



**Registration of a Charge**

Company name: **PEARSON PENSION TRUSTEE LIMITED**

Company number: **01765290**



X6JPB5E2

Received for Electronic Filing: **21/11/2017**

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**Details of Charge**

Date of creation: **14/11/2017**

Charge code: **0176 5290 0003**

Persons entitled: **AVIVA LIFE & PENSIONS UK LIMITED**

Brief description:

**Contains fixed charge(s).**

**Contains negative pledge.**

**Chargor acting as a bare trustee for the property.**

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**Authentication of Form**

This form was authorised by: **a person with an interest in the registration of the charge.**

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**Authentication of Instrument**

Certification statement: **EXCEPT FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006, I CERTIFY THAT THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by:

**ALLEN & OVERY LLP**



## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 1765290

Charge code: 0176 5290 0003

The Registrar of Companies for England and Wales hereby certifies that a charge dated 14th November 2017 and created by PEARSON PENSION TRUSTEE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 21st November 2017 .

Given at Companies House, Cardiff on 23rd November 2017

The above information was communicated by electronic means and authenticated  
by the Registrar of Companies under section 1115 of the Companies Act 2006



**Companies House**



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

EXECUTION VERSION

## GAP SECURITY DEED

14 NOVEMBER 2017

AVIVA LIFE & PENSIONS UK LIMITED

and

PEARSON PENSION TRUSTEE LIMITED  
(acting in its capacity as trustee of The Pearson Pension Plan)

ALLEN & OVERY LLP  
ONE BISHOPS SQUARE  
LONDON E1 6AD  
[www.allenoverly.com](http://www.allenoverly.com)

EXCEPT FOR MATERIAL REDACTED  
PURSUANT TO s859G OF THE COMPANIES  
ACT 2006 I CERTIFY THAT THIS IS A CORRECT  
COPY OF THE ORIGINAL DOCUMENT

MELISSA KATE MCINERNEY

ALLEN & OVERY

Allen & Overy LLP

0071570-0000056 ICM:28436495.9

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THIS DEED is made on 14 November 2017

BETWEEN:

- (1) AVIVA LIFE & PENSIONS UK LIMITED (No. 3253947) whose registered office is at Wellington Row, York, YO90 1WR (the "Secured Party"); and
- (2) PEARSON PENSION TRUSTEE LIMITED (No. 01765290) whose registered office is at 80 Strand, London, WC2R 0RL (acting in its capacity as trustee of The Pearson Pension Plan) (the "Chargor").

IT IS AGREED as follows:

1. INTERPRETATION

1.1 In this Deed

"Aggregate Withdrawal Limit" has the meaning given to it in the Gap Account Control Agreement.

"Alternative Collateral Arrangement" has the meaning given to it in Clause 4.2(b)(i)(B) (*Eligibility to Hold Gap Posted Collateral; Custodians*).

"Business Day" means normal working hours (9.00 am to 5.00 pm) on any day (other than a Saturday or Sunday) on which clearing banks are open in London for general business.

"Buy-In Agreement" means the framework buy-in agreement entered into by the Chargor and the Secured Party dated 12 October 2017 (as amended and restated on or about the date of this Deed).

"Collateral Compliance Event" means it being the case that:

- (a) the Chargor has delivered a Notice of Joint Control to the Custodian under the Gap Account Control Agreement in accordance with Clause 3.2(c); and
- (b) after such delivery:
  - (i) on 6 or more occasions in any period of not less than 3 calendar months and not more than 12 calendar months, the Secured Party:
    - (A) complies with the terms of Clause 3.2(b); and
    - (B) delivers a Substitution Notice to the Custodian pursuant to the Gap Account Control Agreement in circumstances where the Substitution Conditions are satisfied; or
    - (C) delivers a Withdrawal Notice or a Special Withdrawal Notice to the Custodian pursuant to the Gap Account Control Agreement in circumstances where the Return Conditions are satisfied; and
  - (ii) the Secured Party does not do anything described in Clause 3.2(c) during the period referred to in paragraph (b)(i) of this definition.

"Collateral Misfeasance Event" means it being the case that:

- (a) on 6 or more occasions in any period of 12 calendar months, the Chargor has failed to comply with its obligations under Clause 3.2(d) and/or Clause 3.2(f) (in aggregate); or
- (b) the Chargor has delivered a Notice of Joint Control to the Custodian under the Gap Account Control Agreement in circumstances where the Chargor was not entitled to do so in accordance with Clause 3.2(c).

**"Credit Support Annex"** means the collateral transfer and calculation mechanism set out in Annex 1 (*Credit Support Annex*) to the Buy-In Agreement.

**"Custodian"** means The Bank of New York Mellon SA/NV acting through its offices located in London, or such Replacement Custodian as may be appointed in accordance with this Deed.

**"Custody Agreement"** means the master custody agreement entered into by the Chargor and the Custodian dated 7 November 2002 (as amended and restated on 14 November 2013), or, if a Replacement Custodian is appointed, the custody agreement entered into by the Chargor and such Replacement Custodian.

**"Discharge Date"** shall have the meaning given to it in Clause 5.5 (Release).

**"Euro"** means the single currency of the Participating Member States.

**"Gap Account Control Agreement"** means the gap account control agreement entered into by the Chargor, the Secured Party and the Custodian on or about the date of this Deed, or, if a Replacement Custodian is appointed pursuant to this Deed, the gap account control agreement entered into by the Chargor, the Secured Party and such Replacement Custodian.

**"Gap Collateral Accounts"** means the custody accounts bearing the account numbers:

- (a) account number [REDACTED] in respect of non-cash assets;
- (b) account number [REDACTED] in respect of cash denominated in Pounds Sterling;
- (c) account number [REDACTED] in respect of cash denominated in United States Dollars; and
- (d) account number [REDACTED] in respect of cash denominated in Euro,

opened in the name of the Chargor with the Custodian on or prior to the date of this Deed, and any substitute or Replacement Accounts.

**"Gap Credit Support Annex"** has the meaning given to it in the Buy-In Agreement.

**"Gap Policy"** has the meaning given to it in the Buy-In Agreement.

**"Gap Posted Collateral"** means the securities and cash recorded in and represented by the Gap Collateral Accounts from time to time.

**"Moody's"** means Moody's Investor Services, Inc. and any affiliate thereof and any successor thereto.

**"Notice of Exclusive Control"** has the meaning given to it in the Gap Account Control Agreement.

**"Obligations"** means all present and future monies, debts and liabilities due, owing or incurred by the Chargor to the Secured Party pursuant to paragraph 9.3 of the Gap Credit Support Annex and/or

paragraph 9.3 of the Credit Support Annex (in each case after the application of any set-off pursuant to either such paragraph).

**"Participating Member States"** means any member state of the European Union that adopts or has adopted, and in each case continues to adopt, the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**"Permitted Security Interest"** means:

- (a) any Security;
- (b) any lien routinely imposed on all securities in a clearing system in which any Gap Posted Collateral may be held; and
- (c) any lien or other security interest created in favour of the Custodian pursuant to the Custody Agreement.

**"Pounds Sterling"** means the lawful currency of the United Kingdom.

**"Receiver"** means a receiver, receiver or manager or, where permitted by law, an administrative receiver (as the Secured Party may specify at any time in any relevant appointment) and that term will include any appointee made under a joint or several appointment.

**"Regulations"** means the Financial Collateral Arrangements (No. 2) Regulations 2003, as amended.

**"Related Rights"** means, in relation to the Gap Posted Collateral:

- (a) all proceeds of, income and sums otherwise arising from such Gap Posted Collateral; and
- (b) all rights which the Chargor may have now or in the future, including, without limitation, any right to delivery of a security of the appropriate description which arises in connection with (i) any Gap Posted Collateral being transferred to a clearance system or financial intermediary, or (ii) any interest in or to any Gap Posted Collateral being acquired while that Gap Posted Collateral is in a clearance system or held through a financial intermediary.

**"Relevant Event"** means any failure by the Chargor to pay or discharge the Obligations when the same are due and payable in accordance with their terms.

**"Replacement Account"** means an account with the Replacement Custodian in the name of the Chargor which is subject to a security interest in favour of the Secured Party and which has been established in a manner and with such restrictions on transfers in and out of such account as may be acceptable to and agreed by the Secured Party.

**"Replacement Custodian"** means a custodian satisfying the Required Rating or such other custodian as may be agreed between the parties.

**"Required Rating"** means, in relation to any person, the rating of the senior, unsecured long-term debt obligations of such person is at least A3 by Moody's or A- by Standard & Poor's.

**"Security"** means the security interests constituted or expressed to be constituted in favour of the Secured Party by or pursuant to this Deed.

**"Security Assets"** means all the assets which from time to time are the subject of the Security.



"Set-Off Assets Withdrawal Notice" has the meaning given to it in the Gap Account Control Agreement.

"Special Withdrawal Notice" has the meaning given to it in the Gap Account Control Agreement.

"Standard & Poor's" means Standard & Poor's Credit Market Services Europe Limited and any affiliate thereof and any successor thereto.

"Substitution Notice" has the meaning given to it in the Gap Account Control Agreement.

"United States Dollars" means the lawful currency of the United States of America.

"Withdrawal Notice" has the meaning given to it in the Gap Account Control Agreement.

1.2 For the avoidance of doubt, references to "transfer" in this Deed mean, in relation to cash, payment and, in relation to other assets, delivery.

1.3 Unless a contrary indication appears a reference in this Deed to:

- (a) a Clause shall be to a clause of this Deed;
- (b) a person or party shall be construed so as to include its successors in title, permitted assignees and permitted transferees;
- (c) a contract, document, agreement or instrument is a reference to that contract, document, agreement or instrument as amended, novated, supplemented, extended or restated; and
- (d) a provision of law is a reference to that provision as amended or re-enacted.

1.4 Any capitalised term used in this Deed but not defined herein shall have the meaning given to it in the Gap Credit Support Annex, or, if not defined in the Gap Credit Support Annex, the meaning given to it in the Buy-In Agreement.

1.5 A Relevant Event is "continuing" if it has not been remedied or waived in writing by the Secured Party.

1.6 Clause headings are for ease of reference only.

## **2. SECURITY**

### **2.1 Covenant to Perform**

The Chargor covenants with the Secured Party that it will perform the Obligations in the manner provided in the Gap Policy and the Buy-In Agreement.

### **2.2 Security**

- (a) The Chargor, as continuing security for the due and punctual performance of the Obligations, charges by way of first fixed charge in favour of the Secured Party:
  - (i) the Gap Posted Collateral;
  - (ii) all Related Rights in relation to the Gap Posted Collateral; and
  - (iii) the Gap Collateral Accounts.

- (b) The Chargor, as continuing security for the performance of the Obligations, hereby assigns by way of security in favour of the Secured Party the Chargor's rights under the Custody Agreement to the extent that the same relate to the Gap Posted Collateral, any Related Rights and/or the Gap Collateral Accounts.

### **2.3 Right of Appropriation**

- (a) The Secured Party may, at any time when a Relevant Event is continuing, by notice in writing to the Chargor and the Custodian appropriate with immediate effect all or any of the Gap Posted Collateral constituting Gap Equivalent Credit Support in respect of assets comprised in the Gap Collateral Balance after the application of any set-off pursuant to paragraph 9.3 of the Gap Credit Support Annex and comprising "financial collateral" which is subject to a "security financial collateral arrangement" (each within the meaning of the Regulations) and apply it in or towards the discharge of the Obligations of the Chargor in such manner as the Secured Party may determine, whether such Gap Posted Collateral is held by the Secured Party at the time of such appropriation or otherwise.
- (b) The value of any Gap Posted Collateral appropriated under Clause 2.3(a) (*Right of Appropriation*) shall be:
  - (i) in the case of cash, the face amount thereof; and
  - (ii) in the case of a financial instrument (within the meaning of the Regulations) the current value of the cash payment which the Secured Party reasonably determines would be received on a sale or other disposal, on an arm's length basis, of such asset effected for payment as soon as reasonably possible after the time of exercise of the right of appropriation,

and the parties agree that the methods of valuation provided for in this Deed are commercially reasonable methods of valuation for the purposes of the Regulations.

- (c) The Secured Party shall account to the Chargor for any amount by which the value of the appropriated Gap Posted Collateral exceeds the Obligations of the Chargor then due and, subject to the provisions of the Gap Policy and the Buy-In Agreement, the Chargor shall remain liable to the Secured Party for any amount by which the value of the appropriated Gap Posted Collateral is less than the Obligations of the Chargor then due.
- (d) Notwithstanding any term of this Clause 2.3 to the contrary, the Secured Party shall not appropriate more Gap Posted Collateral than is necessary in order to discharge the Obligations

### **2.4 Preservation of Security**

The security constituted by this Deed shall be a continuing security and shall not be satisfied by any intermediate payment or satisfaction of the whole or any part of the Obligations but shall secure the ultimate balance of the Obligations. The security constituted by this Deed shall be in addition to and shall not be affected by any other security now or subsequently held by the Secured Party for all or any of the Obligations.

### **2.5 Waiver of Defences**

The security constituted by this Deed and the obligations of the Chargor under this Deed, the Custody Agreement and the Gap Account Control Agreement shall not be affected by any act, omission or circumstance which, but for this provision, might operate to release or otherwise exonerate the Chargor from its obligations under this Deed or affect such security or obligations including (but without limitation) and whether or not known to the Chargor or the Secured Party:

- (a) any time or indulgence granted to or composition with the Chargor or any other person;
- (b) the variation, extension, compromise, renewal or release of, or refusal or neglect to perfect or enforce, any terms of the Gap Policy, the Buy-In Agreement or any rights or remedies against, or any security granted by, the Chargor or any other person;
- (c) any irregularity, invalidity or unenforceability of any obligations of the Chargor under the Gap Policy, the Buy-In Agreement or any present or future law or order of any government or authority (whether of right or in fact) purporting to reduce or otherwise affect any of such obligations to the intent that the Chargor's obligations under this Deed shall remain in full force and this Deed shall be construed accordingly as if there were no such irregularity, unenforceability, invalidity, law or order; or
- (d) any legal limitation, disability, incapacity or other circumstance relating to the Chargor, any guarantor or any other person or any amendment to or variation of the terms of the Gap Policy, the Buy-In Agreement or any other document or security.

## **2.6 Immediate Recourse**

The Chargor waives any right it may have of first requiring the Secured Party to proceed against or claim payment from any other person or enforce any guarantee or other security before enforcing this Deed.

## **2.7 Reinstatement**

Where any discharge (whether in respect of the security constituted by this Deed, any other security or otherwise) or any arrangement is made in whole or in part on the faith of any payment, security or other disposition which is avoided or where any amount paid pursuant to any such discharge or arrangement must be repaid on bankruptcy, liquidation or otherwise without limitation, the security constituted by this Deed and the liability of the Chargor under this Deed shall continue as if there had been no such discharge or arrangement.

# **3. UNDERTAKINGS**

## **3.1 Operation of Gap Collateral Accounts**

The Chargor shall ensure that prior to the Discharge Date and except as expressly provided otherwise in this Deed, the Gap Policy, the Buy-In Agreement and/or the Gap Account Control Agreement:

- (a) no Gap Posted Collateral is withdrawn from the Gap Collateral Accounts or otherwise disposed of or dealt with except with the consent of the Secured Party;
- (b) all cash paid or received or securities received in respect of or in connection with the Gap Posted Collateral in the Gap Collateral Accounts is credited to the Gap Collateral Accounts; and
- (c) no other instructions are given to the Custodian or by the Custodian in relation to the Gap Collateral Accounts except with the consent of the Secured Party.

## **3.2 Instructions under Gap Credit Support Annex and Gap Account Control Agreement**

- (a) The Secured Party is deemed to consent to any instructions delivered:

- (i) by the Secured Party or any person acting on behalf of the Secured Party; or
- (ii) on behalf of the Chargor to the Custodian to the extent that such instructions are delivered in order for the Chargor to be able to perform its obligations to the Secured Party under the Gap Credit Support Annex or the Credit Support Annex,

and any Gap Posted Collateral removed from the Gap Collateral Accounts pursuant to such instructions shall be deemed released from the charge created by Clause 2.2 (Security).

- (b) The Secured Party undertakes that neither the Secured Party nor anyone acting on behalf of the Secured Party will deliver:
  - (i) a Substitution Notice in respect of a Proposed Exchange to the Custodian pursuant to the Gap Account Control Agreement unless and until the period in which the Chargor is entitled to deliver an Objection Notice in respect of that Proposed Exchange has expired and the Chargor has not delivered an Objection Notice in respect of that Proposed Exchange within that period (in each case in accordance with paragraph 3.4 (Exchanges) of the Gap Credit Support Annex);
  - (ii) a Withdrawal Notice or a Special Withdrawal Notice in respect of a Proposed Return to the Custodian pursuant to the Gap Account Control Agreement unless and until the period in which the Chargor is entitled to deliver a Return Objection Notice in respect of that Proposed Return has expired and the Chargor has not delivered a Return Objection Notice in respect of that Proposed Return within that period (in each case in accordance with paragraph 2.2 (Return Amount) of the Gap Credit Support Annex); or
  - (iii) a Special Withdrawal Notice in respect of a Proposed Return to the Custodian pursuant to the Gap Account Control Agreement where the Aggregate Withdrawal Limit would be exceeded in connection with the transfer of assets specified in that Special Withdrawal Notice without certifying to the Chargor in that Special Withdrawal Notice that the Aggregate Withdrawal Limit is exceeded.
- (c) The Chargor shall be entitled to deliver a Notice of Joint Control to the Custodian pursuant to the Gap Account Control Agreement (whether before or after a Notice of Joint Control Revocation Notice has been delivered to the Custodian in accordance with Clause 3.2(e)) if on 6 or more occasions in any period of 12 calendar months the Secured Party:
  - (i) fails to comply with the terms of Clause 3.2(b);
  - (ii) delivers a Substitution Notice to the Custodian pursuant to the Gap Account Control Agreement in circumstances where the Substitution Conditions are not satisfied; and/or
  - (iii) delivers a Withdrawal Notice or a Special Withdrawal Notice to the Custodian pursuant to the Gap Account Control Agreement in circumstances where the Return Conditions are not satisfied.
- (d) If the Chargor delivers a Notice of Joint Control to the Custodian in accordance with Clause 3.2(c) and for so long as the Secured Party has not delivered a Notice of Joint Control Revocation Notice to the Custodian in accordance with Clause 3.2(e):
  - (i) the Notice Period for the purposes of the Gap Credit Support Annex shall be 48 hours from receipt (as construed in accordance with paragraph 3.4 (Exchanges) of the Gap Credit Support Annex) of the relevant Substitution Intention Notice and the Return Notice Period for the purposes of the Gap Credit Support Annex shall be 48 hours from receipt of the

relevant Return Notice (provided that hours comprised in (i) days which are public holidays in the United Kingdom or (ii) weekends, shall not count towards the elapse of either such 48 hour period);

- (ii) if the Secured Party delivers a Substitution Notice to the Custodian pursuant to the Gap Account Control Agreement and the Substitution Conditions (and any other conditions to that transaction under the Gap Credit Support Annex) are satisfied, by no later than the expiry of the Notice Period the Chargor shall (or shall ensure that a person authorised to give instructions to the Custodian on behalf of the Chargor under the Gap Account Control Agreement shall) countersign that Substitution Notice (irrespective of the value of the assets which are subject to that Substitution Notice provided that the Substitution Conditions are satisfied); and
- (iii) if the Secured Party delivers a Withdrawal Notice to the Custodian pursuant to the Gap Account Control Agreement and the Return Conditions (and any other conditions to that transaction under the Gap Credit Support Annex) are satisfied, by no later than the expiry of the Return Notice Period the Chargor shall (or shall ensure that a person authorised to give instructions to the Custodian on behalf of the Chargor under the Gap Account Control Agreement shall) countersign that Withdrawal Notice.

(e) If the Chargor has delivered a Notice of Joint Control to the Custodian in accordance with Clause 3.2(c), the Secured Party shall be entitled to deliver a Notice of Joint Control Revocation Notice to the Custodian pursuant to the Gap Account Control Agreement if:

- (i) a Collateral Misfeasance Event has occurred; or
- (ii) a Collateral Compliance Event has occurred,

in either case after delivery of that Notice of Joint Control.

(f) If:

- (i) the Secured Party delivers a Special Withdrawal Notice to the Custodian pursuant to the Gap Account Control Agreement;
- (ii) the Return Conditions (and any other conditions to that transaction under the Gap Credit Support Annex) are satisfied; and
- (iii) the Secured Party is otherwise entitled pursuant to the Gap Credit Support Annex to receive Gap Equivalent Credit Support of the type and value specified in that Special Withdrawal Notice,

the Chargor shall (or shall ensure that a person authorised to give instructions to the Custodian on behalf of the Chargor under the Gap Account Control Agreement shall) countersign that Special Withdrawal Notice within two Business Days of receipt thereof.

(g) The parties shall use all reasonable endeavours to ensure that:

- (i) the instructions in respect of the transfer of Gap Eligible Collateral pursuant to paragraph 2.3(b) of the Gap Credit Support Annex; and
- (ii) the Special Withdrawal Notice (countersigned by the Trustee (or a person authorised to give instructions to the Custodian on behalf of the Trustee) if required in accordance with Clause 3.2(f) of the Security Deed) or Withdrawal Notice (as appropriate) relating to any Return

Amount due in accordance with the terms of the Credit Support Annex in respect of the Transition Valuation Date,

are given to the Custodian on the same Business Day.

#### **4. HOLDING GAP POSTED COLLATERAL**

##### **4.1 Care of Gap Posted Collateral**

The Chargor has appointed the Custodian to hold the Gap Posted Collateral in accordance with and subject to the terms of the Custody Agreement and the Gap Account Control Agreement.

##### **4.2 Eligibility to Hold Gap Posted Collateral; Custodians**

**(a) If:**

- (i)** The Bank of New York Mellon SA/NV acting through its offices located in London (or any successor appointed in accordance with the terms hereof) at any time ceases to be the Custodian for the Chargor;
- (ii)** the Custody Agreement or the Gap Account Control Agreement (or any agreement replacing either such agreement in accordance with the terms hereof) ceases to be in full force and effect;
- (iii)** at any time the Required Rating is no longer satisfied in respect of the Custodian, and the Secured Party or the Chargor gives notice to the other that it wishes to replace the Custodian in respect of the Gap Collateral Accounts; or
- (iv)** the Chargor at any time gives notice to the Secured Party that it wishes to replace the Custodian in respect of the Gap Collateral Accounts and the Secured Party (acting reasonably) consents to that replacement,

(which notices in (iii) and (iv) may be revoked at any time) then the replacement arrangements described in Clause 4.2(b) shall apply.

**(b) Following the occurrence of any of the events specified in Clause 4.2(a) the following provisions shall apply:**

**(i) in all cases:**

- (A)** the parties shall procure that all Gap Posted Collateral is transferred to Replacement Accounts with a Replacement Custodian within 90 days (and shall deliver any instructions to the Custodian as may be reasonably required to facilitate such transfer); or
- (B)** the Chargor may propose an alternative collateral arrangement to the Secured Party that is reasonably acceptable to the Secured Party and which has substantially the same commercial effect as the arrangements under this Deed and the Gap Account Control Agreement (an "Alternative Collateral Arrangement"); or

- (ii)** in all cases, the Chargor shall not appoint a person as custodian of Replacement Accounts unless such person has first been approved by the Secured Party (such approval not to be unreasonably withheld or delayed) and it has entered into custody arrangements and established custody accounts in form and substance satisfactory to the Secured Party (acting

reasonably having regard to the then available market terms relating to custodial arrangements);

- (iii) in all cases, the Chargor shall, and shall use all reasonable endeavours to procure that any necessary third party shall, promptly execute and deliver such documents and perform such acts as may be required for the purpose of giving full effect to this Deed and creating or perfecting any security contemplated hereunder to the Secured Party's satisfaction; or
- (iv) if an Alternative Collateral Arrangement is proposed in accordance with Clause 4.2(b)(i)(B) or otherwise, the parties shall act in good faith and in a commercially reasonable manner to promptly agree documentation relating to such arrangements.

#### **4.3 Negative Pledge and No Disposals**

Prior to the Discharge Date, the Chargor shall not and shall not instruct the Custodian to enter into a single transaction or a series of transactions (whether related or not) and whether voluntarily or involuntarily, to sell, transfer or otherwise dispose of the whole or any part of the Gap Posted Collateral and will not create or permit to subsist any security interest (except for any Permitted Security Interest) on any part of the Gap Posted Collateral or otherwise deal with any part of the Gap Posted Collateral, save as may be permitted under this Deed and the Gap Account Control Agreement.

#### **4.4 No Variation of Custody Agreement etc.**

Prior to the Discharge Date, the Chargor shall not, without the prior written consent of the Secured Party:

- (a) amend, supplement, vary or waive (or agree to amend, supplement, vary or waive) any provision of the Custody Agreement or Gap Account Control Agreement affecting the Gap Collateral Accounts (*provided that* for such purposes the Secured Party shall not unreasonably withhold its consent);
- (b) exercise any right to rescind, cancel or terminate the Custody Agreement or Gap Account Control Agreement in respect of the Gap Collateral Accounts other than in accordance with the terms of this Deed;
- (c) release the Custodian from any obligations of the Custody Agreement or Gap Account Control Agreement in respect of the Gap Collateral Accounts other than in accordance with the terms of this Deed;
- (d) waive any breach by the Custodian in respect of the Gap Collateral Accounts or consent to any act or omission which would otherwise constitute such a breach; or
- (e) except as provided in this Deed, novate, transfer or assign any of its rights under the Custody Agreement or Gap Account Control Agreement in respect of the Gap Collateral Accounts.

#### **4.5 Breach of Custody Agreement**

The Chargor shall notify the Secured Party of:

- (a) any breach of or default under the Custody Agreement or the Gap Account Control Agreement by it, the Custodian or any other party in respect of the Gap Collateral Accounts;

- (b) the occurrence of any other event giving either the Chargor or the Custodian the right to rescind, cancel or terminate the Custody Agreement or the Gap Account Control Agreement; and
- (c) any claim made or threatened to be made by it or the Custodian under or in connection with the Custody Agreement or the Gap Account Control Agreement in respect of the Gap Collateral Accounts,

promptly on becoming aware of the same and only if the same could reasonably be expected to have (or to result in) a material adverse effect on the interests of the Secured Party under this Deed or the Gap Account Control Agreement. The Chargor shall provide the Secured Party with reasonable details of any such claim and its progress and notify the Secured Party as soon as practicable upon that claim being resolved.

#### **4.6 Performance of Obligations under Custody Agreement**

Without prejudice to the terms of the Custody Agreement, the Chargor shall perform all its material obligations under the Custody Agreement in respect of the Gap Collateral Accounts.

#### **4.7 Rights Accompanying Gap Posted Collateral**

##### **(a) Voting rights**

Subject to paragraph (b) below, the Chargor shall be entitled to exercise, or to direct the Custodian to exercise, any voting rights attached to any of the Gap Posted Collateral (but only in a manner consistent with the terms of this Deed).

##### **(b) Exercise by Secured Party**

- (i) At any time after the occurrence of a Relevant Event which is continuing and without any further consent or authority on the part of the Chargor, the Secured Party may deliver to the Custodian a Notice of Exclusive Control (copied to the Chargor) and, following delivery of such notice, may exercise any and all of its rights which it has under this Deed and the Gap Account Control Agreement in relation to the Gap Posted Collateral, subject to Clause 5.1 (*Secured Party's Rights to Enforce the Security*) below.

Following the delivery by the Secured Party to the Custodian of a Notice of Exclusive Control, if the Relevant Event has been remedied and is no longer continuing, the Secured Party shall, as soon as reasonably practicable, revoke the Notice of Exclusive Control and give notice to the Custodian of such revocation (with a copy to the Chargor), and the Chargor and the Secured Party may exercise any and all of its rights under this Deed and the Gap Account Control Agreement in relation to the Gap Posted Collateral as if such Notice of Exclusive Control had not been served.

#### **4.8 Other Obligations**

The Chargor shall remain liable to observe and perform all of the other conditions and obligations assumed by it in writing or by effect of law in respect of any of the Gap Posted Collateral.



## **5. RIGHTS OF ENFORCEMENT**

### **5.1 Secured Party's Rights to Enforce the Security**

If on any date a Relevant Event has occurred and is continuing, the Secured Party shall, on prior notice to the Chargor, be entitled to put into force and to exercise immediately or as and when it may see fit any and every power possessed by the Secured Party by virtue of this Deed or available to a secured creditor (so that section 93 and section 103 of the Law of Property Act 1925 shall not apply to this Deed) and in particular (but without limitation) the Secured Party shall, immediately or at any subsequent time and without prior notice to the Chargor, have power in respect of Gap Posted Collateral constituting Gap Equivalent Credit Support in respect of assets comprised in the Gap Collateral Balance after the application of any set-off pursuant to paragraph 9.3 of the Gap Credit Support Annex:

- (a) to hold, sell or otherwise dispose of all or any of such Gap Posted Collateral on an arm's length basis at any time and in a commercially reasonable manner upon such terms as the Secured Party shall in its absolute discretion determine; or
- (b) to collect, recover or compromise and to give a good discharge for any moneys payable to the Chargor in respect of any of such Gap Posted Collateral; or
- (c) to exercise its right under Clause 2.3 (*Right of Appropriation*) to appropriate such Gap Posted Collateral in or towards the payment or discharge of any amounts payable by the Chargor with respect to any Obligation in such order as the Secured Party sees fit;
- (d) secure and perfect its title to all or any part of such Gap Posted Collateral (including transferring the same into the name of the Secured Party or its nominee(s)) or otherwise exercise in relation to such Gap Posted Collateral all the rights of an absolute owner; or
- (e) whether or not it has appointed a Receiver, exercise in respect of such Gap Posted Collateral all or any of the powers, authorities and discretions conferred by the Law of Property Act 1925 (as varied or extended by this Deed) on chargees and by this Deed on any Receiver or otherwise conferred by law on chargees or Receivers,

and for the purposes of this Clause 5.1 the Secured Party shall be entitled to make any currency conversions at the best prevailing rates or effect any transaction in currencies which it thinks fit, and to do so at the best prevailing rates at such times as it thinks fit.

### **5.2 Power of Attorney**

The Chargor, by way of security and solely for the purpose of more fully securing the performance of the Obligations, irrevocably appoints the Secured Party as the attorney of the Chargor on its behalf and in the name of the Chargor:

- (a) to take any action which the Chargor is obliged to take under this Deed but has not taken by the due date therefor and after having been given 5 Business Days' notice by the Secured Party to do so; and
- (b) following the occurrence of a Relevant Event which is continuing and without the need for any notice, to take any action required to enable the Secured Party or a Receiver to exercise all or any of its rights in accordance with this Deed or under any applicable law.

### 5.3 Protection of Purchaser

- (a) No purchaser or other person dealing with the Secured Party or with its attorney or agent shall be concerned to enquire (i) whether any power exercised or purported to be exercised by the Secured Party has become exercisable, (ii) whether any Obligation remains due, (iii) as to the propriety or regularity of any of the actions of the Secured Party, or (iv) as to the application of any money paid to the Secured Party.
- (b) In the absence of bad faith on the part of such purchaser or other person, such dealings shall be deemed, so far as regards the safety and protection of such purchaser or other person, to be within the powers conferred by this Deed and to be valid accordingly. The remedy of the Chargor in respect of any impropriety or irregularity whatever in the exercise of such powers shall be in damages only.

### 5.4 Deficiencies and Excess Proceeds

The Secured Party (or the Custodian acting on its behalf) will transfer to the Chargor, any proceeds and Gap Posted Collateral remaining after liquidation, set-off and/or application under Clause 5.1 (*Secured Party's Rights to Enforce the Security*) and after satisfaction in full of all amounts payable by the Chargor with respect to any Obligations; subject to the provisions of the Gap Policy and the Buy-In Agreement, the Chargor will remain liable for any amounts remaining unpaid after any liquidation, set-off and/or application under Clause 5.1 (*Secured Party's Rights to Enforce the Security*).

### 5.5 Release

Following the earlier of the date when:

- (a) no amounts are or may become payable by the Chargor with respect to any Obligations; or
- (b) the Chargor has transferred to the Secured Party Gap Equivalent Credit Support to all assets comprised in the Gap Collateral Balance following an Early Return Date,

(the "Discharge Date"), the Chargor may deliver a Release Notice (as defined in the Gap Account Control Agreement) signed on behalf of the Chargor to the Secured Party and the Secured Party will as soon as reasonably practicable (and in any event not later than 5 Business Days following receipt of such Release Notice from the Chargor) (i) countersign that Release Notice on behalf of the Secured Party and deliver the same to the Custodian and the Chargor under the Gap Account Control Agreement and (ii) take all reasonable steps to release the security created by this Deed and to release the Chargor from its obligations under this Deed.

### 5.6 Set-Off Assets

- (a) The Secured Party will as soon as reasonably practicable (and in any event not later than 2 Business Days following each Set-Off Date or Cross Set-Off Date) deliver a Set-Off Assets Withdrawal Notice to the Custodian instructing the Custodian to transfer (to an account of the Chargor designated by the Chargor for this purposes) any Gap Posted Collateral which (i) constitutes Gap Equivalent Credit Support in respect of any assets which have been the subject of any set-off pursuant to paragraph 9.3 of the Gap Credit Support Annex and (ii) has a Gap Value on that Set-Off Date or Cross Set-Off Date as nearly as practicable (but not exceeding) those assets.
- (b) Any Gap Posted Collateral transferred from the Gap Collateral Accounts pursuant to Clause 5.6(a) shall be deemed released from the charge created by Clause 2.2 (Security).

## **6. REPRESENTATIONS**

The Chargor represents to the Secured Party on the date of this Deed (and, in the case of the representations set out in paragraphs 6(b) and 6.1(c), on each date on which Gap Eligible Credit Support is transferred to the Gap Collateral Accounts) that:

- (a) it has the power to grant a security interest in any Gap Eligible Credit Support which stands to the credit of the Gap Collateral Accounts and has taken all necessary actions to authorise the granting of that security interest;
- (b) the Gap Eligible Credit Support standing to the credit of the Gap Collateral Accounts is free and clear of any security interest, lien or encumbrance other than any Permitted Security Interest; and
- (c) the performance by it of its obligations under this Deed will not result in the creation of any security interest, lien or encumbrance in or on any item of Gap Posted Collateral other than any Permitted Security Interest.

## **7. EXPENSES**

### **7.1 General**

Each party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Deed) in connection with performing its obligations under this Deed and neither party will be liable for any such costs and expenses incurred by the other party.

## **8. OTHER PROVISIONS**

### **8.1 Further Assurances**

Promptly following a demand made by the Secured Party, the Chargor will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by the Secured Party in relation to any item of Gap Posted Collateral, to create, preserve, perfect or validate any security interest granted under Clause 2 (*Security*), to enable the Secured Party to exercise or enforce its rights under this Deed with respect to the Gap Posted Collateral or to effect or document a release of a security interest on the Gap Posted Collateral provided that the Chargor shall not be obliged to enter into any document or do anything pursuant to this Clause which would create or impose any new or more onerous obligation on it than contained in this Deed when originally entered into or which would otherwise restrict the Chargor from dealing with the Security Assets to a greater degree than imposed by this Deed when originally entered into.

### **8.2 Registration**

The parties acknowledge that the Chargor shall arrange for the charge created by Clause 2.2 (*Security*) to be registered with Companies House within 21 calendar days of the date of this Deed.

### **8.3 Financial Collateral**

Each party acknowledges to the other party that, notwithstanding any steps taken to register the security at Companies House pursuant to Clause 8.2 (*Registration*) above, it intends for this Deed to take effect as a "security financial collateral arrangement" (as defined in the Regulations).

#### **8.4 Cooperation Regarding Instructions**

The Secured Party and the Chargor agree to act reasonably in countersigning and delivering any instructions to be sent to the Custodian in accordance with the terms of this Deed.

#### **8.5 Severability**

If, at any time, any provision of this Deed is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

### **9. THIRD PARTY RIGHTS**

Subject to any provision(s) of this Deed under which rights are granted to third parties by express reference to the Contracts (Rights of Third Parties) Act 1999, a person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

### **10. GOOD FAITH AND COMMERCIALLY REASONABLE MANNER**

Performance of all obligations under this Deed, including but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

### **11. GOVERNING LAW AND JURISDICTION**

11.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

11.2 The English courts have exclusive jurisdiction to settle any dispute, claim, difference or controversy arising out of, relating to or having any connection with this Deed, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Clause, a “Dispute”) and each Party submits to the exclusive jurisdiction of the English courts.

11.3 For the purposes of this Clause 11.3, each Party waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

### **12. COUNTERPARTS**

This Deed may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Deed may enter into the same by executing and delivering a counterpart.

IN WITNESS WHEREOF This Deed has been executed as a deed by the Secured Party and executed as a deed by the Chargor and is intended to be and is hereby delivered as a deed on the date first stated on page 1.

EXECUTION PAGE TO THE GAP SECURITY DEED

The Secured Party

EXECUTED as a DEED by  
AVIVA LIFE & PENSIONS UK LIMITED  
acting by its authorised signatory

GEORGINA BARBER

[Redacted Signature]

in the presence of:

[Redacted Signature]

Witness's Signature:

Name:

JOSHUA LEW

Address:

ALLEN & OVERY LLP  
ONE BISHOPS SQUARE  
LONDON E1 6AD  
www.allenoverly.com

The Chargor

EXECUTED as a DEED by  
PEARSON PENSION TRUSTEE LIMITED  
(acting in its capacity as trustee  
of The Pearson Pension Plan)  
acting by a director and the secretary

.....)  
James Joll (Director)

.....)  
Stephen Beaven

**EXECUTION PAGE TO THE GAP SECURITY DEED**

**The Secured Party**

**EXECUTED** as a **DEED** by  
**AVIVA LIFE & PENSIONS UK LIMITED**  
acting by its authorised signatory

\_\_\_\_\_ )

in the presence of:

Witness's Signature: .....

Name: .....

Address: .....

.....

.....

**The Chargor**

**EXECUTED** as a **DEED** by  
**PEARSON PENSION TRUSTEE LIMITED**  
(acting in its capacity as trustee  
of The Pearson Pension Plan)  
acting by a director and the secretary

.....)

.....)

Stephen Beaven