



Registration of a Charge

Company name: **SCOTTISH & NEWCASTLE PENSION PLAN TRUSTEE LIMITED**
Company number: **SC183267**



X4EKO3T6

Received for Electronic Filing: **26/08/2015**

Details of Charge

Date of creation: **25/08/2015**
Charge code: **SC18 3267 0001**
Persons entitled: **FRIENDS LIFE LIMITED**
Brief description:
Contains fixed charge(s).
Contains negative pledge.

Authentication of Form

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

Authentication of Instrument

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

Certified by: **TRAVERS SMITH LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 183267

Charge code: SC18 3267 0001

The Registrar of Companies for Scotland hereby certifies that a charge dated 25th August 2015 and created by SCOTTISH & NEWCASTLE PENSION PLAN TRUSTEE LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 26th August 2015 .

Given at Companies House, Edinburgh on 28th August 2015

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**

We certify this to be a true copy of the original
save to the extent redacted as permitted by
section 859G of the Companies Act 2006

EXECUTION VERSION

Travers Smith LLP
26 August 2015

FEES COLLATERAL SECURITY DEED

dated 25 August 2015

created by

SCOTTISH & NEWCASTLE PENSION PLAN TRUSTEE LIMITED
as the Assignor

In favour of

FRIENDS LIFE LIMITED
acting as Assignee

Linklaters

Ref: EKW/C/KS

Linklaters LLP

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THIS DEED is dated 25 August 2015 and made between:

- (1) SCOTTISH & NEWCASTLE PENSION PLAN TRUSTEE LIMITED, a company incorporated in Scotland with registered number SC183267 and whose registered office is at 3-4 Broadway Park, South Gyle Broadway, Edinburgh EH12 9JZ, acting solely in its capacity as trustee of the Scottish & Newcastle Pension Plan, as chargor (the "Assignor"); and
- (2) FRIENDS LIFE LIMITED, a company incorporated in England with registered number 4096141 and whose registered office is at Pixham End, Dorking, Surrey RH4 1QA as chargee (the "Assignee").

The Assignee and the Assignor intend this document to take effect as a deed (even though the Assignee only executes it under hand).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Deed:

"Account Control Agreement" means the account control agreement dated on or about the date of this Deed between the Custodian, the Assignor and the Assignee.

"Charged Securities" means all the Assignor's right, title and interest from time to time in and to the securities which at that time are held in the Custody Account and all Related Rights.

"Custodian" means Bank of New York Mellon, a banking corporation organised pursuant to the laws of the State of New York and operating through its branch in London, at One Canada Square, London E14 5AL, England, or such other person as may from time to time be appointed as custodian of the Custody Account in accordance with this Deed.

"Custody Account" means all the Assignor's right, title and interest from time to time in and to the account with account number held in the name of the Assignor with the Custodian pursuant to the Custody Agreement (as that account may be renumbered or re-designated from time to time), all securities (including all Charged Securities), cash balances and assets from time to time held in or standing to the credit of or accrued or accruing on that account and all Related Rights.

"Custody Agreement" means the custody agreement made between Bank of New York Mellon operating through its branch in London, at One Canada Square, London E14 5AL, England and the Assignor and originally dated 6 October 2005 as varied from time to time or such other custody agreement as may be entered into by the Assignor and a new custodian in accordance with Clause 7.2 of this Deed.

"Delegate" means a delegate or sub-delegate appointed by the Assignee or a Receiver in accordance with this Deed.

"Enforcement Event" means the failure, following the termination of the Insurance Agreement by reason of occurrence of an Early Termination Event, by the Assignor to pay the Fee Termination Payment in full when required in accordance with Schedule 2 to the Insurance Agreement.

"Fee Collateral Title Transfer Amount" means, at any time, an amount equal to the amount referred to in paragraph (a) of the definition of "Fees Variation Amount" (ignoring the word "minus" at the end of that paragraph) in the Insurance Agreement as then most recently established in accordance with the Insurance Agreement.

"Fee Collateral Title Transfer Election" means a written notice given by the Assignor to the Assignee indicating that the Assignor wishes that the provisions of clause 7.3 shall apply.

"Fee Termination Payment" means the amount payable by the Assignor to the Assignee:

- (a) in accordance with paragraph 2.3.2 of Schedule 2 to the Insurance Agreement, following the netting referred to in that paragraph; or
- (b) in accordance with paragraph 2.3.3 of Schedule 2 to the Insurance Agreement (excluding the Base Termination Net Amount, and, for the avoidance of doubt, the Base Termination Net Amount shall not be deducted from the "Fee Termination Payment" (as defined in clause 2.3.3 of Schedule 2 to the Insurance Agreement) because the "Fee Termination Payment" (as defined in clause 2.3.3 of Schedule 2 to the Insurance Agreement) has never included the Base Termination Net Amount).

"Insurance Agreement" means the longevity insurance agreement dated on or about the date of this Deed between the Assignor and the Assignee.

"Insolvency Act" means the Insolvency Act 1986.

"Law of Property Act" means the Law of Property Act 1925.

"Notice of Assignment" has the meaning given to this term in Clause 5.3.

"Notice of Enforcement" means a notice in the form appearing in Schedule 3 served by the Assignee on the Custodian in accordance with Clause 9.3 of this Deed.

"Party" means a party to this Deed.

"Receiver" means a receiver and manager or other receiver appointed in respect of all or any part of the Security Assets.

"Related Rights" means, in relation to a Security Asset (other than any Related Rights):

- (a) any proceeds of sale, transfer or other disposal, lease, licence, sub-licence, or agreement for sale, transfer or other disposal, lease, licence or sub-licence, of that Security Asset;
- (b) all monies payable to the Assignor pursuant to the Custody Agreement to the extent related to the Custody Account, Charged Securities and/or Security Assets;
- (c) any moneys or proceeds otherwise paid or payable deriving from that Security Asset;
- (d) any rights, claims, guarantees, indemnities, Security or covenants for title in relation to that Security Asset, in each case to the extent that these are held by or against third parties other than the Custodian and do not arise under the Custody Agreement;
- (e) any awards or judgments in favour of the Assignor in relation to that Security Asset;

- (f) any rights against the Custodian under clauses 6.2 and/or 19.2 of the Custody Agreement, insofar as such rights relate to that Security Asset; and
- (g) any rights against the Custodian for delivery of any Charged Securities and/or payment of any balance in the Custody Account.

"Replacement Custodian" means a new custodian appointed or to be appointed in accordance with this Deed.

"Secured Liabilities" means any present and future Fee Termination Payment at any time due, owing or incurred by the Assignor or any future trustee of the Scheme to the Assignee, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of any present and future Fee Termination Payment:

- (a) any interest accrued on the Fee Termination Payment;
- (b) any novation, deferral or extension of the Fee Termination Payment;
- (c) any claim for damages or restitution in relation to the Fee Termination Payment; and
- (d) any claim as a result of any recovery by the Assignor of a payment, prepayment, repayment, redemption, defeasance or discharge of those liabilities or obligations on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

"Security Assets" means the assets which from time to time are, or expressed to be, the subject of the Security Interests or any part of those assets.

"Security Interests" means all or any of the Security created or expressed to be created in favour of the Assignee by or pursuant to this Deed.

1.2 Incorporation of defined terms

Unless a contrary indication appears, terms defined in the Insurance Agreement have the same meaning in this Deed.

1.3 Construction

- (a) Any reference in this Deed to the Insurance Agreement, this Deed, the Account Control Agreement or the Notice of Assignment or any other agreement or instrument is a reference to that document or that other agreement or instrument as amended, novated, supplemented, extended, restated (however fundamentally and whether or not more onerously) or replaced.
- (b) The provisions in clause 1.2 (*Interpretation*) of the Insurance Agreement apply to this Deed, except that references to the Insurance Agreement shall be construed as references to this Deed.

1.4 Third Party Rights

- (a) Unless expressly provided to the contrary in the Insurance Agreement, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.
- (b) Notwithstanding any term of the Insurance Agreement, the consent of any person who is not a Party is not required to rescind or vary this Deed at any time.

2. CREATION OF SECURITY INTERESTS

2.1 Assignment by way of security of Custody Account

The Assignor, with full title guarantee and as security for the payment of all Secured Liabilities, assigns to the Assignee the Custody Account by way of security and subject to a proviso for reassignment on redemption (with the Parties acknowledging the terms of Clause 19).

2.2 Charges over Charged Securities and Custody Account

The Assignor, with full title guarantee and as security for the payment of all Secured Liabilities, charges in favour of the Assignee:

- (a) by way of first fixed charge, the Charged Securities; and
- (b) by way of first fixed charge, the Custody Account to the extent not validly and effectively assigned by way of security under clause 2.1 above.

2.3 Assets to become subject to security

If the Assignor transfers any cash amount or any securities to the Custody Account, for the avoidance of doubt such amount and/or securities shall immediately upon such transfer become subject to the Security created under this Deed even if it is in excess of the Fees Delivery Amount.

2.4 Assets to be released from security

If any cash amount or any securities is or are transferred out of the Custody Account with the prior written consent of the Assignee as contemplated by this Deed and/or the Insurance Agreement, that cash amount and/or those securities shall be automatically released from the security created under this Deed (without the need for any release or assignment or other deed of transfer to be executed by either party) and:

- (a) the Assignee shall be deemed to have reassigned all right, title and interest to that cash amount and/or those securities that the Assignor had assigned to it by way of security pursuant to clause 2.1 above; and
- (b) that cash amount and/or those securities shall be deemed released from any charge created under clause 2.2 above,

and any such release shall not affect the security created by this Deed in relation to any cash balance(s) and Charged Securities that from time to time remain in the Custody Account, which shall remain in full force and effect.

3. RESTRICTIONS ON DEALING WITH SECURITY ASSETS

3.1 Negative pledge by Assignor

The Assignor shall not create or permit to subsist any Security over any Security Asset, except as permitted by the Insurance Agreement.

3.2 Disposals by Assignor

The Assignor shall not enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, loan, grant any option over, transfer, redeem or otherwise dispose of any Security Asset (including any of its rights in respect thereof), except as permitted by the Insurance Agreement.

3.3 Disposals, etc. by Assignee

Except as expressly provided for under Clause 33 (*Transfers by the Insurer*) of the Insurance Agreement, the Assignee shall not transfer, assign, novate or otherwise dispose of, or purport to transfer, assign, novate or otherwise dispose of, or create Security over, all or any part of the benefit or burden of, or its rights, benefits and liabilities under, this Deed, the Insurance Agreement or the Account Control Agreement to another person (including under Part VII of FSMA).

3.4 No dealings by Assignee prior to Enforcement Event

Prior to the security constituted by this Deed becoming enforceable (and without prejudice to the operation of the Account Control Agreement), all rights and remedies, any discretions or judgements and the giving of any waivers and consents arising under or in respect of the Custody Account shall be exercised by the Assignor unless otherwise expressly provided for in this Deed, the Insurance Agreement or the Account Control Agreement. The Assignee shall not, save where an Enforcement Event has occurred and is continuing:

(a) exercise, or purport to exercise, any voting or other Related Rights in relation to any Security Asset; or

(b) issue any instruction to the Custodian in relation to any Custody Account,

save as expressly contemplated by this Deed, the Insurance Agreement or the Account Control Agreement.

4. FURTHER ASSURANCE

4.1 Obligation to provide further assurance

Subject to clause 4.2 (*Limitations upon the scope of the obligation to provide further assurance*) below, the Assignor shall promptly do all such acts or execute all such documents (including assignments, transfers, charges, notices and instructions) as the Assignee may reasonably specify having regard to the rights and restrictions in the Insurance Agreement, this Deed and the Account Control Agreement (and in such form as the Assignee may reasonably require in favour of the Assignee or its nominee(s)):

(a) to create, perfect, protect or maintain the Security created or expressed to be created by this Deed; and/or

- (b) following an Enforcement Event that is continuing, to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Interests, in accordance with the Security Interests

including, without limitation:

- (i) the execution and doing of all such deeds, instruments, renunciations, proxies, notices, documents, filings acts and things in such form as the Assignee may from time to time reasonably require for such purpose; and
- (ii) the execution of any transfer, conveyance, assignment or assurance of any asset and the giving of any notice, order or direction and the making of any registration which the Assignee may reasonably require for such purpose,

but in each case not containing provisions which are more onerous than this Deed and in no case shall the Assignor be required to take any action under this clause (or any further assurance clause in the Insurance Agreement) to attempt to reverse the impact of any matter referred to in the Security Principles.

4.2 Limitations upon the scope of the obligation to provide further assurance

The parties acknowledge that:

- (a) it does not constitute a breach of this Deed, the Insurance Agreement, the Account Control Agreement or the Notice of Assignment if the security created under this Deed creates equitable, and not legal, security interests; and
- (b) neither clause 4.1 nor any other provision of this Deed, the Insurance Agreement, the Account Control Agreement or the Notice of Assignment imposes any obligation upon the Assignor to take any action to cause any security created under this Deed that, on its terms, only takes effect in equity to take effect as a legal rather than equitable security.

5. CUSTODY AGREEMENT AND CUSTODY ACCOUNT

5.1 Withdrawals

The Assignor shall not make any withdrawal from the Custody Account except with the prior consent of the Assignee. Any instructions to make any such withdrawal shall only be valid if they are counter-signed by the Assignee.

5.2 Documents

The Assignor shall promptly deliver to the Assignee such copy documents relating to the Custody Account as the Assignee may reasonably require.

5.3 Notice of assignment

The Assignor shall on the date of this Deed give notice to the Custodian of the assignment in Clause 2.1 (*Assignment by way of security of Custody Account*) substantially in the form of Schedule 2 (*Form of notice of assignment of Custody Account*) (or in such other form as is acceptable to the Assignee) (the "**Notice of Assignment**") and shall use all reasonable endeavours to ensure that the Custodian signs and returns the relevant form of acknowledgement.

5.4 Assignor still liable

The Assignor shall remain liable to perform all its obligations under the Custody Agreement. Neither the Assignee, any Receiver nor any Delegate shall be under any obligation or liability to the Assignor or any other person under the Custody Agreement.

6. CHARGED SECURITIES

6.1 Interest (coupon) and redemption

Any interest received on, any cash amount paid on redemption of, and/or any other cash distribution from time to time in respect of, any of the Charged Securities shall be applied in accordance with the terms of Section B of Schedule 3 to the Insurance Agreement.

6.2 Distributions in specie

Any distribution in specie from time to time in respect of any of the Charged Securities shall be applied in accordance with the terms of Section B of Schedule 3 to the Insurance Agreement.

7. UNDERTAKINGS

7.1 Amendments and Communications

- (a) The Assignor shall not exercise, waive or amend any rights under the Custody Agreement (except for its rights to terminate the Custody Agreement) if such exercise, waiver or amendment could reasonably be expected to materially prejudice the Security Interests.
- (b) The Assignor shall promptly provide a copy to the Assignee of any notices or communications received from the Custodian pursuant to the Custody Agreement that relate to the Custody Account, the Charged Securities and/or Security Assets that were not copied by the Custodian directly to the Assignee.

7.2 Replacement Custodian

- (a) The Assignor shall promptly upon becoming actually aware of the occurrence of any of the following events provide notice in writing to the Assignee:
 - (i) the Custodian is dissolved (other than pursuant to a consolidation, amalgamation or merger);
 - (ii) the Custodian admits in writing its inability generally to pay its debts as they become due;
 - (iii) the Custodian makes a general assignment, arrangement or composition with or for the benefit of its creditors as a whole;
 - (iv) the Custodian has instituted against it 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, and such proceeding or petition either 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 is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

- (v) the Custodian has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (vi) the Custodian seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets;
- (vii) the Custodian has a secured party take possession of all or substantially all of its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (viii) the Custodian causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (i) to (vii) above (inclusive);
- (ix) the Account Control Agreement becomes unenforceable for any reason (other than illegality affecting neither the Assignor nor the Custodian) (unless agreed otherwise with the Assignee) and such unenforceability is not remedied within 10 days of written notice of such invalidity being served upon the Assignor by the Assignee;
- (x) the Custodian refuses or fails to act upon any instruction validly given by the Assignee, following service of a Notice of Enforcement, in accordance with the terms of this Deed or the Account Control Agreement;
- (xi) if:
 - (A) the Custodian refuses or fails to act upon any instruction validly given by the Assignee and Assignor in accordance with the terms of the Account Control Agreement or breaches any term of the Custody Agreement where such breach relates to the Custody Account, the Charged Securities and/or Security Assets or breaches any term of the Account Control Agreement; and
 - (B) as determined by the Assignee, acting reasonably, such refusal or failure impairs the security and/or contractual protection provided by the Security Interests in a way that is material in the context of the transaction (as contemplated by the Insurance Agreement, this Deed and the Account Control Agreement) as a whole and relates to Security Assets with value of at least £250,000; and
 - (C) the Custodian has not remedied such refusal or failure within 30 days of receiving written notice of such refusal or failure from either the Assignor or the Assignee (which notice shall be copied by the party giving notice to the other party); or

- (xii) the Custodian purports to terminate or repudiate the Custody Agreement or the Account Control Agreement whether by giving notice to terminate or otherwise (otherwise than a termination of the Account Control Agreement in accordance with clause 2.1.7 of the Account Control Agreement following the Custodian's receipt of a Notice of Exclusive Control (as defined in the Account Control Agreement)).
- (b) Following service of notice under paragraph (a) above:
 - (i) the Parties shall consult in good faith on a Replacement Custodian; and
 - (ii) the Assignee shall not unreasonably withhold or delay its consent to a proposed Replacement Custodian identified by the Assignor.
- (c) If the Parties have not agreed to the identity of a Replacement Custodian pursuant to paragraph (b) above within 15 Business Days or, where this clause applies because the Custodian or the Assignor has served at least 90 days' notice to terminate the Custody Agreement, by the day which is the 45th day of that notice period (if later), then:
 - (i) the Assignee, acting reasonably, shall designate a Replacement Custodian (and shall notify the Assignor of such designation in writing); and
 - (ii) the Assignor shall promptly, and in any event no later than within 20 Business Days thereafter, use reasonable endeavours to replace the Custodian with the designated Replacement Custodian (the Parties acknowledging that such obligation is only in respect of the Security Assets and not in respect of any other assets from time to time of the Assignor).
- (d) The Assignor shall procure that the terms of the new custody agreement, the notice of assignment, acknowledgement of the notice of assignment and/or the account control agreement must not be materially less favourable to the Assignee than the existing Custody Agreement, Account Control Agreement, notice and acknowledgement, including (without limitation) with respect to the rights, obligations (including in relation to fees payable by the Assignor to the proposed Replacement Custodian) and remedies of the Assignor, the Assignee and/or proposed Replacement Custodian.
- (e) If the Assignor fails to appoint a Replacement Custodian pursuant to paragraph (c) above, then:
 - (i) the Assignee shall be entitled to appoint (acting reasonably), at the Assignor's expense, a Replacement Custodian;
 - (ii) the Assignee shall procure that the terms of any new custody agreement, notice and acknowledgement of the notice of assignment and account control agreement must not be materially less favourable to the Assignor than the existing custody agreement, notice of assignment and acknowledgement and Account Control Agreement, including (without limitation) with respect to the rights, obligations (including in relation to fees payable by the Assignor to the proposed Replacement Custodian) and remedies of the Assignor and/or the rights, obligations and remedies of the proposed Replacement Custodian.
- (f) The Assignor and Assignee, shall promptly following the appointment of a Replacement Custodian pursuant to this Clause 7.2 execute all relevant documents (being, in relation to the

Assignee, the new account control agreement and any relevant acknowledgement of security assignment only) and procure that all securities (including all Charged Securities) or other assets or balances held in or standing to the credit of the Custody Account will be transferred out of the Custody Account into the custodian account with the Replacement Custodian in the name of the Assignor, and such account shall thereafter be the Custody Account and the custody agreement between the Assignor and the Replacement Custodian shall thereafter be the Custody Agreement. Prior to any such transfer the Assignor or the Assignee (as applicable) shall (unless agreed otherwise by the other Party) give Notice of Assignment to the Replacement Custodian and procure that the Replacement Custodian has agreed, executed and delivered an acknowledgement to the Notice of Assignment and ensure the Assignor has entered into such supplemental or new security documents (in form substantially the same as this Deed, with such changes as are required to reflect the identity of the Replacement Custodian, the details of the replacement Custody Account, and such other matters as shall be reasonably required in that context, including to reflect the terms of the replacement custody agreement applying in respect of that Replacement Custodian), as may be necessary or as are reasonably requested by the Assignee to ensure the continuation of the Security Interests or, as the case may be, the creation of new Security Interests over such assets.

- (g) For the avoidance of doubt any reference to the replacement of the Custodian with a Replacement Custodian shall be construed only as a reference to the replacement of the Custodian in respect of the Custody Account (and not any other custody account from time to time held by the Assignor with the Custodian).
- (h) If at any time prior to the appointment of a Replacement Custodian pursuant to this clause 7.2, the relevant matter in respect of which notice was served under clause 7.2 above is remedied or otherwise ceases to apply, then the Assignor shall be under no further obligation to put in place a Replacement Custodian in respect of that matter.
- (i) The Assignor may, with the prior written consent of the Assignee (not to be unreasonably withheld or delayed), replace the existing custody arrangements with replacement custody arrangements with a Replacement Custodian identified by the Assignor under which the relevant custody agreement governs only the custody account which are to be subject to security in favour of the Assignee, in which case paragraphs (d) and (f) of this clause 7.2 shall apply (mutatis mutandis) in respect of any such new custody arrangements.

7.3 Fee Collateral Title Transfer Elections

- (a) The Assignor may, at any time (including, without limitation, where clause 7.2 applies), serve a Fee Collateral Title Transfer Election upon the Assignee in writing, whereupon:
 - (i) the Assignor shall transfer to the Assignee Eligible Collateral with a Value on transfer no less than the Fees Collateral Value as at the date on which that Fee Collateral Title Transfer Election was made (as if that amount was a Delivery Amount under Section A of Schedule 3 to the Insurance Agreement);
 - (ii) In making any such transfer of Eligible Collateral, the Assignor may, at its discretion, use either:
 - (A) cash and/or securities (that are Eligible Collateral) in the Custody Account; and/or

- (B) any other cash and/or securities (that are Eligible Collateral) of the Assignor;
- (iii) if the Assignor elects to effect any part of such transfer using cash and/or securities in the Custody Account then:
 - (A) the Assignor shall deliver (or procure the delivery) to the Assignee instructions to the Custodian signed by (or on behalf of) the Assignor to release Security Assets from the Fees Collateral Account to the Assignee (as set out in such instructions);
 - (B) the Assignee shall countersign such instructions and deliver to the Assignor (and to the Nominated Collateral Manager if the Assignor so directed when the Assignor or the Nominated Collateral Manager delivered to the Assignee the instructions to the Custodian in accordance with Clause 7.3(a)(iii)(A)) by uploading to the STU Dataroom (or by email if the STU Dataroom is unavailable) a scan of such countersigned instructions as soon as reasonably practicable and in any event within 5 Business Days (and the obligation of the Assignee to deliver such countersigned instructions to the Assignor and its Nominated Collateral Manager shall be discharged if the Assignee delivers such scan to the Assignor); and
 - (C) following the Assignee complying with its obligations under Clause 7.3(a)(iii)(B) above, the Assignor shall be entitled to use those instructions to instruct the Custodian to transfer the relevant Security Assets from the Fees Collateral Account to the Assignee;
- (iv) upon the transfer referred to in Clause 7.3(a)(i) being made, that Fee Collateral Title Transfer Election shall become outstanding, following which:
 - (A) any obligations of the Assignor under this clause 7 to replace the Custodian shall cease;
 - (B) in calculating the Variation Amount under Section A of Schedule 3 to the Insurance Agreement, the Variation Amount shall be increased by the Title Transfer Fees Amount on the relevant Valuation Day, as set out in paragraph 13A.2.1 of Schedule 3 to the Insurance Agreement;
 - (C) the Assignor may transfer any remaining cash, securities or other assets whatsoever in the Custody Account out of the Custody Account as if a Fees Return Amount has become due under Section B of Schedule 3 to the Insurance Agreement; and
 - (D) the Assignee shall counter-sign such instructions as the Assignor may reasonably require in relation to the Custody Account in order to facilitate any transfer referred to in Clause 7.3(a)(iv)(C) in accordance with the Assignee's obligations under paragraph 17.1.2(ii) of Section B of Schedule 3 to the Insurance Agreement.
- (b) Where a Fee Collateral Title Transfer Election has become outstanding and has not been withdrawn in accordance with clause (c) below:

- (i) Section B of Schedule 3 to the Insurance Agreement shall not apply (save as required to give effect to another provision of the Insurance Agreement (other than Clause 10) or this Deed) and neither party shall be required to transfer any Eligible Collateral to or from the Custody Account thereunder;
- (ii) no:
 - (A) Early Termination Event or Enforcement Event giving the Assignee the right to terminate the Insurance Agreement and/or enforce the Security created by this Deed (as referred to in clauses 26.5.5(i) to (iii) (inclusive) of the Insurance Agreement) shall arise or be capable of arising; and
 - (B) breach of the Insurance Agreement, this Deed or the Account Control Agreement (notwithstanding any other provision of the Insurance Agreement, this Deed or the Account Control Agreement) shall arise or be capable of arising in respect of, or by reason of any non-performance by the Assignor of, Clauses 2 to 6 (inclusive), 7.1, 8 and 9 of this Deed, the Security constituted by this Deed, the Notice of Assignment or the Account Control Agreement or any provision of the Insurance Agreement that relates to this Deed, the Security constituted by this Deed, the Notice of Assignment or the Account Control Agreement;
- (iii) Clauses 7.2(a) to (h) shall not apply (save that subclauses (d) and (f) shall apply to the extent contemplated by clause 7.2(i));
- (iv) Clauses 7.1(a), 8.1 and 8.2 shall not apply;
- (v) the Assignor, acting reasonably, shall be entitled to designate a Replacement Custodian (and shall notify the Assignee of such designation in writing);
- (vi) the Assignor may, with the prior written consent of the Assignee (not to be unreasonably withheld) replace the Custodian with the designated Replacement Custodian;
- (vii) if the Custodian is so replaced, the Assignor shall procure that the terms of the new custody agreement, the notice of assignment, the acknowledgement of the notice of assignment and the account control agreement must not be materially less favourable to the Assignee than the existing Custody Agreement, Notice of Assignment, acknowledgement of notice of assignment and Account Control Agreement;
- (viii) the Assignor shall designate in writing the cash and security custodian accounts with the Replacement Custodian in the name of the Assignor that are to function as the replacement custody account, and such accounts shall thereafter be the Custody Account and the custody agreement between the Assignor and the Replacement Custodian shall thereafter be the Custody Agreement. The Assignor shall (unless agreed otherwise by the Assignee) give notice of assignment to the Replacement Custodian and procure that the Replacement Custodian has agreed, executed and delivered an account control agreement or suitable alternative acknowledgement to the notice of assignment (all such documents complying with clause 7.3(b)(vii) above) and the Assignor shall enter into such supplemental or new security documents (in form substantially the same as this Deed, with such changes as are required to reflect the

identity of the Replacement Custodian, the details of the replacement Custody Account, and such other matters as shall be reasonably required in that context, including to reflect the terms of the replacement custody agreement applying in respect of that Replacement Custodian), as may be necessary or as are reasonably requested by the Assignee to ensure the continuation of the Security Interests or, as the case may be, the creation of new Security Interests over such assets; and

- (ix) if the Assignor notifies the Assignee in writing that it wishes to amend and/or replace this Deed and/or the Account Control Agreement in order to address any issue(s) that would (or would be likely to) give rise to a Termination Event were the Fee Collateral Title Transfer Election not outstanding (a "**Structural Problem**"), then the Parties shall use reasonable endeavours and shall work together in good faith and in a commercially reasonable manner with a view to amending this Deed and/or the Account Control Agreement (as applicable) (and any consequential changes to Schedule 3 to the Insurance Agreement) and/or taking such other reasonable action as is reasonably available in order to overcome such Structural Problem, such that the revised and/or replacement documentation create in favour of the Assignee valid security that has the same ranking and priority, and is not diminished in scope and effectiveness, and provides no less commercial benefit to the Assignee, compared to the Security Interests intended to be created under this Deed and the Account Control Agreement.
- (c) Following service of a Fee Collateral Title Transfer Election, the Assignor shall be entitled to serve a written notice upon the Assignee withdrawing the Fee Collateral Title Transfer Election (but only if, upon the Fee Collateral Title Transfer Election ceasing to be outstanding:
- (i) no breach of this Deed or of the Account Control Agreement by the Assignor would occur or be outstanding;
 - (ii) none of the events referred to in clauses 26.5.5(i) to (iii) (inclusive) of the Insurance Agreement would occur or be outstanding; and
 - (iii) no matter as referred to in clause 7.2(a) (ignoring any cure periods referred to therein) would be ongoing)

whereupon:

- (iv) the Fee Collateral Title Transfer Amount shall cease to be taken into account in calculating the Variation Amount under Section A of Schedule 3 to the Insurance Agreement;
- (v) the Assignee shall transfer to the Custody Account Equivalent Collateral to the Eligible Collateral transferred to it pursuant to clause 7.3(a) which Equivalent Collateral has value no less than the Title Transfer Fees Amount on the most recent Valuation Day in relation to which the Title Transfer Fees Amount has been established in accordance with the Insurance Agreement;
- (vi) the transfer referred to in subclause 7.3(c)(v) above shall, when made, be treated for the purpose of Section A of Schedule 3 to the Insurance Agreement as if it had been paid as

a Return Amount and/or a Delivery Amount (as applicable) by the Assignee to the Assignor; and

- (vii) Section B of Schedule 3 to the Insurance Agreement shall cease to be disappplied and shall continue in full force and effect.
- (d) The Value of any Eligible Collateral or Equivalent Collateral for the purpose of this clause 7.3 shall be established in accordance with paragraph 13 of Schedule 3 to the Insurance Agreement.
- (e) For the avoidance of doubt, the Assignor shall be entitled, following the withdrawal of a Fee Collateral Title Transfer Election, to serve a fresh Fee Collateral Title Transfer Election at its discretion.
- (f) The Assignor shall, within ten Business Days of demand, pay to the Assignee the amount of all costs, losses, liabilities and expenses (including legal fees but excluding any internal costs including time costs) that have actually been reasonably incurred by the Assignee in relation to the:
 - (i) appointment of the designated Replacement Custodian;
 - (ii) amendment of the existing Security Deed and/or the set-up of replacement security arrangements;
 - (iii) review, consideration, negotiation and execution of the new custody agreement, the new notice of assignment, the new acknowledgement of the notice of assignment, the new account control agreement, and the amendments and/or arrangements referred to in Clause 7.3(f)(ii), including, without limitation, the new security deed;
 - (iv) (for the avoidance of doubt) operation of Clauses 7.3(b)(vi) to 7.3(b)(viii) inclusive, including such costs and expenses (including legal fees) incurred by the Assignee while the Assignee considers whether to grant its consent in accordance with Clauses 7.3(b)(vi)); and/or
 - (v) taking the action contemplated by Clause 7.3(b)(ix).

8. ACTIONS TO MAINTAIN SECURITY

8.1 Variation, termination or waiver of Custody Agreement

The Assignor undertakes that it shall not vary, give waivers, terminate or suspend any provision of or performance of any obligation under the Custody Agreement (otherwise than by termination of, or service of notice to terminate, the Custody Agreement) that relates to the Security Assets or the Custody Account where such variation, waiver, termination or suspension would have a materially adverse effect upon the ability of the Assignor to comply with any of its obligations in respect of the Security Assets or could be material to the interests of the Assignee with respect to the Security Assets unless it has the prior written consent of the Assignee (acting reasonably).

8.2 Maintenance of rights under Custody Agreement

- (a) The Assignor undertakes that it will maintain and take all reasonable steps to enforce its rights and exercise its discretions under the Custody Agreement and relating to the Custody Account (otherwise than by termination of, or service of notice to terminate, the Custody Agreement)

where failure to do so would materially adversely affect the ability of Assignor to comply with any of its obligations in respect of the Security Assets or could be material to the interests of the Assignee with respect to the Security Assets unless it has the prior written consent of the Assignee (acting reasonably).

- (b) The Assignor undertakes that it will, reasonably promptly on request by the Assignee (acting reasonably), issue such instructions, and make such communications to the Custodian, as the Assignee may (acting reasonably) request to cause the Custodian to comply with the Account Control Agreement.

8.3 Notification of matters in relation to Custody Agreement

The Assignor shall notify the Assignee of:

- (i) any breach of or default under the Custody Agreement by it or any other party that relates to the Custody Account or the Security Assets;
- (ii) any right of any party (other than the Assignor) or any exercise or purported exercise by any party (including the Custodian or the Assignor) of any right to rescind, cancel or terminate the Custody Agreement; and
- (iii) any claim made or to be made by it or any other party under or in connection with the Custody Agreement or the Custody Account that (a) relates to the Custody Account or the Security Assets or (b) in relation to a monetary claim, is for at least £250,000,

in each case, promptly upon becoming aware of the same.

9. ENFORCEMENT OF SECURITY INTERESTS

9.1 When enforceable

The Security Interests shall be immediately enforceable on and at any time after the occurrence of an Enforcement Event which is continuing, provided that if any such Enforcement Event is subsequently remedied or waived before the Security Interests (or any of them) have been enforced, then the Security Interests shall, upon the Assignor serving written notice to the Assignee of such remedy or upon such waiver taking effect (as the case may be), cease to be enforceable by reference to that Enforcement Event (but without prejudice to any other Enforcement Event that may have occurred and be continuing).

9.2 Enforcement action

If the Security Interests are enforceable, the Assignee may in its absolute discretion enforce all or any part of the Security Interests in any manner it sees fit.

9.3 Service of Notice of Enforcement

Without limiting the provisions of Clause 9.2, the Assignee shall be entitled, at any time when the Security Interests are enforceable, to serve on the Custodian a Notice of Enforcement, with a copy to the Assignor, provided that no failure to serve a copy of a Notice of Enforcement on the Assignor shall invalidate the Notice of Enforcement.

9.4 Power to give instructions

In addition to and without prejudice to Clauses 9.2, 9.3 and other rights of the Assignee under this Deed or the Insurance Agreement or the Account Control Agreement, the Assignor hereby

irrevocably authorises the Assignee, at any time when the Security Interests are enforceable, to give instructions to the Custodian for the transfer out of the Custody Account to the Assignee of any amount necessary to fund payments in or towards discharge of the Secured Liabilities, as certified to the Custodian by the Assignee, or to give instructions to the Custodian:

- (a) to sell or otherwise realise all or such part of the Security Assets as is necessary to fund such payments and to apply the proceeds of sale for that purpose, and the Assignee shall use its reasonable efforts to ensure that a reasonable market price in all the circumstances is obtained for any such sale or realisation of the Security Assets; or
- (b) to transfer out of the Custody Account to the Assignee such Security Assets as may be selected by the Assignee and whose transfer to the Assignee is certified by the Assignee as being necessary to fund payment in or towards discharge of the Secured Liabilities.

9.5 Assignor's obligations

At any time when the Security Interests are enforceable if the Assignor receives any money or assets from or in respect of the Custody Account, the Charged Securities and/or Security Assets that was not permitted or required to be paid to the Assignor under this Deed, the Assignor shall hold such money or assets on trust for the Assignee (for so long as the Security Interests are enforceable).

9.6 Assignor not to give instructions

At any time while the Security Interests are enforceable, the Assignor shall not, and shall procure that no other person acting on the Assignor's behalf will, give any instructions to the Custodian in respect of the Custody Account until the Security under this Deed is released and discharged.

9.7 Law of Property Act powers

At any time while the Security Interests are enforceable, the powers, authorities and discretions conferred by the Law of Property Act on mortgagees, including the power of sale and other powers conferred by section 101 (*Powers incident to estate or interest of mortgagee*) of the Law of Property Act, as varied and extended by this Deed, shall be immediately exercisable.

10. LAW OF PROPERTY ACT

10.1 Section 101

The power of sale and other powers conferred by section 101 (*Powers incident to estate or interest of mortgagee*) of the Law of Property Act on mortgagees, as varied and extended by this Deed, shall arise (and the Secured Liabilities shall be deemed due and payable for that purpose) on the date of this Deed and shall be exercisable in accordance with Clause 9.7 (*Law of Property Act powers*).

10.2 Section 103

Section 103 (*Regulation of exercise of power of sale*) of the Law of Property Act shall not apply to this Deed.

10.3 Section 93

Section 93 (*Restriction on consolidation of mortgages*) of the Law of Property Act shall not apply to this Deed.

11. APPOINTMENT OF RECEIVERS

11.1 Appointment of Receivers

If:

- (a) requested by the Assignor; or
- (b) the Security Interests are enforceable,

without any notice or further notice, the Assignee may, by deed or otherwise in writing signed by the Assignee or any person authorised for this purpose by the Assignee, appoint one or more persons to be a Receiver of all or any part of the Security Assets. The Assignee may similarly remove any Receiver and appoint any person instead of any Receiver. If the Assignee appoints more than one person as Receiver, the Assignee may give those persons power to act either jointly or severally.

11.2 Agent of Assignor

Any Receiver shall be the agent of the Assignor for all purposes. The Assignor alone shall be responsible for the Receiver's contracts, engagements, acts, omissions and defaults.

11.3 Remuneration of Receivers

The Assignee may determine the remuneration of any Receiver and the maximum rate specified in section 109(6) (*Appointment, powers, remuneration and duties of receiver*) of the Law of Property Act shall not apply. The Assignee may direct payment of that remuneration out of moneys it receives as Receiver. The Assignor alone shall be liable for the remuneration and all other costs, losses, liabilities and expenses of the Receiver.

12. RIGHTS AND LIABILITIES OF ASSIGNEE AND RECEIVERS

12.1 Rights of Receivers

Any Receiver appointed pursuant to Clause 11 (*Appointment of Receivers*) shall have:

- (a) the rights set out in Schedule 1 (*Rights of Receivers*); and
- (b) the rights, powers, privileges and immunities conferred by law, including the rights, powers, privileges and immunities conferred by the Law of Property Act and the Insolvency Act on receivers or receivers and managers.

12.2 Rights of Assignee

While the Security Interests are enforceable, to the fullest extent permitted by law, any rights conferred by this Deed (other than by paragraph (I) of Schedule 1) or by law upon a Receiver may be exercised by the Assignee (subject to the terms of this Deed), whether or not the Assignee shall have appointed a Receiver of all or any part of the Security Assets.

12.3 Delegation

The Assignee may delegate in any manner to any person any rights exercisable by the Assignee under this Deed. Any such delegation may be made upon such terms and conditions (including power to sub-delegate) as the Assignee thinks fit and the Assignee may pass confidential information to any such delegate. The Assignee shall remain liable under this Deed in respect of acts or omissions of such delegate.

12.4 Financial collateral arrangement

- (a) To the extent that this Deed constitutes a "financial collateral arrangement" (as defined in the Financial Collateral Arrangements (No. 2) Regulations 2003 (the "**Financial Collateral Regulations**")), at any time when the Security Interests are enforceable the Assignee shall have the right to appropriate any Security Asset which constitutes "financial collateral" (as defined in the Financial Collateral Regulations ("**Financial Collateral**")) in such manner as it sees fit in or towards satisfaction of the Secured Liabilities in accordance with the Financial Collateral Regulations.
- (b) If the Assignee is required to value any equivalent financial collateral or Financial Collateral for the purpose of paragraph (a) above, the value shall be:
- (i) in the case of cash, its face value at the time of appropriation or set-off; and
 - (ii) in the case of Eligible Collateral other than cash, established in accordance with paragraph 13 of Section A of Schedule 3 to the Insurance Agreement; and
 - (iii) in the case of any other financial instruments or other Financial Collateral, their market value at the time of appropriation or set-off as determined (after appropriation) by the Assignee by reference to a public index or other applicable generally recognised source or such other process as the Assignee may select, including a valuation carried out by an independent investment bank, firm of accountants or other valuers appointed by the Assignee,

as converted, where necessary, into the currency in which the Secured Liabilities are denominated at a market rate of exchange prevailing at the time of appropriation or set-off selected by the Assignee (acting reasonably). The Parties agree that the methods of valuation set out in this paragraph (b) are commercially reasonable for the purpose of the Financial Collateral Regulations.

12.5 Possession

If the Assignee, any Receiver or any Delegate takes possession of the Security Assets, it may at any time relinquish possession.

12.6 Assignee's liability

Neither the Assignee, any Receiver nor any Delegate shall, either by reason of taking possession of the Security Assets or for any other reason and whether as mortgagee in possession or otherwise, be liable for:

- (a) any costs, losses, liabilities or expenses relating to the realisation of any Security Assets, unless caused by its gross negligence, wilful default or wilful misconduct; or
- (b) any act or omission of the Assignee, any Receiver, any Delegate or their respective officers, employees or agents in relation to the Security Assets or in connection with this Deed save where such act or omission constituted gross negligence, wilful default or wilful misconduct.

13. ORDER OF APPLICATION

All amounts from time to time received or recovered by the Assignee or any Receiver in connection with the realisation or enforcement of all or any part of the Security Interests shall be applied, to the extent permitted by applicable law, in the following order of priority:

- (a) in discharging all costs and expenses properly incurred by the Assignee, any Receiver or any Delegate in connection with any realisation or enforcement of the Security Interests or any action taken at the request of the Assignee under Clause 4 (*Further assurance*);
- (b) in payment or distribution to the Assignee for application towards the discharge of the Secured Liabilities in accordance with the terms of the Insurance Agreement;
- (c) in payment or distribution to any person to whom the Assignee is obliged to pay or distribute in priority to the Assignor; and
- (d) the balance, if any, in payment or distribution to the Assignor.

14. POWER OF ATTORNEY

14.1 Appointment

- (a) The Assignor by way of security irrevocably appoints the Assignee, each Receiver and each Delegate severally to be its attorney (with full power of substitution), on its behalf and in its name or otherwise, at such time and in such manner as the attorney thinks fit:
 - (i) to do anything which the Assignor is obliged to do under this Deed but has failed to do within 2 Business Days of written request by the Assignee; and
 - (ii) to exercise any of the rights conferred on the Assignee, any Receiver or any Delegate in relation to the Security Assets or under this Deed or under any law.
- (b) The Assignee, each Receiver and each Delegate shall be entitled to exercise the power of attorney granted by the Assignor in paragraph (a) above only at any time when the Security Interests are enforceable.

14.2 Ratification

The Assignor ratifies and confirms and agrees to ratify and confirm whatever any such attorney shall do in the valid exercise of the power of attorney granted by it in Clause 14.1 (*Appointment*).

15. EFFECT OF TERMINATION OF INSURANCE AGREEMENT

Notwithstanding the occurrence of an Early Termination Event, this Security Deed will continue in full force and effect (and the Parties acknowledge that in such circumstances Schedule 3 of the Insurance Agreement will cease to apply).

16. PROTECTION OF THIRD PARTIES

No purchaser or other person dealing with the Assignee, any Receiver or its agents shall be concerned to enquire:

- (a) whether the powers conferred on the Assignee, any Receiver or its agents have arisen;
- (b) whether the powers conferred on the Assignee, any Receiver or its agents have become exercisable;

- (c) whether any consents, regulations, restrictions or directions relating to such powers have been obtained or complied with;
- (d) whether the Assignee, any Receiver or its agents is acting within such powers;
- (e) whether any Secured Liabilities or any money remains due under the Insurance Agreement and the receipt in writing of the Assignee, any Receiver or its agents shall be sufficient discharge to that purchaser or other person;
- (f) as to the propriety or validity of acts purporting or intended to be in exercise of any such powers; or
- (g) as to the application of any money paid to the Assignee, any Receiver or its agents.

17. SAVING PROVISIONS

17.1 Continuing Security

Subject to Clause 19 (*Discharge of Security*), the Security Interests are continuing Security and will extend to the ultimate balance of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part.

17.2 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of the Assignor or any security for those obligations or otherwise) is made by the Assignee in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation or otherwise, without limitation, then the liability of the Assignor and the Security Interests will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.3 Waiver of defences

Neither the obligations of the Assignor under this Deed nor the Security Interests will be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under the Insurance Agreement or any of the Security Interests (without limitation and whether or not known to it or the Assignee) including:

- (a) any time, waiver or consent granted to, or composition with, the Assignor or other person;
- (b) the release of the Assignor or any other person under the terms of any composition or arrangement with any creditor of any member of its Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, the Assignor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of the Assignor or any other person;

- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any of the Insurance Agreement, this Deed or the Account Control Agreement or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under the Insurance Agreement or any other document or security; or
- (g) any insolvency or similar proceedings.

17.4 Assignor Intent

Without prejudice to the generality of Clause 17.3 (*Waiver of defences*), the Assignor expressly confirms that it intends that the Security Interests shall extend from time to time to any (however fundamental) variation of any of the Insurance Agreement, this Deed, the Account Control Agreement or the Notice of Assignment for any purpose.

17.5 Immediate recourse

The Assignor waives any right it may have of first requiring the Assignee (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from the Assignor under this Deed. This waiver applies irrespective of any law or any provision of any of the Insurance Agreement, this Deed, the Account Control Agreement or the Notice of Assignment to the contrary.

17.6 Appropriations

Until all Secured Liabilities which may be or become payable by the Assignor under or in connection with the Insurance Agreement have been irrevocably paid in full, the Assignee (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by the Assignee (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Assignor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from the Assignor or received on account of the Assignor's liability under this Deed.

17.7 Additional security

The Security Interests are in addition to and are not in any way prejudiced by any other guarantee or security now or subsequently held by the Assignee in respect of the Secured Liabilities.

17.8 Tacking

The Assignee shall comply with its obligations under the Insurance Agreement.

18. ASSIGNMENT

Notwithstanding any provisions of the Insurance Agreement, this Deed, the Account Control Agreement or the Notice of Assignment, the Assignor shall not (save as set out in clause 31 (Transfers by the Trustee) of the Insurance Agreement) assign or transfer, or attempt to assign

or transfer, any of its rights or obligations (including by way of granting a Security Interest) under this Deed without the prior written consent of the Assignee.

19. DISCHARGE OF SECURITY

19.1 Final redemption

Subject to Clause 19.2 (*Retention of security*), upon the Secured Liabilities being discharged in full, the Assignee shall at the request and cost of the Assignor release and discharge the Security Assets from the Security Interests, and reassign the Security Assets assigned to the Assignor hereunder by way of security and shall execute a Discharge Letter (as defined in, and in accordance with, the Account Control Agreement), without recourse to, or any representation or warranty by, the Assignee or any of its nominees.

19.2 Retention of security

If the Assignee reasonably considers (on the basis of legal advice received by the Assignee from a reputable firm of solicitors at the request and cost of the Assignor; for the avoidance of doubt, such firm of solicitors shall be acting for the Assignee alone) that any amount paid or credited to it under the Insurance Agreement can reasonably be expected to be avoided or otherwise set aside, that amount shall not be considered to have been paid for the purposes of determining whether all the Secured Liabilities have been irrevocably discharged for the purpose of clause 19.1 above.

20. COSTS AND EXPENSES

20.1 Expenses

- (a) The Assignor shall, within ten Business Days of demand, pay to the Assignee the amount of all costs, losses, liabilities and expenses (including legal fees but excluding any internal costs including time costs) that have actually been reasonably incurred by:
 - (i) the Assignee or any Delegate of the Assignee in relation to the protection, realisation, enforcement or preservation of any rights under or in connection with this Deed, or any consideration by the Assignee or such Delegate as to whether to realise or enforce the same, and/or any amendment, waiver, consent or release of this Deed by the Assignee or such Delegate (but excluding any costs in relation to (i) the initial negotiation of this Deed and any related documents or (ii) administration costs incurred by the Assignee or such Delegate); and
 - (ii) any Receiver or any Delegate of any Receiver in relation to this Deed (including the administration, protection, realisation, enforcement or preservation of any rights under or in connection with this Deed, or any consideration by the Receiver or such Delegate as to whether to realise or enforce the same, and/or any amendment, waiver, consent or release of this Deed by the Receiver or such Delegate).
- (b) The costs, losses, liabilities and expenses incurred by the Assignee referred to in paragraph (a) shall include (without limitation) any transfer, registration or other fees payable in relation to the Security Assets and, on a sale of the Security Assets, any costs associated with such sale.

21. PAYMENTS

21.1 Undertaking to pay

The Assignor shall pay each of the Secured Liabilities when due in accordance with its terms.

21.2 Payments

Subject to the terms of the Insurance Agreement, all payments by the Assignor under this Deed shall be made to such account, with such financial institution and in such other manner as the Assignee may direct.

22. PARTIAL INVALIDITY

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.

23. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any party of any right or remedy under this Deed shall operate as a waiver of any such right or remedy. No such waiver shall be effective unless in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Deed are cumulative and not exclusive of any rights or remedies provided by law.

24. COUNTERPARTS

This Deed may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Deed.

25. ASSIGNOR'S LIABILITY

The liability of the Assignor under this Deed is subject to clause 24 (*Trustee's Capacity*) and clause 25 (*Scheme Assets*) of the Insurance Agreement.

26. GOVERNING LAW

This Deed and any non-contractual obligations arising out of or in connection with it are governed by English law.

27. ENFORCEMENT

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute relating to the existence, validity or termination of this Deed or any non-contractual obligation arising out of or in connection with this Deed) (a "Dispute").
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 27 is for the benefit of the Assignee only. As a result, and subject to paragraph (d) below, the Assignee shall not be prevented from taking proceedings relating to a Dispute in any

other courts with jurisdiction or choosing to resolve a Dispute by arbitration in accordance with clause 63 (*Arbitration*) of the Insurance Agreement. If the Assignee chooses to resolve a Dispute by arbitration, such dispute shall be so resolved, and the Assignee may also choose to consolidate the arbitral proceedings to resolve such Dispute with any other arbitral proceedings in connection with the Insurance Agreement, the Account Control Agreement or the Notice of Assignment, and such disputes shall be so consolidated. To the extent allowed by law, the Assignee may take concurrent proceedings in any number of jurisdictions.

- (d) Except for any Dispute relating to the existence, validity, termination or enforcement of this Deed or the Security Interests (to which Dispute this paragraph (d) shall not apply), where a matter disputed under this Deed is also disputed, or is related to a matter disputed, pursuant to clause 63 of the Insurance Agreement, then the provisions of clauses 63 of the Insurance Agreement shall apply in lieu of Clauses 27(a) to (c) above in respect of the dispute under this Deed.

This Deed has been delivered on the date stated at the beginning of this Deed.

SCHEDULE 1

RIGHTS OF RECEIVERS

Any Receiver appointed pursuant to Clause 11 (*Appointment of Receivers*) shall have the right, either in its own name or in the name of the Assignor or otherwise and in such manner and upon such terms and conditions as the Receiver thinks fit, and either alone or jointly with any other person:

(a) Custody Account

to apply, transfer or set-off any or all of the credit balances from time to time on the Custody Account in or towards payment or other satisfaction of all or part of the Secured Liabilities;

(b) Contracts

to enter into any contract or arrangement and to perform any contractual rights assigned to it under this Deed (but not for the avoidance of doubt to vary or terminate the Custody Agreement);

(c) Deal with Security Assets

to sell, transfer, assign, exchange, hire out, lend, licence or otherwise dispose of or realise all or any part of the Security Assets to any person either by public offer or auction, tender or private contract and for a consideration of any kind (which may be payable or delivered in one amount or by instalments or deferred);

(d) Borrow money

to borrow or raise money either unsecured or on the security of all or any part of the Security Assets (either in priority to the Security Interests or otherwise);

(e) Rights of ownership

to manage and use all or any part of the Security Assets and to exercise and do all such rights and things as the Receiver would be capable of exercising or doing if it were the absolute beneficial owner of all or any part of the Security Assets;

(f) Legal actions

to bring, prosecute, enforce, defend and abandon actions, suits and proceedings relating to all or any part of the Security Assets;

(g) Claims

to settle, adjust, refer to arbitration, compromise and arrange any claims, accounts, disputes, questions and demands with or by any person or relating to all or any part of the Security Assets;

(h) Redemption of Security

to redeem any Security (whether or not having priority to the Security Interests) over all or any part of the Security Assets and to settle the accounts of any person with an interest in all or any part of the Security Assets;

(i) Delegation

to delegate in any manner to any person any rights exercisable by the Receiver under the Insurance Agreement, and any such delegation may be made upon such terms and conditions

(including power to sub-delegate) as it thinks fit, and to pass confidential information to any such delegate;

(j) Insolvency Act

to exercise all powers set out in Schedule 1, Schedule B1 or (in the case of a Scottish Receiver) Schedule 2 to the Insolvency Act as now in force (whether or not in force at the date of exercise) and any powers added to Schedule 1 or Schedule 2, as the case may be, after the date of this Deed; and

(k) Receipts

to give a valid receipt for any moneys and do anything which may be necessary or desirable for realising all or any part of Security Assets; and

(l) Other powers

to do anything else it may think fit for the realisation of all or any part of the Security Assets or incidental to the exercise of any of the rights conferred on the Receiver under or by virtue of any of the Insurance Agreement, this Deed or the Account Control Agreement to which the Assignor is party, the Law of Property Act or the Insolvency Act.

SCHEDULE 2

FORM OF NOTICE OF ASSIGNMENT OF CUSTODY ACCOUNT

From: Friends Life Limited (the "Assignee") and Scottish & Newcastle Pension Plan Trustee Limited (the "Assignor")

To: [Custodian]

Address: []

Dated: []

Dear Sirs

**Scottish & Newcastle Pension Plan Trustee Limited – Fees Collateral Security Deed
between the Assignor and the Assignee
dated [] (the "Security Deed")**

1. We refer to the Security Deed. Unless otherwise defined in this Notice, terms defined in the Security Deed shall have the same meaning when used herein.
2. We give notice that by an assignment contained in the Security Deed the Assignor assigned to the Assignee by way of security its right, title and interest from time to time in and to
 - (a) the Custody Account, including all securities or other assets and all balances from time to time held in or standing to the credit of or accrued or accruing on or to the Custody Account and all Related Rights.
3. Following this notice, the Custody Account shall be dealt with in accordance with the Account Control Agreement.
4. Despite the assignment referred to above:
 - (a) the Assignor shall remain liable to perform all its obligations under the Custody Agreement; and
 - (b) the Assignee and any delegate shall not at any time be under any obligation or liability to you under or in respect of the Custody Agreement.
5. We acknowledge that you may comply with the instructions in this Notice without any further permission from the Assignor. None of the instructions, authorisations and confirmations in this Notice can be revoked or varied in any way except with the Assignee's specific prior written consent.
6. This authority and instruction is irrevocable without the prior written consent of the Assignee.
7. This Notice and any non-contractual obligations arising out of or in connection with it are governed by English law. The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Notice (including a dispute relating to the existence, validity or termination of this Notice or any non-contractual obligation arising out of or in connection with this Notice).

8. This notice may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this notice.
9. Please acknowledge receipt of this Notice and confirm that you have not received any other notice of any assignment of or security over the Custody Account or the Custody Agreement to the extent that it (the Custody Agreement) relates to the Custody Account, or of any interest of any third party in the Custody Account or the Custody Agreement to the extent that it (the Custody Agreement) relates to the Custody Account by signing the acknowledgement on the attached copy of this Notice and returning that copy to the Assignee at [____], marked for the attention of [_____].

Friends Life Limited

Scottish & Newcastle Pension Plan Trustee Limited
(solely in its capacity as trustee of the Scottish &
Newcastle Pension Plan)

By:

By:

By:

Acknowledgement by Custodian

We acknowledge receipt of the notice of assignment of which this is a copy and confirm each of the matters referred to in paragraph 9 of the notice of assignment.

[Custodian]

By:

Dated:

SCHEDULE 3
NOTICE OF ENFORCEMENT

From: Friends Life Limited (the "Secured Party")

To: The Bank of New York Mellon, London Branch (the "Custodian") at One Canada Square, London, E14 5AL

Copy: Scottish & Newcastle Pension Plan Trustee Limited (the "Chargor")

Re: NOTICE OF EXCLUSIVE CONTROL

We refer to the Fees Collateral Security Deed by and among Chargor and the Secured Party dated [DATE] (the "**Security Deed**") and to the Account Control Agreement by and among the Custodian, the Chargor and the Secured Party dated [DATE] (the "**Agreement**"). Capitalised terms used herein shall have the meaning ascribed to them in the Agreement and in the Security Deed.

This notice constitutes a Notice of Exclusive Control for the purposes of the Agreement and a Notice of Enforcement for the purposes of the Security Deed. The Secured Party hereby requests the Custodian (1) to act solely upon our instructions with respect to the Segregated Account in accordance with clauses 2.1.5, 2.1.7 and/or 7.4 of the Agreement, and (2) as soon as reasonably practicable accept no further instructions from the Chargor with regard to the operation of the Segregated Account or the transfer of any assets out of the Segregated Account.

We hereby instruct you to deliver the Charged Property to us as follows:

[Specify Delivery Instructions]

Yours faithfully

Authorised Person

For and on behalf of

Friends Life Limited

**SIGNED as a DEED by SCOTTISH &
NEWCASTLE PENSION PLAN TRUSTEE
LIMITED** acting solely in its capacity as trustee of
the Scottish & Newcastle Pension Plan and acting

by KELLY TAYLOR WELCH
a Director

and ANNE KERSTHAW
a Director

Signature of Director

Signature of Director

**SIGNED for and on behalf of
FRIENDS LIFE LIMITED**

by
a Director

Signature of Director

Signature of Director/Secretary

and
a Director/Secretary

**SIGNED as a DEED by SCOTTISH &
NEWCASTLE PENSION PLAN TRUSTEE
LIMITED** acting solely in its capacity as trustee of
the Scottish & Newcastle Pension Plan and acting

Signature of Director

.....

by
a Director

and
a Director

Signature of Director

.....

**SIGNED for and on behalf of
FRIENDS LIFE LIMITED**

Signature of Director

by Andy Briggs
a Director

.....

Signature of Director/Secretary

and
a Director/Secretary

.....

**SIGNED as a DEED by SCOTTISH &
NEWCASTLE PENSION PLAN TRUSTEE
LIMITED** acting solely in its capacity as trustee of
the Scottish & Newcastle Pension Plan and acting

by
a Director

and
a Director

Signature of Director

.....

Signature of Director

.....

**SIGNED for and on behalf of
FRIENDS LIFE LIMITED**

by
a Director

Signature of Director

.....

and *Monica R Sam*
a Director/Secretary

Signature of Director/Secretary