deposits<sup>2</sup> of £462,806 million (2011: £457,161 million), and total shareholders' equity of £62,894 million (2011: £65,170 million) (including non-controlling interests of £2,856 million (2011: £3,092 million)). The profit before tax from continuing operations of the Group for the year ended 31 December 2012 was £99 million (2011: £5,974 million) after credit impairment charges and other provisions of £3,596 million (2011: £3,802 million). The financial information in this paragraph is extracted from the audited consolidated financial statements of Barclays Bank PLC for the year ended 31 December 2012.

Based on the Group's unaudited financial information for the six months ended 30 June 2013, the Group had total assets of £1,533 billion, total net loans and advances<sup>1</sup> of £516,949 million, total deposits<sup>2</sup> of £538,624 million, and total shareholders' equity of £59,394 million (including non-controlling interests of £2,620 million). The profit before tax from continuing operations of the Group for the six months ended 30 June 2013 was £1,648 million after credit impairment charges and other provisions of £1,631 million. The financial information in this paragraph is extracted from the unaudited Interim Results Announcement of Barclays Bank PLC for the six months ended 30 June 2013.

1 Total net loans and advances include balances relating to both bank and customer accounts.

2 Total deposits include deposits from bank and customer accounts.

## INFORMATION CONCERNING THE BANK OF NEW YORK MELLON

*In addition to the Issuer, The Bank of New York Mellon (formerly known as The Bank of New York) accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". None of the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties (other than The Bank of New York Mellon) has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into The Bank of New York Mellon.*

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 34 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$23 trillion in assets under custody and administration and more than \$1.1 trillion in assets under management. Additional information is available at [www.bnymellon.com](http://www.bnymellon.com).

## INFORMATION CONCERNING BNY MELLON CORPORATE TRUSTEE SERVICES LIMITED

*In addition to the Issuer, BNY Mellon Corporate Trustee Services Limited (the “Trustee”) accepts responsibility for the following information as provided in the section of this Prospectus headed “Responsibility Statement”. None of the Arranger, the Swap Counterparty or any of the other Programme Parties (other than the Trustee) has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into BNY Mellon Corporate Trustee Services Limited.*

BNY Mellon Corporate Trustee Services Limited will be appointed pursuant to the Trust Deed as Trustee for the Noteholders.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2 October 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on 1 March 2011 the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

## GENERAL INFORMATION

### 1. Interests of Natural and Legal Persons Involved in the Issue

Save as discussed in “Risk Factors – Conflicts of Interest” in the Base Prospectus and in this document, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

### 2. Reasons for the Issue and Estimated Total Expenses relating to the Admission to Trading

Reasons for the Issue: The net proceeds of the issue of the Notes were used by the Issuer on the Issue Date to satisfy its initial payment obligation under the Charged Agreement.

Estimated Total Expenses: USD 10,000.00.

### 3. Yield

Details of the interest payable under the Notes are set out in Paragraph 13 of “Conditions of the Notes” above.

### 4. Resolutions, Authorisations and Approvals by virtue of which the Notes have been Issued

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the Board of Directors of the Issuer passed on 19 August 2013.

### 5. Cash Flow and Flow of Funds

Pursuant to the Charged Agreement, the Buyer Payment Amount (as defined in the Charged Agreement) and the amount payable by the Buyer pursuant to paragraph 3 (Final Exchange) of the Confirmation (as defined in the Charged Agreement) will be paid to the Issuer for payment to the Noteholders by the Principal Paying Agent in respect of amounts due in respect of the Notes.

### 6. Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the twelve months prior to the date hereof a significant effect on the Issuer’s financial position or profitability.

### 7. Post-Issuance Reporting

The Issuer does not intend to provide post-issuance information.

### 8. Documents on Display

From the date of this Prospectus and for so long as any Notes remain outstanding, the Issuer will make available for inspection physical copies of the memorandum and articles of association of the Issuer during the usual business hours on any weekday (except

Saturdays and Sundays and public holidays) at the specified office of each of the Principal Paying Agent and the Irish Listing Agent.

9. **Swap Counterparty**

The Swap Counterparty has securities admitted to trading on the regulated market of the London Stock Exchange.

## DESCRIPTION OF THE INITIAL CHARGED ASSETS

*The Issuer accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". The following information and any other information contained in this Prospectus relating to the Initial Charged Assets is a summary only of certain terms and conditions of such Initial Charged Assets, and has been reproduced from the website of the Ministry of Finance Japan and Bloomberg. None of the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into the Initial Charged Assets and the issuer thereof.*

Issuer:	The Government of Japan.
Description:	On the Issue Date, the Initial Charged Assets shall comprise JPY 500,000,000 principal amount of an issue by the Government of Japan No. 296 1.50 per cent. Bonds due 20 September 2018 (ISIN: JP1102961891).
Issue Size:	JPY 5,881,871,350,000
Specified Currency or Currencies:	JPY.
Aggregate Nominal Amount:	JPY 500,000,000.
Interest:	1.50 per cent. per annum.
Interest Basis:	Fixed.
Legal Maturity Date:	20 September 2018.
ISIN:	JP1102961891.
Name of Exchange on which Charged Assets are Listed:	Tokyo Stock Exchange and Nagoya Stock Exchange.  The issuer of the Initial Charged Assets also has securities admitted to trading on the regulated market of the London Stock Exchange.
Governing Law:	Japanese.

## DESCRIPTION OF THE REFERENCE ENTITY

*The Issuer accepts responsibility for the following information as provided in the section of this Prospectus headed "Responsibility Statement". The following information and any other information contained in this Prospectus relating to the Reference Entity has been reproduced from the website of the Tokyo Stock Exchange, the website of the Nagoya Stock Exchange and Bloomberg. More details regarding the Reference Entity can be found at the website of Mitsui OSK Lines Ltd. (<http://www.mol.co.jp/en/index.html>). None of the Arranger, the Trustee, the Swap Counterparty or any of the other Programme Parties has verified, or accepts any responsibility whatsoever for the accuracy or completeness of, such information and prospective investors in the Notes should make their own independent investigations and enquiries in respect thereof and into the Reference Entity.*

### **Mitsui OSK Lines Ltd.**

Name:	Mitsui OSK Lines Ltd.
Address:	2-1-1 Toranomom Minato-ku Japan
Country of Incorporation:	Japan
Description:	The Reference Entity provides marine transportation, warehousing, and cargo handling services. The Reference Entity operates container ships, specialized carriers, oil tankers, and ferries. Items transported include coal, iron ore, grain, logs, aluminium, cement, industrial salt, copper ore, wood chips, paper products, chemical products, gasoline and other petroleum products, LPG, and other cargoes.
Name of Exchange on which Securities issued by the Reference Entity are Listed:	The Reference Entity has securities listed on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange.

**ANNEX 1: FORM OF CHARGED AGREEMENT**  
**CONFIRMATION OF CREDIT SWAP TRANSACTION**

Date: 22 August 2013  
To: ARLO XII Limited  
From: Barclays Bank PLC  
Re: **Credit Swap Transaction**

The purpose of this communication, including the Exhibits hereto (this "**Confirmation**"), is to confirm the terms and conditions of the Credit Derivative Transaction entered into between us on 22 August 2013 (the "**Transaction**"). This Confirmation constitutes a "Confirmation" as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions and the 2003 ISDA Credit Derivatives Definitions as supplemented by (i) the May 2003 Supplement to the 2003 ISDA Credit Derivatives Definitions and (ii) where stated as applicable, the Credit Derivatives Physical Settlement Matrix published on 29 May 2012 (the "**Physical Settlement Matrix**"), each as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") (collectively, the "**Credit Derivatives Definitions**") are incorporated into this Confirmation. In the event of any inconsistency between the Credit Derivatives Definitions, the 2006 ISDA Definitions and this Confirmation, this Confirmation will govern. For the avoidance of doubt, (i) references to "Auction Settlement" and "Fallback Settlement Method" in the Physical Settlement Matrix shall not be interpreted to amend the Settlement Method applicable to this Confirmation; and (ii) the March 2009 Supplement and the July 2009 Supplement each to the 2003 ISDA Credit Derivatives Definitions shall not apply to this Confirmation (except for the purposes of certain definitions used in the definition of "Notice Delivery Period" below).

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of 22 August 2013, as amended and supplemented from time to time (the "**Agreement**"), entered into by you and us by our execution of the Constituting Instrument dated 22 August 2013 (the "**Constituting Instrument**"), by and among the parties thereto for purposes of constituting the Series 2013 (CLN-8) JPY 500,000,000 Secured Limited Recourse Credit Linked Notes due 28 September 2018 (the "**Notes**") of the Issuer under its USD 5,000,000,000 Programme for the issue of Notes and the making of Alternative Investments (the "**Programme**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. All terms defined in the Agreement and not otherwise defined herein shall have the meanings assigned in the Agreement. References to "**Notes**", a "**Condition**" in respect of the Notes and any other capitalised term that is used but not defined herein, the Agreement or the Credit Derivatives Definitions shall have their respective meanings as defined in the Constituting Instrument.

The terms of the Transaction to which this Confirmation relates are as follows:

**1. General Terms:**

Trade Date: (i) For the purposes of the date on which the parties enter into this Transaction under Section 3.7 of the 2006 ISDA Definitions and under Section 1.5 of the Credit Derivatives Definitions, 22 August 2013;

	(ii) For all other purposes of the Credit Derivatives Definitions (including, but not limited to, Section 1.8 and Section 1.9 of the Credit Derivatives Definitions) or otherwise relating to this Transaction, 1 August 2013.
Effective Date:	22 August 2013, provided that for the purposes of Section 3.3 ( <i>Credit Event Notice</i> ) the Effective Date shall be 1 August 2013.
Scheduled Termination Date:	The earlier of (i) the Specified Date, or if later, the date falling three (3) Business Days immediately following the Extension Date and (ii) the Early Termination Date (as defined herein), <u>provided that</u> , in the event of a determination by the Calculation Agent in its sole and absolute discretion that the Reference Entity is, or may be, the subject of a Credit Event on or prior to the Specified Date or, if applicable, the Extension Date, the final day of the Notice Delivery Period (as defined below).
Specified Date:	28 September 2018
Extension Date:	A date specified by Buyer in an Extension Notice (as defined in Paragraph 5(C) below) that is not later than 14 calendar days after the Specified Date.
Floating Rate Payer:	ARLO XII Limited (“ <b>Seller</b> ”).
Fixed Rate Payer:	Barclays Bank PLC (“ <b>Buyer</b> ”).
Calculation Agent:	Barclays Bank PLC.
Calculation Agent City:	Tokyo.
Business Days:	Tokyo, London and New York.
Business Day Convention:	Modified Following (which, subject to Sections 1.5 and 1.6 of the Credit Derivatives Definitions, shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day).
Reference Entity:	Mitsui OSK Lines Ltd. and any Successors.
Reference Obligation:	In respect of the Reference Entity, (i) for the purposes of “Settlement Terms” in paragraph 6 below and Article VII of the Credit Derivatives Definitions, an obligation of the Reference Entity satisfying the definition of Deliverable Obligation in accordance with Section 2.15 of the Credit Derivatives Definitions, for which purpose the Deliverable Obligation Category and the Deliverable Obligation Characteristics specified below shall apply; and (ii) for all other purposes (including for the purposes of Section 2.15 of the Credit Derivatives Definitions), the Specified Reference Obligation as defined below.

Specified Reference Obligation:	The obligation identified as follows:
	Issuer: Mitsui OSK Lines Ltd.
	Maturity: 12 July 2017
	Coupon: 0.461% per annum
	ISIN: JP336270BC79
All Guarantees:	Applicable.
Reference Price:	100 per cent.

## 2. **Initial Exchange:**

On 22 August 2013, Seller shall pay to Buyer JPY 498,125,000 (the “**Initial Exchange Amount**”) and Buyer shall deliver to or to the order of Seller the Initial Charged Assets (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). It is a condition precedent to Buyer’s obligation to deliver the Initial Charged Assets and to pay any Buyer Payments that Seller has paid the Initial Exchange Amount on 22 August 2013.

## 3. **Final Exchange:**

On the date that falls one Business Day prior to the Scheduled Termination Date Buyer shall pay to Seller an amount equal to the aggregate Redemption Amount of the Notes and Seller shall (a) pay any amounts standing to the credit of the Custody Cash Account(s) to or to the order of Buyer, and (b) deliver the Charged Assets to or to the order of Buyer, in each case to the extent not required by Seller to discharge its obligations in respect of the Notes or otherwise paid or delivered under the provisions hereof.

## 4. **Buyer Payments:**

A. Periodic Payments:	With respect to each Buyer Calculation Period under this paragraph 4A, Buyer will pay on the Buyer Payment Date in respect of such Buyer Calculation Period the Buyer Payment Amount.
Buyer Period End Dates:	28 March and 28 September in each year from (and including) 28 September 2013 to (and including) the Scheduled Termination Date.
Buyer Payment Amount:	The sum of (a) the Buyer Payment Amount A and (b) the Fixed Amount.
Buyer Payment Date:	One Business Day prior to each Buyer Period End Date.
Buyer Calculation Period:	The period from (and including) a Buyer Period End Date (or in respect of the first Buyer Calculation Period, one Business Day immediately following the Effective Date) to (but excluding) the next (or first) Buyer Period End Date.

**Buyer Payment  
Amount A:**

Buyer Calculation Amount A: JPY 500,000,000

Buyer Payment Amount A: With respect to each Buyer Calculation Period, an amount determined by the Calculation Agent equal to:

- (1) the Buyer Calculation Amount A; multiplied by
- (2) the Floating Rate for such Buyer Calculation Period determined by the Calculation Agent on the day that is two London Banking Days preceding the Reset Date pursuant to the 2006 ISDA Definitions (the “**2006 Definitions**”) and based on the Floating Rate Option and Designated Maturity specified below; multiplied by
- (3) a fraction, the numerator of which equals the actual number of days in such Buyer Calculation Period and the denominator of which is 360,

**provided** that upon the occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, the Buyer Payment Amount A shall cease to accrue or be payable from (and including) such Event Determination Date or the Buyer Period End Date immediately preceding such Bond Event Notice Delivery Date (or, if there is no preceding Buyer Period End Date, one Business Day immediately following the Effective Date).

Provided further that if there is an Extension Date and either:

- (1) an Event Determination Date has not occurred on or prior to the Extension Date; or
- (2) a Bond Event Notice Delivery Date has not occurred on or prior to the Extension Date,

then, with respect to the applicable Buyer Calculation Period (which shall be the period from, and including, the Specified Date to, but excluding, the Extension Date), the Buyer Payment Amount A shall be an amount equal to:

- (1) the portion of the Redemption Proceeds attributable to a redemption of the Initial Charged Assets credited to the relevant Custody Cash Account; multiplied by
- (2) the Barclays Overnight Rate; multiplied by
- (3) a fraction, the numerator of which equals the actual number of days from, and including, the Specified Date to, but excluding, the Extension Date, and the denominator of which is 360.

**“Barclays Overnight Rate”** means the offered rate of the Buyer for overnight deposits in JPY in an amount equal to the portion of the Redemption Proceeds attributable to a redemption of the Initial Charged Assets credited to the relevant Custody Cash Account.

Reset Date First day of a Buyer Calculation Period

Floating Rate Option: JPY-LIBOR-BBA

Designated Maturity: Linear Interpolation of one and three month in respect of the first Buyer Calculation Period.

Six month in respect of each Buyer Calculation Period thereafter.

**Fixed Amount:**

Fixed Rate Calculation Amount: JPY 500,000,000

Fixed Rate: 1.63 per cent. per annum

Fixed Amount: With respect to each Buyer Calculation Period, an amount determined by the Calculation Agent equal to:

- (1) the Fixed Rate Calculation Amount; multiplied by
- (2) the Fixed Rate; multiplied by
- (3) a fraction, the numerator of which equals the actual number of days in such Buyer Calculation Period and the denominator of which is 360,

**provided that:**

- (a) the final Buyer Period End Date in respect of any Fixed Amount payable shall fall no later than the Specified Date; and
- (b) upon the occurrence of an Event Determination Date or a Bond Event Notice Delivery Date, the Fixed Amount shall cease to accrue or be payable from (and including) such Event Determination Date or the Buyer Period End Date immediately preceding such Bond Event Notice Delivery Date (or, if there is no preceding Buyer Period End Date, one Business Day immediately following the Effective Date).

B. Initial Payment: None.

C. Final Payments: None.

**5. Seller Payments:**

A. Periodic Payments: (i) On each Variable Amount Payment Date, Seller shall pay Buyer the Variable Amount in respect of such Variable Amount Payment Date; and

	(ii) on each respective Custody Account Interest Payment Date, Seller shall pay Buyer an amount equal to the respective Custody Account Interest Amount accrued up to but excluding such Custody Account Interest Payment Date.
Variable Amount Payment Dates:	The Business Day immediately following the Charged Assets Payment Date.
Charged Assets Payment Date:	From and including the Effective Date, each date (without regard to any grace period or the satisfaction of any conditions precedent to the commencement of such grace period) upon which a payment of interest is stated to be due under any Charged Assets held by Seller from time to time (for the avoidance of doubt, as may be adjusted pursuant to the terms of the Credit Support Annex) in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.
Variable Amounts:	In respect of each Variable Amount Payment Date, an amount equal to each payment of interest stated to be due on the immediately preceding Charged Assets Payment Date in respect of the relevant Charged Assets held by Seller from time to time (for the avoidance of doubt, as may be adjusted pursuant to the terms of the Credit Support Annex) in accordance with the terms and conditions of such Charged Assets in effect as at the Trade Date.
Conditions to Settlement:	Credit Event Notice  Notifying Party: Buyer  Notice of Publicly Available Information: Applicable  Public Sources: As specified in Section 3.7.  Specified Number: Two
Credit Events:	Bankruptcy  Failure to Pay Payment Requirement: If the Variable Amount is in JPY, JPY 100,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay. In all other cases, USD 1,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Failure to Pay.

## Restructuring

Multiple Holder Obligation: Not Applicable

Default Requirement: If the Variable Amount is in JPY, JPY 1,000,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event. In all other cases, USD 10,000,000 or its equivalent in the relevant Obligation Currency as of the occurrence of the relevant Credit Event.

Grace Period Extension: Not applicable

Obligations: The Specified Reference Obligation and any other obligation of the Reference Entity (either directly or as provider of any Qualifying Guarantee or, if All Guarantees is specified as applicable, as provider of any Qualifying Guarantee) as described in accordance with the Obligation Category and Obligation Characteristics set out below.

Obligation Category: Borrowed Money

Obligation Characteristics: Not Subordinated

Excluded Obligations: None

## 6. **Settlement Terms:**

### **Terms Relating to Cash Settlement:**

Settlement Method: For purposes of the Credit Derivatives Definitions, Cash Settlement shall apply, provided however that Section 7.1 of the Credit Derivatives Definitions shall not apply and in lieu of the payment of any Cash Settlement Amount, the Adjusted Notional Amount (as defined below) will be determined upon the determination of the Cash Settlement Amount and the settlement procedure set out in "Credit Event Settlement" below shall apply.

Cash Settlement Amount: In respect of the Reference Entity, the sum of:

- (1) the greater of (i) (a) the Buyer Calculation Amount A multiplied by (b) the Reference Price minus the Final Price for such Reference Entity and (ii) zero; and
- (2) the Costs.

Reference Price: 100 per cent.

Final Price: In respect of the Reference Obligation, the price of such Reference Obligation (expressed as a percentage) which shall be determined by the Calculation Agent in its sole and absolute discretion in accordance with:

- (a) the relevant Auction Final Price in respect of the Reference Entity of such Reference Obligation determined in accordance with the relevant Credit Derivatives Auction Settlement Terms, if a Credit Derivatives Auction Settlement Terms is published by ISDA in respect of such Reference Entity that is the subject of a Credit Event; or
- (b) the specified Valuation Method.

For the avoidance of doubt, the Calculation Agent shall be entitled to determine the Final Price, and shall have the sole and absolute discretion in determining the Final Price, based on either the Credit Derivatives Auction Settlement Terms set out in paragraph (a) above or the specified Valuation Method set out in paragraph (b) above.

For the avoidance of doubt, if the Calculation Agent in its sole and absolute discretion elects to apply the relevant Credit Derivatives Auction Settlement Terms in respect of a Reference Entity and both a Senior Auction and a Subordinate Auction are held pursuant to such Credit Derivatives Auction Settlement Terms, then (i) the Final Price in respect of such Reference Obligation specified as a “Senior” Reference Obligation shall be the Auction Final Price determined pursuant to the Senior Auction and (ii) the Final Price in respect of such Reference Obligation specified as a “Subordinated” or “Sub” Reference Obligation shall be the Auction Final Price determined pursuant to the Senior Auction or the Subordinate Auction, such Auction Final Price whether pursuant to the Senior Auction or the Subordinate Auction shall be selected by the Calculation Agent in its sole and absolute discretion, in each case as determined by the Calculation Agent in its sole and absolute discretion at that time.

Where the Credit Event is a Restructuring, the Calculation Agent shall select (in its sole and absolute discretion) which of the Credit Derivatives Auction Settlement Terms shall apply in a commercially reasonable manner in accordance with the current market practice by reference to the Specified Date.

Where the Final Price is to be determined in accordance with the relevant Credit Derivatives Auction Settlement Terms, the Calculation Agent shall be entitled to amend any other terms of the Notes to be consistent with the provisions of such Credit Derivatives Auction Settlement Terms in its sole and absolute discretion. The determination of a Final Price in accordance with the Credit Derivatives Auction Settlement Terms or, as the case may be, the specified Valuation Method, shall be binding on the Noteholders.

**“Auction Final Price”** means the price, if any, determined to be the Auction Final Price pursuant to the relevant Credit Derivatives Auction Settlement Terms.

**“Credit Derivatives Auction Settlement Terms”** means the

credit derivatives auction settlement terms published by ISDA in relation to the Reference Entity or Reference Obligation with the object of determining an Auction Final Price, which shall include, where more than one set of terms is published in respect of the Reference Entity, all or any of such terms so published.

**“Senior Auction”** means the auction in respect of one or more Reference Obligations specified as “Senior” pursuant to the relevant Credit Derivatives Auction Settlement Terms.

**“Subordinate Auction”** means the auction in respect of one or more Reference Obligations specified as “Subordinated” or “Sub” pursuant to the relevant Credit Derivatives Auction Settlement Terms.

Section 7.4 (*Final Price*) of the Credit Derivatives Definitions shall be amended accordingly.

Costs:

An amount in JPY determined by the Calculation Agent, in its sole and absolute discretion, applying such commercially reasonable procedures as it deems appropriate, equal to the sum of (a) any loss, cost or expense (including, but not limited to, the loss of bargain, cost of funding, or any loss, costs or expenses in terminating, unwinding, liquidating, obtaining or re-establishing any hedge or related trading position) incurred as a result of terminating this Transaction early (which shall be a positive amount if payable to the Buyer, and a negative amount if payable to the Seller), (b) any costs, fees and expenses incurred in connection with the early redemption of the Notes and/or the delivery of the Charged Assets to the Buyer, including, without limitation, any brokers’ commissions, fees and expenses, any taxes of any nature and stamp duties, any funding costs and any legal or other ancillary costs incurred by the Seller or the Buyer as a consequence of such early termination, and (c) an amount by which the market value of the Initial Charged Assets with a principal amount equal to the principal amount of the outstanding Notes has decreased from the Trade Date to the Cash Settlement Date or the Early Termination Date, as the case may be (or, if earlier, the date upon which the Charged Assets are redeemed), provided that, for the purpose of determining the Bond Redemption Amount, the amount described in (c) shall be deemed to be zero.

Cash Settlement Date:

In respect of the Reference Entity, the date which is five Business Days following the date upon which the Cash Settlement Amount in respect of the Reference Entity is determined.

Valuation Date:

Single Valuation Date. The Valuation Date shall be a Business Day selected by Buyer that is at least 30 Business Days following the Event Determination Date.

References in the Credit Derivatives Definitions to “Physical Settlement” or to “Delivery Date” shall be deemed to be references to the relevant Valuation Date.

Valuation Time:	A time specified by the Calculation Agent as close as reasonably practicable to 11:00 a.m. in the relevant Calculation Agent City unless the Calculation Agent determines the principal market for transactions in the relevant Reference Obligation is closed at such time, in which case the Valuation Time shall be such other time selected by the Calculation Agent.
Quotation Method:	Bid.
Quotation Amount:	In respect of a Reference Obligation, an amount specified by the Calculation Agent not in excess of the greater of (i) the Initial Notional Amount and (ii) 1,000,000 units of the Settlement Currency (or, if Japanese Yen, 100,000,000 units of the currency) (or if such Reference Obligation is not denominated in the Settlement Currency, the equivalent of such amount in the relevant Obligation Currency converted by the Calculation Agent in a commercially reasonable manner by reference to exchange rates in effect at the time that the relevant Quotation is being obtained).
Quotations:	Exclude Accrued Interest.
Dealers:	Dealers, financial institutions or funds that deal or invest in obligations of the type for which Quotations are to be obtained, as selected by and exclusive of Buyer. Neither the Buyer nor any of its affiliates shall be eligible to provide bid quotations.
Settlement Currency:	The currency in which the Buyer Calculation Amount A is denominated.
Valuation Method:	Highest.
	The phrase “with only one Reference Obligation and only one Valuation Date” shall be deleted in Section 7.5(a). Sections 7.5(b), 7.5(c) and 7.5(d) of the Credit Derivatives Definitions shall not apply.

#### A. **Bond Settlement**

If a Bond Redemption Event occurs, Buyer shall have the right to deliver a Bond Event Notice to Seller and the following provisions shall apply. Any failure or delay by Buyer to deliver a Bond Event Notice shall not constitute a waiver of Buyer’s right to deliver such a notice in respect of the relevant Bond Redemption Event or in respect of any other Bond Redemption Event.

- (i) Following the date upon which the Bond Event Notice is delivered (the “**Bond Event Notice Delivery Date**”), Buyer shall promptly deliver a notice to Seller setting out its choice and designating the Early Termination Date (an “**Early Termination Notice**”).
- (ii) Upon receipt by Seller of an Early Termination Notice from Buyer, Seller shall take reasonable efforts to deliver and/or pay the Charged Assets (together with the Custody Cash Account Balance, if any), or to procure that the Charged Assets (together with the Custody Cash Account Balance, if any) are delivered and/or paid

to, or to the order of, Buyer on or prior to the Early Termination Date (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). Any stamp duty or other tax, levy or duty and any other costs and expenses payable in respect of the delivery of the Charged Assets shall be the responsibility of, and payable by, Buyer and such delivery shall be subject to payment of the same by Buyer;

- (iii) if, despite the reasonable efforts of Seller, any of such Charged Assets have not been delivered to Buyer on or prior to the Early Termination Date or the Calculation Agent determines in its sole discretion that it is not practicable to deliver all or part of the Charged Assets to Buyer, whether by reason of any transfer restriction on the securities in question or the nature or status of Buyer or for any other reason, Seller shall be obliged to use its reasonable endeavours to procure such delivery as soon as practicable thereafter;
- (iv) provided that the Charged Assets (and the Custody Cash Account Balance, if any) have been delivered and/or paid to Buyer on or prior to the Early Termination Date, Buyer shall pay to Seller an amount equal to the Bond Redemption Amount on the Early Termination Date. If the Charged Assets have not been delivered to Buyer on or prior to the Early Termination Date, Buyer shall pay to Seller an amount equal to the Bond Redemption Amount following receipt of the Charged Assets from Seller pursuant to sub-paragraph (iii) above; and
- (v) following satisfaction of Buyer's and Seller's respective payment and delivery obligations pursuant to sub-paragraphs (ii) and (iii) above, the Early Termination Date shall be the Termination Date and no further amounts shall be paid by either Buyer or Seller.

## **B. Credit Event Settlement**

If the Conditions to Settlement are satisfied during the Notice Delivery Period with respect to the Reference Entity, the following provisions shall apply:

- (i) on or after the Event Determination Date and on demand of Buyer, Seller shall take reasonable efforts to deliver and/or pay the Charged Assets (together with the Custody Cash Account Balance, if any), or to procure that the Charged Assets (together with the Custody Cash Account Balance, if any) are delivered and/or paid, to or to the order of Buyer on or prior to the Cash Settlement Date (free and clear of all charges, liens and other encumbrances but together with the benefit of all rights and entitlements attaching thereto at any time after the date of delivery). Any stamp duty or other tax, levy or duty and any other costs and expenses payable in respect of the delivery of the Charged Assets shall be the responsibility of, and payable by, Buyer and such delivery shall be subject to payment of the same by Buyer;
- (ii) if, despite the reasonable efforts of Seller, any of such Charged Assets have not been delivered to Buyer by the Cash Settlement Date or the Calculation Agent determines in its sole discretion that it is not practicable to deliver all or part of the Charged Assets to Buyer, whether by reason of any transfer restriction on the securities in question or the nature or status of Buyer or for any other reason, Seller shall be obliged to use its reasonable endeavours to procure such delivery as soon as practicable thereafter;

- (iii) on the Cash Settlement Date, provided that the Charged Assets (and the Custody Cash Account Balance, if any) have been delivered and/or paid to Buyer, Buyer shall pay to Seller an amount equal to the Adjusted Notional Amount (as adjusted by the applicable Cash Settlement Amount); and
- (iv) following satisfaction of Buyer's and Seller's respective payment and delivery obligations pursuant to sub-paragraphs (i) and (ii) above, the Cash Settlement Date shall be the Termination Date and no further amounts shall be paid by either Buyer or Seller.

C. **Definitions:**

For the purposes hereof:

**"Adjusted Notional Amount"** means an amount equal to the Initial Notional Amount minus the Cash Settlement Amount.

**"Bond Event Notice"** means a notice delivered by Buyer to Seller, on or prior to the Scheduled Termination Date, specifying the occurrence of a Bond Redemption Event.

**"Bond Redemption Amount"** means an amount equal to the market value of the Initial Charged Assets with a principal amount equal to the principal amount outstanding of the Notes as determined by the Calculation Agent in its sole and absolute discretion:

- (a) less the Costs, if Costs are a positive amount deemed payable to Buyer; or
- (b) plus the absolute value of the Costs, if Costs are a negative amount deemed payable by Buyer,

and provided that, if the Bond Redemption Amount is an amount less than zero, the Bond Redemption Amount shall be deemed to be zero and no Bond Redemption Amount shall be payable.

**"Bond Redemption Event"** means the occurrence of any of the following at any time from and including 1 August 2013 and on or prior to the Specified Date:

- (i) the Issuer satisfies the Trustee that the performance of its obligations under the Notes or ancillary thereto has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of the Issuer's compliance with any applicable present or prospective law, rule, regulation, judgment, order or directive of or in any jurisdiction or any governmental administrative, legislative or judicial power or the interpretation thereof; or
- (ii) if the Charged Agreement is terminated (in whole but not in part and other than in consequence of Condition 7(g) or Condition 7(h) or in connection with a redemption of the Notes pursuant to paragraph 25(B) or Condition 9 or pursuant to an Early Termination Date that is designated or deemed to occur as a result of an Event of Default in relation to the Swap Counterparty as the Defaulting Party); or
- (iii) a Bond Event of Default.

Where:

**"Bond Event of Default"** means the occurrence of any of the following (or such event or condition which with notice or lapse of time or both would constitute any of the following):

- (i) the failure of the issuer of the Initial Charged Assets, uncured after 5 business days (as defined in the terms and conditions of the Relevant Debt), to pay interest on the Relevant Debt when due in accordance with the respective terms and conditions of such Relevant Debt (in each case in effect as of the Trade Date);
- (ii) the failure of the issuer of the Initial Charged Assets to pay the stated principal amount of the Relevant Debt on its respective applicable legal maturity date in accordance with the respective terms and conditions of such Relevant Debt (in each case in effect as of the Trade Date);
- (iii) the occurrence of certain events of bankruptcy, insolvency or reorganisation of the issuer of the Initial Charged Assets in accordance with the respective terms and conditions of such Relevant Debt as of the Trade Date;
- (iv) any mandatory, optional or other early redemption event occurs under the Initial Charged Assets including without limitation as a result of a tax event, change in tax law or imposition of withholding or other charge or duty that was not in effect as of the Trade Date without giving effect to any subsequent amendments thereof; or
- (v) the occurrence of either of the following events: the issuer of the Initial Charged Assets (x) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, its obligations under the Initial Charged Assets or (y) declares or imposes a moratorium, standstill, roll-over or deferral, whether *de facto* or *de jure*, with respect to the relevant obligations under any of the Initial Charged Assets,

each as determined by the Calculation Agent in its sole and absolute discretion.

**“Cash Settlement Amount”** means the “Cash Settlement Amount” as determined by the Calculation Agent in accordance with Paragraph 6.

**“Cash Settlement Date”** has the meaning ascribed to it in Paragraph 6.

**“Charged Assets”** has the meaning ascribed to it in the Conditions of the Notes.

**“Custody Account Interest Amount”** means in respect of a Custody Account Interest Period, the amount of interest accrued on a Custody Cash Account in respect of such period, as calculated in accordance with the methodology described in the Condition of the Notes.

**“Custody Account Interest Payment Date”** means the first day of each month except that the first Custody Account Interest Payment Date shall fall on the first day of the month on which any Redemption Proceeds are credited to a Custody Cash Account.

**“Custody Account Interest Period”** means the period beginning on (and including) one Custody Account Interest Payment Date to but excluding the next following Custody Account Interest Payment Date except that the final Custody Account Interest Period shall end on (but exclude) the Scheduled Termination Date.

**“Custody Cash Account Balance”** means the amount standing to the credit of a Custody Cash Account from time to time including any interest thereon.

**“Deliverable Obligation Category”** means Bond or Loan.

**“Deliverable Obligation Characteristics”** means Not Subordinated, Specified Currency, Not Contingent, Assignable Loan, Consent Required Loan, Transferable, Not Bearer, Maximum Maturity – 30 years.

**“Determination Agent”** means the determination agent appointed under the Conditions of the Notes.

**“Early Termination Date”** means the date that is specified as such by Buyer in its Early Termination Notice, and where it is specified following a Bond Event Notice Delivery Date, such date shall be at least five Business Days following the Business Day falling after the corresponding Bond Event Notice Delivery Date.

**“Extension Notice”** means an irrevocable notice (which may be oral including by telephone) from Buyer to Seller, the Calculation Agent and the Paying Agent that is effective on or before the Specified Date and that specifies that Buyer has determined in its sole discretion acting reasonably that a Credit Event or Potential Failure to Pay has or may have occurred and that specifies the Extension Date. An Extension Notice is effective when given and if given after 4.00 p.m. London time on a Business Day will be deemed given on the next Business Day.

**“Initial Charged Assets”** has the meaning ascribed to it in the Conditions of the Notes.

**“Initial Notional Amount”** means an amount equal to the Buyer Calculation Amount A.

**“Notice Delivery Period”** means the period from and including the Trade Date to and including the date that is 15 Business Days after the later of:

- (a) the Specified Date; or
- (b) the day on which:
  - (i) a DC Credit Event Announcement is made; or
  - (ii) ISDA publicly announces that the relevant Credit Derivatives Determinations Committee has resolved not to determine whether an event has occurred that constitutes a Credit Event with respect to the relevant Reference Entity or Obligation; or
  - (iii) a DC No Credit Event Announcement is made;

provided in each case (from (i) to (iii) above), the Credit Event Resolution Request Date must have occurred on or prior to the day that falls 15 Business Days after the Specified Date, or, if applicable, the Extension Date.

Section 1.9 (*Notice Delivery Period*) of the Credit Derivatives Definitions shall be amended accordingly.

For such purposes, the following shall have the meanings as set out below (and where not so defined, such term shall have the meaning ascribed to it in the July 2009 Supplement to the Credit Derivatives Definitions):

**“Auction Cancellation Date”** means, with respect to an Auction, the date on which the Calculation Agent determines that such Auction was deemed to have been cancelled as announced by ISDA (and/or the administrators specified in the relevant Credit Derivatives Auction Settlement Terms) on its website or as otherwise determined and announced in accordance with the relevant Transaction Auction Settlement Terms.

**“Auction Final Price Determination Date”** has the meaning set forth in the Transaction Auction Settlement Terms.

**“Credit Event Resolution Request Date”** means, with respect to a notice to ISDA requesting that a Credit Derivatives Determinations Committee be convened to resolve:

- (a) whether an event that constitutes a Credit Event has occurred with respect to the relevant Reference Entity or Obligation thereof; and
- (b) if the relevant Credit Derivatives Determinations Committee resolves that such event has occurred, the date of the occurrence of such event,

the date, as publicly announced by ISDA, that the relevant Credit Derivatives Determinations Committee resolves to be the first date on which such notice was effective and on which the relevant Credit Derivatives Determinations Committee was in possession of Publicly Available Information with respect to the relevant resolutions.

**“DC Credit Event Announcement”** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has resolved that (a) an event that constitutes a Credit Event has occurred with respect to such Reference Entity (or an Obligation thereof) and (b) such event occurred on or after the Trade Date (determined by reference to Tokyo time) and on or prior to the Specified Date or, if applicable, the Extension Date (determined by reference to Tokyo time).

A DC Credit Event Announcement will be deemed not to have occurred with respect to a Reference Entity unless (i) the Credit Event Resolution Request Date with respect to such Credit Event occurred on or prior to the day that falls 15 Business Days after the Specified Date, or, if applicable, the Extension Date and (ii) the Trade Date occurs on or prior to the Auction Final Price Determination Date, the Auction Cancellation Date, or the date that is 21 calendar days following the No Auction Announcement Date, if any, as applicable.

**“DC No Credit Event Announcement”** means, with respect to a Reference Entity, a public announcement by ISDA that the relevant Credit Derivatives Determinations Committee has resolved, following a Credit Event Resolution Request Date, that the event that is the subject of the notice to ISDA resulting in the occurrence of such Credit Event Resolution Request Date does not constitute a Credit Event with respect to such Reference Entity (or an Obligation thereof).

**“No Auction Announcement Date”** means, with respect to a Reference Entity and a Credit Event, the date on which ISDA first publicly announces that (a) no Transaction Auction Settlement Terms and, if applicable, no Parallel Auction Settlement Terms will be published, (b) following the occurrence of a Restructuring with respect to a Reference Entity for which either “Restructuring Maturity Limitation and Fully Transferable Obligation Applicable” or “Modified Restructuring Maturity Limitation and Conditionally Transferable Obligation Applicable” is specified as being applicable in the relevant Standard only, no Transaction Auction Settlement Terms will be published, but Parallel Auction Settlement Terms will be published or (c) the relevant Credit Derivatives Determinations Committee has resolved that no relevant Auction will be held following a prior public announcement by ISDA to the contrary. For the avoidance of doubt, the No

Auction Announcement Date shall be the date of the relevant announcement by ISDA and not the date of any related determination by the Calculation Agent that such announcement relates to Transaction Auction Settlement Terms, Parallel Auction Settlement Terms or a relevant Auction.

**“Redemption Proceeds”** means any proceeds in any applicable currency from a redemption in respect of the Charged Assets in accordance with the terms and conditions of such Charged Assets.

**“Relevant Debt”** means (a) any of the Initial Charged Assets and (b) all other debt of the issuer of the Initial Charged Assets which ranks in priority of payment on a *pari passu* basis with the Initial Charged Assets.

**“Sale Proceeds”** means the net proceeds from the sale and/or realisation of the Charged Assets (excluding any Charged Assets which comprise cash) by the Realisation Agent in accordance with the Conditions (after deduction therefrom by the Realisation Agent of its usual fees and any costs and expenses incurred in connection with the sale of such Charged Assets).

**7. Additional Provisions:**

- A. Unless the context otherwise requires, words in the singular include the plural, and words in the plural include the singular.
- B. Section 9(g) of the Agreement (Headings) applies to this Confirmation and the Exhibits hereto.
- C. With respect to any notice delivered to it by Buyer, Seller shall deliver or arrange for the delivery of a copy thereof to any holder of the Notes, provided the delivery of or failure to deliver such copies to any such holder by or on behalf of Seller will not affect the effectiveness of such notices delivered by Buyer to Seller.
- D. The Calculation Agent shall notify Seller in writing, as soon as reasonably practicable, of any calculations and/or determinations made pursuant to this Confirmation, provided the delivery of or failure to deliver such notices will not affect the effectiveness of any calculations or determinations made pursuant to this Confirmation. Calculations or determinations required to be made by the Calculation Agent, in lieu of the pre-penultimate sentence of Section 1.14 of the Credit Derivatives Definitions, shall be calculated or determined by the Calculation Agent in good faith and in a commercially reasonable manner in its sole and absolute discretion, effective as of such determination, and shall be conclusive absent manifest error.
- E. Bond Event Notices, Credit Event Notices, Notices of Publicly Available Information and Extension Notices are subject to the requirements regarding notices set forth in Section 1.10 unless otherwise specifically provided herein and shall, in each case, be copied by Buyer to the Principal Paying Agent and the Trustee, provided that the delivery of or failure to deliver any such copy to the Principal Paying Agent or the Trustee will not affect the effectiveness of such notice.
- F. Seller agrees that Buyer may provide the details of any Transaction entered into pursuant to this Agreement (including any modification thereto or details of any termination of a Transaction whether in whole or in part) to a trade repository which collects and maintains the records of derivatives.

8. **Specific Amendments to Credit Derivatives Definitions:**

- A. The Credit Derivatives Definitions are amended as follows:
- (a) The phrases “in consultation with the parties” and “after consultation with the parties” shall be deleted in wherever they appear in the Credit Derivatives Definitions.
  - (b) Any reference to “Reference Obligation” or “Reference Obligations” in each of Sections 1.14, 2.2, 2.14, 2.15, 2.19(a)(iii), 2.19(b)(i)(A), 2.30 and 9.1 shall be deemed to be a reference to “Specified Reference Obligation” or “Specified Reference Obligations”, as the case may be.
  - (c) Section 2.2(e) is amended:
    - (i) by deleting Section 2.2(e)(ii) and replacing it by "in respect of each New Credit Derivative Transaction, the Buyer Calculation Amount A, if any, and the Cash Settlement Amount will be the Buyer Calculation Amount A and the Cash Settlement Amount, as applicable, of the original Credit Derivative Transaction divided by the number of Successors; and".
    - (ii) by adding a new Section 2.2(e)(iv) as follows:

"(iv) the Calculation Agent shall make such other conforming and consequential changes to the Notes as it shall deem appropriate, in its sole and absolute discretion, to preserve the economic effects of the original Credit Derivative Transaction in the New Credit Derivative Transactions including, without limitation, the amendment of Condition 7 of the Notes to allow, inter alia, for redemption of a Principal Amount of the Notes equal to the Buyer Calculation Amount A of the New Credit Derivative Transaction in respect of which an Event Determination Date has occurred, with the remainder of the Principal Amount of the Notes remaining outstanding and accruing interest on such reduced Principal Amount (until such time as a further Event Determination Date in respect of a New Credit Derivative Transaction may occur or a redemption of the remaining Principal Amount of the Notes may otherwise occur pursuant to the terms hereof)."

(iii) by adding a new Section 2.2(e)(v) as follows:

"(v) the Calculation Agent shall provide copies of an amended Charged Agreement detailing each Reference Entity and the portion of the Principal Amount of the Notes allocated to each such Reference Entity to Seller and Buyer and Seller shall provide notice thereof (including copies of the amended Charged Agreement) to the Noteholders (provided that the failure of Seller to deliver any such notice shall not affect the effectiveness of any such notice delivered by the Calculation Agent).".

(d) Section 2.15 is amended:

(i) by deleting the words "determined pursuant to the method described in Section 2.20" in the third and fourth lines of Section 2.15(a) and replacing them with the words "determined pursuant to the method described in this Confirmation" and by deleting the words "being Delivered" in the eleventh line thereof; and

(ii) by deleting Section 2.15(b) in its entirety.

(e) Section 2.19(b)(i)(A) shall be amended by the insertion of: (A) the words "of the relevant Reference Entity" immediately after the words "most senior Reference Obligation" in the second line thereof; (B) the words "with respect to such Reference Entity" immediately after the words "Reference Obligation is specified" in the third line thereof; and (C) the word "relevant" immediately before the words "Reference Entity" in the fifth line thereof.

(f) Section 2.31 is deleted

(g) Section 2.32(a) and 2.33(a) shall be amended as follows:

(1) any reference to "Physical Settlement" shall be deemed to be a reference to "Cash Settlement"; and

(2) the words "then a Deliverable Obligation may be specified (or deemed specified pursuant to Section 9.10) in the Notice of Physical Settlement" appearing in the fourth and fifth lines thereof shall be deleted and replaced with "an obligation may be specified as a Reference Obligation".

(h) The references to the "Effective Date" in Section 3.3 (*Credit Event Notice*) shall mean the Trade Date, unless otherwise specified herein.

- (i) The references to the "Scheduled Termination Date" in Section 3.3 (*Credit Event Notice*) shall mean the Specified Date or if later, the Extension Date, unless otherwise specified herein.
- (j) The references to "Greenwich Mean Time" in Section 3.3 shall mean "Tokyo time", unless otherwise specified herein.
- (k) Section 3.7 is amended by inserting at the end thereof the following:  
  
"and such other published or electronically displayed news or information sources as are referred in any Notice of Publicly Available Information".
- (l) Sections 3.9, 8.1, 8.3 to 8.7 and 8.9 to 8.11 are deleted.
- (m) Article X is deleted.
- (n) References to Deliverable Obligation, Deliverable Obligation Category and Deliverable Obligation Characteristics in the definition of Reference Obligation are for convenience only and are not intended to amend Cash Settlement as the Settlement Method.

9. **Notice and Account Details:** See Notice and Account Details in Exhibit I.

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us.

Yours sincerely,  
  
BARCLAYS BANK PLC

By: .....  
Name:  
Title:

Confirmed on the date  
first above written:

ARLO XII LIMITED

By: .....

**EXHIBIT I**  
**Notice and Account Details**

**Notices to Buyer:**

Barclays Bank PLC  
41/F Citibank Tower  
3 Garden Road  
Central  
Hong Kong  
Tel: +852 2903 3200  
Fax: +852 2903 4920  
Attention: Head of Asia Pacific Credit Derivatives

With a copy to:

Barclays Capital  
200 Park Avenue  
New York, NY 10166  
Attention: Head of Structured Credit Transaction Management  
Facsimile No: 212 412 1732  
Telephone No: 212 412 5700

Barclays Bank PLC  
41/F Citibank Tower  
3 Garden Road  
Central  
Hong Kong  
Tel: +852 2903 2268  
Fax: +852 2903 4957  
Attention: Head of Legal, Asia Pacific

**Account Details of Buyer:**

**EUR**

Bank: Barclays Bk Plc, London  
Swift: BARCGB22  
A/C: Barclays Head Office Swaps  
A/C No: 78659111

**GBP**

Bank: Barclays Bk Plc, 54 Lombard Street, London  
S/C: 20-00-00  
Swift: BARCGB22  
A/C: Barclays Swaps  
A/C No: 00152021

**USD**

Bank: Federal Reserve Bank of New York, New York  
ABA No: 026-0025-74  
A/C: Barclays Bank Plc, New York  
Favour: Barclays Swaps & Options Group, New York  
A/C No: 050-01922-8

**JPY**

Bank: The Bank of Tokyo-Mitsubishi Ltd, Tokyo  
Swift: BOTKJPJT  
A/C: Barclays Bank PLC, Wholesale London  
Swift: BARCGB5G  
A/C No: 653-0445835

**Notices to Seller:**

ARLO XII Limited  
PO Box 1093, Boundary Hall  
Cricket Square  
Grand Cayman  
KY1-1102  
Cayman Islands  
Tel: (345) 945 7099  
Fax: (345) 945 7100

**Account Details of Seller:**

Correspondent Bank: Mizuho Corporate Bank Ltd., Tokyo  
Correspondent BIC: MHCBJPJT  
Account: 0321150  
Beneficiary Bank: The Bank of New York Mellon, Brussels  
SWIFT Code: IRVTBEBB  
FFC A/C: ARLO XII Series 2013 (CLN-8)  
A/C No: 661590 3920  
Ref: ARLO XII Series 2013 (CLN-8)

## ANNEX 2: FORM OF PARAGRAPH 11 OF THE CREDIT SUPPORT ANNEX

References herein to “Party A” are to Barclays Bank PLC and to “Party B” are to ARLO XII Limited but only in respect of its Series 2013 (CLN-8) JPY 500,000,000 Secured Limited Recourse Credit Linked Notes due 2018 (the “Notes”).

### Paragraph 11. Elections and Variables

(a) **Base Currency and Eligible Currency**

- (i) “**Base Currency**” means JPY (and any successor currency).
- (ii) “**Eligible Currency**” means the Base Currency, USD, Euro and the lawful currency of the United Kingdom (and any successor currency to any such currencies).

(b) **Credit Support Obligations**

(i) Delivery Amount, Return Amount and Credit Support Amount

- (A) “**Delivery Amount**” has the meaning specified in Paragraph 2(a) provided that (a) in respect of Party B, the Delivery Amount shall not exceed the Value of the Charged Assets held by Party B from time to time, and (b) in respect of Party A, the Delivery Amount shall not exceed an amount equal to the outstanding principal amount of the Notes from time to time plus accrued but unpaid interest payable to holder(s) of the Notes in accordance with the Conditions of the Notes.
- (B) “**Return Amount**” has the meaning specified in Paragraph 2(b) provided that (a) in respect of Party A, the Return Amount shall not exceed the Value of the Eligible Credit Support in respect of Party B held by Party A from time to time, and (b) in respect of Party B, the Return Amount shall not exceed the Value of the Eligible Credit Support in respect of Party A held by Party B from time to time.
- (C) “**Credit Support Amount**” has the meaning specified in Paragraph 10.

(ii) **Eligible Credit Support**

- (A) In respect of Party A, each of the items (each a Credit Support Item) described below must qualify as Eligible Credit Support on each Valuation Date.

The following items will qualify as “*Eligible Credit Support*” for Party A:-

	<i>Valuation Percentage</i>			
(a) cash in an Eligible Currency	100%			
(b) Debt Obligations issued by the Government of Japan	100%			
(c) Negotiable Debt Obligations issued by the Government of:-	<i>Residual Maturity</i>			
	0-1yr	1-5yr	5-10yr	10yr plus
Austria	99.00	96.25	92.75	90.00
Belgium	99.00	94.00	90.25	87.00
Canada	99.00	96.25	95.00	90.00
Denmark	99.00	96.25	94.00	89.00

Finland	99.00	96.25	94.00	90.00
France	99.00	95.00	91.50	88.00
Germany	99.00	96.25	94.00	90.00
Netherlands	99.00	96.25	92.75	89.00
Spain	97.50	89.00	85.25	83.00
Sweden	99.00	96.25	94.00	90.00
Switzerland	99.00	96.25	94.00	90.00
United Kingdom	99.00	96.25	94.00	90.00
United States	99.00	96.25	95.00	90.00

For the purpose of this provision, Negotiable Debt Obligations must be rated by Moody's Investors Service, Inc. or its successor thereto ("**Moody's**"), and/or Standard & Poor's, a Division of The McGraw-Hill Companies, Inc., or any successor thereto ("**S&P**"), "A3" and "A-" respectively, or higher.

- (B) In respect of Party B, the following securities shall qualify as Eligible Credit Support on each Valuation Date:

The obligations of Party B under this Annex to transfer Eligible Credit Support shall be limited to the securities held by Party B from time to time, so that if the principal amount of Charged Assets held by Party B is zero at the relevant time then no obligation to transfer shall arise under the terms of this Annex at such time. For the avoidance of doubt, this limitation is without prejudice to, and does not amend or alter, the calculation of Exposure, Delivery Amount or Return Amount, or any obligation of Party B under any other provisions of this Annex.

Same Valuation Percentage as Party A shall be applicable.

(iii) **Thresholds**

- (A) "**Independent Amount**" means with respect to Party A and Party B, zero.
- (B) "**Threshold**" means with respect to Party A and Party B, zero.
- (C) "**Minimum Transfer Amount**" means with respect to Party A and Party B, 100,000 units of the Base Currency provided that (i) if an Event of Default or a Potential Event of Default has occurred and is continuing with respect to a party, the Minimum Transfer Amount for that party shall be zero; or, (ii) where the Credit Support Amount with respect to a party on a Valuation Date is zero, for the purposes of calculating any Return Amount, the Minimum Transfer Amount, shall be zero and Rounding shall not apply.
- (D) **Rounding.** The Delivery Amount and the Return Amount will be rounded up and down, in each case, to the nearest integral multiple of 100,000 units of the Base Currency respectively.

(c) **Valuation and Timing**

- (i) "**Valuation Agent**" means Party A in all instances.
- (ii) "**Valuation Date**" means every Monday, provided if such Monday is not a Tokyo and London Business Day, the Valuation Date shall be the following Tokyo and London Business Day.

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

(iv) **“Notification Time”** means 10.00 a.m., London time, on the applicable Valuation Date or date of calculation as applicable.

(d) **Exchange Date**

**“Exchange Date”** has the meaning specified in Paragraph 3(c)(ii).

(e) **Dispute Resolution**

(i) **“Resolution Time”** means 10.00 a.m., London time, on the first Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.

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

(A) with respect to any Eligible Credit Support or Equivalent Credit Support comprising the securities or any other Negotiable Debt Obligations, by the Valuation Agent seeking bid prices as of the relevant Valuation Date (or date of transfer) from three principal market makers in the securities in question. The Value will be the sum of (I) the arithmetic mean of the bid prices received by the Valuation Agent, plus (II) accrued interest, multiplied by the Valuation Percentage, if any; and

(B) with respect to any cash, the Base Currency Equivalent of the amount thereof.

(iii) **Alternative.** The provisions of Paragraph 4 will apply, unless an alternative dispute resolution procedure is specified here: none.

(f) **Distributions and Interest Amount**

For the purposes of Paragraph 5(c), neither Party A nor Party B shall be required to transfer Equivalent Distributions or Interest Amounts.

(g) **Addresses for Transfers**

Party A: To be advised by Party A.

Party B: To be advised by Party B's custodian.

(h) **Other provisions:**

(i) **Transfer Timing.**

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

“Subject to Paragraph 4, and unless otherwise specified, any transfer of Eligible Credit Support or Equivalent Credit Support (whether by the Transferor pursuant to Paragraph 2(a) or by the Transferee pursuant to Paragraph 2(b)) shall be made not later than the close of business on the Settlement Day.”.

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

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

- (iii) For the purposes of this Paragraph 11(j)(i):

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

- (A) in the case of a transfer pursuant to Paragraph 2, Paragraph 3 or Paragraph 4(a)(2), the relevant Valuation Date. For the avoidance of doubt, for the purposes of Paragraph 2 and Paragraph 4(a)(2), the Transferor will be deemed to receive notice of the demand by the Transferee to make a transfer of Eligible Credit Support; and

- (B) in the case of a transfer pursuant to Paragraph 3(c)(ii)(A), the date on which the Transferee has given its consent to the proposed exchange.

- (ii) **Early Termination.**

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

- (iii) **Cost of Transfer of Exchange.**

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

- (iv) **Calculations.**

Paragraph 3(b) of this Annex shall be amended by inserting the words “and shall provide each party (or the other party, if the Valuation Agent is a party) with a description in reasonable detail of how such calculations were made, upon request” after the word “calculations” in the third line thereof.

- (v) **Paragraph 6.**

For the purposes of Paragraph 6, Value shall have the meaning set out in Paragraph 10 of the Annex save that any reference to “...multiplied by the applicable Valuation Percentage, if any ...” shall be deleted from the definition.

- (vi) **Substitution of Eligible Credit Support in the event that the issuer of the Negotiable Debt Obligations is downgraded.**

If the rating assigned by Moody's or S&P to the Negotiable Debt Obligations held as Eligible Credit Support falls below the minimum rating requirements imposed under the definition of “Eligible Credit Support” in Paragraph 11(b)(ii) (the “**Affected Credit Support**”), then the party that holds the Affected Credit Support

shall be entitled to demand (by telephonic notice, facsimile transmission, in writing or by electronic messaging system or email) the further transfer to it of substitute Eligible Credit Support in exchange for the Affected Credit Support (such substitute Eligible Credit Support to be of equal value to the Affected Credit Support, in the determination of the Valuation Agent).

The party obligated to provide substitute Eligible Credit Support shall make such transfer on the first Local Business Day following the date on which it receives such notice. The party demanding such transfer will only be obligated to return the Affected Credit Support after receiving the substitute Eligible Credit Support.

(vii) **Taxes.**

The Transferee shall have the right to (i) refuse to accept a transfer of any cash or securities by the Transferor and / or to (ii) insist on the immediate substitution of any cash or securities already held by the Transferee as Eligible Credit Support, if at any time there occurs a change in taxation in relation to such cash or securities which has a negative impact on the Transferor or Transferee (as determined by the Valuation Agent).

(viii) **Amendment to the Valuation Percentages applicable to Negotiable Debt Obligations held as Eligible Credit Support.**

On any Valuation Date, Party A may increase or decrease the Valuation Percentages applicable to the Negotiable Debt Obligations. Party A must provide Party B with written notice stating that the Valuation Percentages will be amended 5 (five) Local Business Days prior to the relevant Valuation Date (the “**VP Effective Date**”). For the avoidance of doubt, written notice will be delivered in accordance with Section 12 of the ISDA Master Agreement. Any such increase or decrease in the Valuation Percentages applicable to the Negotiable Debt Obligations will be deemed to be incorporated into this Annex on the VP Effective Date.

(ix) **Amendments to Paragraph 10 (*Definitions*)**

(A) Capitalised words and expressions defined in the Confirmation shall, except so far as the context otherwise requires, have the same meaning in this Annex. In the event of any inconsistency between the definitions in the Confirmation and this Annex, this Annex shall prevail.

(B) The definition of “**Resolution Time**” in Paragraph 10 of this Annex shall be deleted in its entirety and replaced with the following:-

“**Resolution Time**” has the meaning specified in Paragraph 11(e)(i).

(C) The following additional definitions shall be added to Paragraph 10 of this Annex:

“**Confirmation**” means the confirmation between Barclays Bank PLC and ARLO XII Limited dated on or about the date of the ISDA Master Agreement of which this Credit Support Annex forms a part, including the Annexes and Exhibit thereto, the purpose of which is to confirm the terms and conditions of the Transaction entered into between Party A and Party B.

“**Debt Obligations**” means any debt obligations issued or guaranteed by the Government of Japan.

**“Government”** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) with respect to a country.

**“Negotiable Debt Obligations”** means any negotiable debt obligations issued or guaranteed by the Government of the relevant country listed in the table in item (c) of Paragraph 11(b)(ii)(A) of this Annex.

(C) The definition of “Exposure” in paragraph 10 of this Annex shall be amended by:

(i) inserting the following immediately after the words “(i) that party is not the Affected Party”:

“, (ii) Initial Exchange and Final Exchange shall be disregarded, the Variable Amount payable by Seller to Buyer on each Variable Amount Payment Date shall be deemed to be the amount of stated coupon payable in respect of the Initial Charged Assets with a principal amount equal to the principal amount outstanding of the Notes, and each Variable Amount Payable Date shall be deemed to be the Business Day following the stated coupon payment date of the Initial Charged Assets;”; and

(ii) the reference to “(ii)” in the sixth line thereof shall be amended to “(iii)”.

(x) **Demands and Notices.**

All demands, specifications and notices under this Annex will be made pursuant to Section 12 of the ISDA Master Agreement.

IN WITNESS whereof, the parties hereby enter into this Annex by their duly authorised officers as of the date written above

**BARCLAYS BANK PLC**

**ARLO XII LIMITED**

By:  
Name:  
Title:

By:  
Name:  
Title:

Date:

Date:

## **ANNEX 3: FORM OF MASTER CHARGED AGREEMENT TERMS**

### **Structured Investment Terms Master Charged Agreement Terms**

**April 2009 Edition**

#### **FORM OF CHARGED AGREEMENT**

##### **1. Background**

- 1.1 These Master Charged Agreement Terms (April 2009 Edition) contain provisions which may be used with respect to any Notes issued by the Issuer, the issue of which is arranged by Barclays Bank PLC or any of its subsidiaries or associated companies.
- 1.2 Notes may be constituted and/or secured by entry into by the Trustee, the Issuer, the Swap Counterparty and any others that may be parties thereto of a Constituting Instrument, each such Constituting Instrument comprising a separate instrument which may incorporate by reference, as amended and/or supplemented as provided therein, the provisions of these Master Charged Agreement Terms (April 2009 Edition).
- 1.3 These Master Charged Agreement Terms (April 2009 Edition) set out the terms and conditions pursuant to which the Swap Counterparty may, at its discretion, enter into a Charged Agreement with the Issuer of a Series of Notes issued by the Issuer under the Programme and comprise a Schedule (the “**Schedule**”) to the International Swaps and Derivatives Association Inc. 1992 Form of Master Agreement (Multicurrency – Cross Border).
- 1.4 Upon the execution of the Constituting Instrument relating to the Notes of a particular Series by or on behalf of the persons party thereto in the capacities of Issuer and Swap Counterparty, such persons shall be deemed to have entered into an agreement in respect of the Notes constituted and/or secured by such Constituting Instrument on the terms of these Master Charged Agreement Terms (April 2009 Edition) (as the same may be modified or supplemented by the provisions of such Constituting Instrument).

##### **2. Definitions**

Unless otherwise defined herein or the context otherwise requires, the Master Definitions as specified in and amended by the Constituting Instrument relating to the Notes of the relevant Series shall apply to these Master Charged Agreement Terms (April 2009 Edition) and any deed or document incorporating them.

## SCHEDULE

to the ISDA Master Agreement  
Multicurrency-Cross Border) published by the  
International Swaps and Derivatives Association, Inc. (“ISDA”)

Dated: the date specified in the  
Constituting Instrument  
relating to the Notes referred to  
in such Constituting Instrument

between

the Swap Counterparty

(“Party A”)

and

the Issuer

(“Party B”)

In respect of each Constituting Instrument entered into by the parties thereto (the “**Constituting Instrument**”) and the Series of Notes constituted thereby (the “**Notes**”), Party A and Party B are deemed to have entered into an agreement (the “**Agreement**”) in the form of the ISDA Master Agreement (Multicurrency - Cross Border) relating to the Charged Agreement entered into by Party A and Party B in respect of such Series of Notes, and such Agreement is deemed to be incorporated into this Agreement *in extenso* as amended by the following schedule which shall take effect as if it was the Schedule to such Agreement.

**SCHEDULE TO THE AGREEMENT  
IN RESPECT OF THE SERIES OF NOTES  
CONSTITUTED BY THE CONSTITUTING INSTRUMENT**

This Schedule is the Schedule to the Agreement referenced on the preceding page. For the avoidance of doubt, the Agreement and this Schedule relate solely to the Charged Agreement entered into between Party A and Party B in respect the Notes constituted by the Constituting Instrument referenced on the preceding page.

In this Schedule “**Notes**” means the Notes of the relevant Series constituted by the relevant Constituting Instrument and “**Charged Assets**” and “**Noteholders**” bear the meaning ascribed thereto in the Conditions of the Notes of the relevant Series.

This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in the relevant Confirmation(s) and/or Constituting Instrument. It is understood that the parties would not otherwise enter into any Transaction or Transactions. References to this “**Agreement**” in respect of a Transaction or Transactions mean this document together with the Confirmation(s) relating to that Transaction or Transactions. The terms and provisions of the Agreement in all instances shall be read and construed so as to give effect to the foregoing.

Each Charged Agreement shall be constituted by the Agreement and a Confirmation or Confirmations evidencing the Transaction or Transactions to be outstanding thereunder (the “**Transaction**” or “**Transactions**”), each such Confirmation constituting a Confirmation for the purposes of the relevant Agreement.

Notwithstanding anything to the contrary in this Agreement, in respect of a Series of Notes, each Agreement, each relevant Confirmation and each Transaction shall form a single agreement with respect to that Series of Notes. “**Transaction**”, “**Transactions**” and “**Agreement**” shall be interpreted accordingly and no other Agreements and no other Confirmations and Transactions in respect of any other Series of Notes shall be subject to, governed by or made part of such Agreement.

If, in respect of a Series of Notes, the Constituting Instrument therefor provides that Party A and Party B are parties to a Credit Support Annex (Bilateral Form – Transfer) governed by English law (“**Credit Support Annex**”) in respect of such Series of Notes, then the Transaction evidenced by such Credit Support Annex shall be a Transaction subject to, governed by and made part of the Agreement in respect of such Series of Notes.

## 1. Termination Provisions

In this Agreement:

1.1 "Specified Entity": means in relation to Party A for the purpose of:

Section 5(a)(v), Not Applicable  
Section 5(a)(vi), Not Applicable  
Section 5(a)(vii), Not Applicable  
Section 5(b)(iv), Not Applicable

in relation to Party B for the purpose of:

Section 5(a)(v), Not Applicable  
Section 5(a)(vi), Not Applicable  
Section 5(a)(vii), Not Applicable  
Section 5(b)(iv), Not Applicable

1.2 "Specified Transaction": will have the meaning specified in Section 14.

1.3 "Cross Default": the provisions of Section 5(a)(vi) will not apply to either Party A or Party B.

1.4 "Credit Event Upon Merger": the provisions of Section 5(b)(iv) will not apply to either Party A or Party B.

1.5 "Automatic Early Termination": the provisions of Section 6(a) will not apply to either Party A or Party B.

1.6 Payments on Early Termination. For the purpose of Section 6(e) of this Agreement:

- (1) Market Quotation will apply; and
- (2) The Second Method will apply.

1.7 "Termination Currency": means the currency in which the Notes are denominated.

1.8 "Affected Transactions": If there is more than one Transaction outstanding under the Agreement in relation to a Series of Notes and an Early Termination Date is designated or deemed to occur in respect of any one Transaction under the Agreement in relation to a Series of Notes, all Transactions shall be Affected Transactions in respect of such Agreement and Series of Notes.

1.9 "Additional Termination Event" will apply as follows:

- (1) If at any time the Notes become repayable in full prior to the maturity date thereof in accordance with the Conditions thereof an Additional Termination Event will be deemed to have occurred; or
- (2) If at any time the Transaction is required to be terminated in part pursuant to any of Paragraphs 1.10 or 1.11 below, an Additional Termination Event will be deemed to have occurred, but only with respect to that part of the Transaction which terminates pursuant to such paragraph; or
- (3) If the event specified in Paragraph 1.12 occurs in relation to the Notes an Additional Termination Event will be deemed to have occurred.

For the purposes of the foregoing Additional Termination Events the Affected Party shall be Party B.

1.10 If some (but not all) of the Notes are to be redeemed by Party B pursuant to the paragraph headed "Alternative Procedures" of Condition 1(b)(3) or Condition 7(f) of the Notes (and subject, where applicable, to the prior payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the relevant early Redemption Amount or Issuer Optional Redemption Amount, as the case may be) then:

- (A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such redemption shall be terminated:
  - (1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such redemption; or
  - (2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed; and
- (B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so redeemed.

Party B shall at any time and from time to time if it receives notice in writing to such effect from Party A but not otherwise exercise its Sale/Redemption Right pursuant to Condition 1(b)(3) (*U.S. Series/U.S. Tranche – Alternative Procedures*) in accordance with the instructions contained in such notice.

1.11 If Party A receives a notice that some or all of the Notes are to be purchased by Party B pursuant to Condition 7(g) (*Purchase*) of the Notes having given its consent to such purchase in accordance with such Condition (and subject, where applicable, to the prior payment in respect of and/or delivery of such relevant proportion of the Charged Assets to the Swap Counterparty as is required to fund the relevant early Redemption Amount or Issuer Optional Redemption Amount, as the case may be) then:

- (A) the obligations of Party B to make payment or delivery to Party A in respect of each Transaction outstanding under the Agreement after the date of such purchase shall be terminated:
  - (1) in the event that there are Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been received by Party B on the Charged Assets to be released from the security granted in favour of the Trustee by or pursuant to the Constituting Instrument and, if applicable, any Additional Charging Instrument consequent upon such purchase; or
  - (2) in the event that there are no Charged Assets in relation to the Series of Notes, to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased; and

- (B) Party A's obligations to make payment or delivery to Party B in respect of each Transaction outstanding under the Agreement after such date shall be terminated to the extent and in the amounts that are equivalent to the amounts which would have been payable on the Notes so purchased.
- 1.12 If Party A receives a notice that the Notes are to be exchanged for Notes of a New Series pursuant to Condition 7(h) (*Exchange of Series*) of the Notes having given its consent to such purchase in accordance with such Condition, then the obligation of each of Party A and Party B to make payment or delivery to the other party in respect of each Transaction outstanding under the Agreement after the date of such exchange shall be terminated in full.
- 1.13 On receiving a notice referred to in Paragraphs 1.10 or 1.11 or 1.12 above Party A will calculate the amount owing hereunder to it as a result of such termination or by it as a result of such termination, unless the Confirmation in relation to any Transaction so terminated in whole or in part expressly provides otherwise. Amounts due from Party A to Party B or from Party B to Party A, as the case may be, will be made to the account of the relevant party specified in the Confirmation. All such payments will be made on the date specified in such notice or, in the case of Paragraph 1.10 above, on the due date of redemption of the Notes in question or, in the case of Paragraph 1.12 above, on the date of cancellation of the Notes and issue of the Notes of the New Series.
- 1.14 Separate Agreements: Section 1(c) shall be deleted and replaced with the following:

“Notwithstanding anything to the contrary in this Agreement, in respect of a Series of Notes, each Agreement, each relevant Confirmation and each Transaction shall form a single agreement with respect to that Series of Notes. “**Transaction**”, “**Transactions**” and “**Agreement**” shall be interpreted accordingly and no other Agreements and no other Confirmations and Transactions in respect of any other Series of Notes shall be subject to, governed by or made part of such Agreement.

This Agreement shall not be construed in any circumstances to form a single agreement with two or more Confirmations together unless specific provision to that effect is made in the relevant Confirmation and/or Constituting Instrument. It is understood that the parties would not otherwise enter into any Transaction or Transactions. References to this “**Agreement**” in respect of a Transaction or Transactions mean this document together with the Confirmation relating to that Transaction or Transactions. The terms and provisions of the Agreement in all instances shall be read and construed so as to give effect to the foregoing.”

## 2. Tax Representations

- 2.1 Payer Representation: For the purpose of Section 3(e) of this Agreement, each of Party A and Party B will make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it

shall not be in a breach of this representation where reliance is placed on item (ii) above and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

2.2 Payee Representations: None.

### 3. Agreement to Deliver Documents

For the purpose of Sections 3(d) and 4(a)(i) and (ii) of this Agreement, each party agrees to deliver the following documents, as applicable:

(A) Tax forms, documents or certificates to be delivered are:

<u>Party required to deliver document</u>	<u>Form/Document/Certificate</u>	<u>Date by which to be delivered</u>
Not applicable	Not applicable	Not applicable

(B) Other documents to be delivered are:

<u>Party Required to deliver document</u>	<u>Form/Document/Certificate</u>	<u>Date by which to be delivered</u>	<u>Covered by Section 3(d) Representation</u>
Party B	Legal opinion of counsel in the jurisdiction of incorporation of Party B	At signing of the Constituting Instrument relating to the Notes	No
	Letter from agent for service of process confirming acceptance of appointment	At signing of the Constituting Instrument relating to the Notes	No
	Copy of resolution of board of directors authorising execution of the Charged Agreement constituted by the Constituting Instrument relating to the Notes of the relevant Series and the Confirmation thereunder	At signing of the Constituting Instrument relating to the Notes	Yes
	A duly authorised and executed Power of Attorney appointing persons to execute, <i>inter alia</i> , the Charged Agreement constituted by the Constituting Instrument relating to the Notes of the relevant Series and the Confirmation thereunder, or other evidence of due	At signing of the Constituting Instrument relating to the Notes	Yes

authorisation of a  
signatory hereto

4. **Miscellaneous**

4.1 **Addresses for Notices**: For the purpose of Section 12(a):

- (A) Address for notices of communications to Party A: As specified in the Constituting Instrument relating to the Notes of the relevant Series.
- (B) Address for notices or communications to Party B: As specified in the Constituting Instrument relating to the Notes of the relevant Series.

4.2 **Process Agent**: For the purpose of Section 13(c):

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent the person specified as agent for service of process in the Constituting Instrument relating to the Notes of the relevant Series.

4.3 **Offices**: The provisions of Section 10(a) will apply to this Agreement.

4.4 **Multibranch Party**: For the purpose of Section 10(c):

Party A is not a Multibranch Party.

Party B is not a Multibranch Party.

4.5 **Calculation Agent**: The Calculation Agent is Party A unless another entity is specified as Calculation Agent in respect of a Transaction in the Confirmation therefor. Party A (in its own capacity and as Calculation Agent or otherwise) is not acting as a fiduciary for or as an advisor to any person or entity in respect of its duties as Calculation Agent or otherwise in connection with this Agreement or any Transaction hereunder and shall have no obligation to take any person or entity's (other than its own) interest or position into consideration in making any calculation or taking or refraining from taking any action in connection herewith or therewith.

4.6 **Credit Support Document**: Details of any Credit Support Document:

Party A: None, unless in respect of a Series of Notes, the Constituting Instrument therefor specifies that Party A is required to deliver a Credit Support Annex, in which event such Credit Support Annex shall constitute a Credit Support Document in respect of Party A and such Series of Notes.

Party B: None.

4.7 **Credit Support Provider**: Credit Support Provider means in relation to Party A: Not applicable.

Credit Support Provider means in relation to Party B: Not applicable.

4.8 **Governing Law**: This Agreement and all non-contractual obligations and any other matters arising from it will be governed by and construed in accordance with English law.

4.9 “Affiliate”: will have the meaning specified in Section 14 unless another meaning is specified here: No change from Section 14 except that with respect to Party B it shall mean any person or entity controlled, directly or indirectly, by Party B.

## 5. Other Provisions

### 5.1 No Set-off

- (A) All payments under this Agreement shall be made without set-off or counterclaim.
- (B) Section 6(e) shall be amended by the deletion of the following sentence “The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.”.

### 5.2 Security interest and transfer

Section 7 shall be replaced by the following:

“Except as otherwise contemplated by Clauses 9.2 and 16.2 of the Master Trust Terms incorporated into the Trust Deed by the Constituting Instrument relating to the Notes of the relevant Series (as defined in the Conditions of the Notes), neither this Agreement nor any interest or obligation in or under it may be transferred (whether by way of security or otherwise) by either party except in accordance with the following:

- (A) subject to the consent of the Trustee, a party may make such a transfer of all or part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);
- (B) subject to the consent of the Trustee and provided that, if such transfer is proposed by Party A and the Notes are then rated at the request of the Issuer by a Rating Agency, such Rating Agency is notified of such substitution and confirms to the Trustee that its then current rating of such Notes by it will not be withdrawn or adversely affected by such transfer, a party may make such transfer of this Agreement to another entity as it shall deem appropriate, whether or not such transfer is pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, such other entity (but without prejudice to any other right or remedy under this Agreement); and
- (C) the Issuer may charge, assign or otherwise create security over its rights under this Agreement in favour of the Trustee pursuant to the Constituting Instrument or any Additional Charging Instrument.

Any purported transfer that is not in compliance with this Section will be void.”.

### 5.3 Disapplication of certain Events of Default

Sections 5(a)(ii) (Breach of Agreement), 5(a)(iv) (Misrepresentation), 5(a)(v) (Default under Specified Transaction), 5(a)(vi) (Cross Defaults), 5(a)(vii)(9) and 5(a)(viii) (Merger without Assumption) shall not apply in respect of either party.

5.4 Disapplication of certain Termination Events

Sections 5(b)(ii) (Tax Event), 5(b)(iii) (Tax Event Upon Merger) and 5(b)(iv) (Credit Event Upon Merger) shall not apply in respect of either party.

5.5 Transfer to avoid Termination Event

Sections 6(b)(ii) and 6(b)(iii) shall not apply.

5.6 Amendments

Section 9(b) is amended by the addition at the end thereof of the following additional sentences:

“Subject as provided below, if the Notes are rated, any such amendment, modification or waiver shall be subject to prior written notification to each Rating Agency and to confirmation from each Rating Agency as to there being no adverse change caused to the rating granted to the Notes by each Rating Agency that originally assigned a rating to such Notes at or about the time of issuance thereof. The immediately preceding sentence shall not apply to Party A and Party B entering into the Transactions under the Confirmation of even date herewith. This Section 9(b) shall not apply to any amendment, modification or waiver to the Confirmation dated of even date herewith pursuant to the terms of such Confirmation, which amendment, modification or waiver expressly does not require the consent of Party B or is permitted to be made by Party A pursuant to the terms of such Confirmation or which amendment, modification or waiver is deemed to occur pursuant to the terms of such Confirmation.”.

5.7 Additional representation

Section 3 is amended by the addition at the end thereof of the following additional representations:

“(g) **No Agency.** It is entering into this Agreement and the Transaction(s) as principal and not as agent of any person.

“(h) **Expertise.** It has sufficient knowledge and expertise to enter into the Transaction(s) and is relying on its own judgment and not on advice of the other Party.”.

5.8 Recording of conversations

Each party to this Agreement acknowledges and agrees to the tape recording of conversations between the parties to this Agreement whether by one or other or both of the parties.

5.9 Relationship between the parties

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

“15. **Relationship between the parties**

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

(a) **Non Reliance**

It is acting for its own account and it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into the Transaction; it being understood that information and explanations related to the terms and conditions of the Transaction shall not be considered investment advice or a recommendation to enter into the Transaction. It has not received from the other party any assurance or guarantee as to the expected results of the Transaction.

(b) **Assessment and Understanding**

It is capable of accepting the terms, conditions and risks of the Transaction. It is also capable of assuming, and assumes, the financial and other risks of the Transaction.

(c) **Status of Parties**

The other party is not acting as a fiduciary or an adviser for it in respect of the Transaction.

(d) **Transactions in the Collateral**

It understands that the other party and its Affiliates may engage in proprietary trading for its own account in the Collateral or similar instruments and that such trading may affect the value of the Collateral.”.

5.10 Tax

Notwithstanding the definition of “Indemnifiable Tax” in Section 14 of this Agreement, in relation to payments by Party A, no Tax shall be an Indemnifiable Tax and, in relation to payments by Party B, no Tax shall be an Indemnifiable Tax and accordingly Section 2(d)(i)(4) and Section 2(d)(ii) of this Agreement shall not apply. Section 4(e) shall not apply to Party B.

5.11 Non-petition/limited recourse

Notwithstanding any other provision hereof, of any Charged Agreement or of the Confirmation relating thereto or otherwise, Party A hereby acknowledges that it shall have recourse in respect of any claim (including without limitation after as well as before any court judgment or arbitral award) under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or under the Confirmation relating thereto and forming part thereof or otherwise against Party B (whether arising under such Charged Agreement, such Confirmation, the general law, or otherwise) only to the Collateral (or part thereof if so provided in the Constituting Instrument relating to the Notes) relating to the Notes of the relevant Series and that, the security constituted in its favour by or pursuant to the Constituting Instrument relating to the Notes of the relevant Series and/or, if applicable, any Additional Charging Instrument having been enforced, any claim under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise which it has against Party B and which is not met out of the proceeds of enforcement of such security (as applied in accordance with the provisions of the relevant Constituting Instrument) shall be extinguished and (save for lodging a claim in the liquidation of Party B initiated by another person or taking proceedings to obtain a declaration or judgment as to the obligations of

Party B) Party A will not take any further action against Party B in respect thereof and will not have any claim (including without limitation after as well as before any court judgment or arbitral award) under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise against the Collateral or Charged Assets relating to any other Discrete Series or Alternative Investments issued by Party B or against any other assets of Party B. It is a fundamental term of any debt comprising amounts owing and/or which may become owing to Party A by Party B and/or otherwise howsoever arising under or in respect of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof or otherwise that Party A shall not be entitled to exercise any right of set-off, lien, consolidation of accounts, withholding or other similar right arising by operation of law or otherwise against Party B other than in its capacity as Party A, and then solely in respect of rights arising, under the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto and forming part thereof and not in respect of any other agreement and shall not (save as aforesaid) petition or take any other step for the winding-up of Party B in relation to such debt or on any other grounds in respect of any other claim of whatever nature howsoever arising. This provision shall survive termination for any reason whatsoever of the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument or the Confirmation relating thereto.

#### 5.12 Payments

Section 2(c) shall not apply. There shall be inserted the following additional paragraph as Section 2(f):

- “(f) **Same day payments.** If on any date (a “**Relevant Date**”) amounts are payable in respect of the same Transaction, by each party to the other, then the amount payable by Party A (the “**Party A Payment**”) shall not be so payable until the amount payable by Party B (the “**Party B Payment**”) shall have been duly paid and received in full in accordance with the provisions of this Agreement. If on a Relevant Date, Party A shall not have received evidence satisfactory to it of the payment and receipt of the Party B Payment (“**Party B Payment Evidence**”), it shall be entitled but not obliged to pay the Party A Payment to an interest bearing escrow account in its name with the Principal Paying Agent on terms that the Party A Payment shall be paid to Party B in accordance with this Agreement if Party A shall have notified the Principal Paying Agent that it has received the Party B Payment Evidence but otherwise the Party A Payment shall be immediately repaid in full together with any accrued interest by the Principal Paying Agent to Party A for Party A's sole use and benefit:
- (i) if Party A shall notify the Principal Paying Agent that there has occurred an Event of Default with respect to Party B or a Termination Event; or
  - (ii) in any event (if the Party A Payment shall not at such time have been paid to Party B in accordance with this Section 2(f)), immediately before close of business on the third Local Business Day after the Relevant Date.

The making or withholding of any Party A Payment or the taking or omission to take any other action by Party A in the circumstances and in the manner set out in this Section 2(f) shall not constitute an Event of Default or a Termination Event, in either such case, with respect to Party A. Party A shall as against Party B be absolutely beneficially entitled to any interest accrued on the escrow account referred to above.”.

### 5.13 Section 5(a)(vii)

Section 5(a)(vii) shall apply with respect to Party B with the following amendments:

- (i) Section 5(a)(vii)(2) shall not apply.
- (ii) Section 5(a)(vii)(3) shall take effect with the words “the Noteholders” substituted for “its creditors”.
- (iii) Section 5(a)(vii)(4) is hereby deleted and replaced with the words “institutes or has instituted against it (other than by Party A or its Affiliates) a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, or for the appointment of an examiner to it and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or the appointment of an examiner to it or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof”.
- (iv) Section 5(a)(vii)(5) is hereby amended by the insertion of the following words after the occurrence of the word “liquidation”:

“or sends a notice convening a meeting to propose a voluntary arrangement of the Noteholders”.
- (v) Sections 5(a)(vii)(6) and (7) shall take effect with the words “assets comprised in the Collateral (as defined in the Constituting Instrument)” substituted for “all or substantially all its assets”.
- (vi) Section 5(a)(vii)(7) is hereby amended by the insertion of the following words after the occurrence of the word “thereafter”:

“other than, for the avoidance of doubt, in the case of Party B, by the creation of any security interest in respect of Party B’s assets pursuant to the trust deed in respect of any Series of Notes or the Deed of Floating Charge (if any)”.
- (vii) Section 5(a)(vii)(9) shall not apply.

### 5.14 Contracts (Rights of Third Parties) Act 1999

A person which is not a party to the Charged Agreement relating to the Notes of the relevant Series constituted by the Constituting Instrument relating to the Notes has no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of such Charged Agreement or any agreement or deed or constituted hereby, but this does not affect any right or remedy of a third party which exists or is available apart from that Act (and is without prejudice to the right of the Trustee to enforce its security over such Charged Agreement as contemplated by the Trust Deed relating to the Notes of the relevant Series).

### 5.15 Calculation of Settlement Amount

Notwithstanding the provisions of Section 6(e), the determination of any Settlement Amount shall be made by Party A in all circumstances except where Party A is the Defaulting Party, in which case it shall be made by Party B.

5.16 Notices

Section 12 of the Agreement is amended by the deletion of the following in the second to third lines thereof:

“(except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system).”.

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