

PUNCH TAVERNS FINANCE PLC
(the "Issuer")

5 July 2007

NOTICE OF AMENDMENT TO THE TERMS AND CONDITIONS OF:

£270,000,000 7.274 per cent. Class A1(R) Secured Notes due 2022
(ISIN: XS0085529757; Common Code: 008552975)

£300,000,000 6.820 per cent. Class A2(R) Secured Notes due 2020
(ISIN: XS0179610125; Common Code: 017961012)

£200,000,000 5.883 per cent. Class M1 Secured Notes due 2026
(ISIN: XS0179610471; Common Code: 017961047)

£140,000,000 7.567 per cent. Class B1 Secured Notes due 2026
(ISIN: XS0085481371; Common Code: 008548137)

£150,000,000 8.374 per cent. Class B2 Secured Notes due 2029
(ISIN: XS0179610638; Common Code: 017961063)

£215,000,000 6.468 per cent. Class C(R) Secured Notes due 2033
(ISIN: XS0179610711; Common Code: 017961071)

(together, the "Notes")

In connection with the issue by the Issuer on the date hereof of £125,000,000 Class A3(N) Floating Rate Secured Notes due 2015, £400,000,000 Class M2(N) Floating Rate Secured Notes due 2029, £175,00,000 Class B3 Floating Rate Secured Notes due 2031 and £125,000,000 Class D1 Floating Rate Secured Notes due 2032, it is necessary for the Issuer to make certain amendments to the terms and conditions of the Notes (the "**Amendments**").

Notice is hereby given to the holders of the Notes that with effect from the date hereof the Amendments shall be made to the terms and conditions of the Notes as set out below. Where additions have been made to the terms and conditions of the Notes, such additions have been denoted by double underlining the relevant text below. Where deletions have been made to the terms and conditions of the Notes, such deletions have been denoted by a single line striking through the relevant text below.

"TERMS AND CONDITIONS OF THE NOTES

*If Notes are issued in definitive form, the terms and conditions (subject to amendment and completion) of the Notes will be as set forth below and will be set forth on each Note (the "**Conditions**"). Whilst the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form. For a summary of the provisions of the Notes whilst in global form, see Global Notes below.*

Capitalised terms used in the Conditions which are not otherwise defined in the Conditions are defined elsewhere in this Offering Circular (see Index of Defined Terms below).

The £175,000,000 7.274 per cent. Class A1(R) Secured Notes due 2022 (the "**Original Class A1(R) Notes**") and the £100,000,000 7.567 per cent. Class B1 Secured Notes due 2026 (the "**Original Class B1 Notes**") issued by Punch Taverns Finance PLC (the "**Issuer**") were constituted by a trust deed between the Issuer and Deutsche Bank International Trust Co. (Jersey) Limited (the "**Original Trust Deed**") dated 26 March 1998 as amended and restated on 20 August 1999, as further amended and restated on 25 October 2000, further amended and restated on 3 November 2003 (the "**Third Closing Date**") and further amended and restated on or about 3 November 2003 (the "**Closing Date**") made between the Issuer, Ambac Assurance (UK) Limited ("**Ambac**") and Deutsche Trustee Company Limited (the "**Note Trustee**" as trustee for the holders for the time being of the Notes (as defined below) 5 July 2007 (the "**Fourth Closing Date**"). The £95,000,000 7.274 per cent. Class A1(R) Secured Notes due 2022 (the "**Further Class A1(R) Notes**") and together with the Original Class A1(R) Notes, the "**Class A1(R) Notes**," and the £40,000,000 7.567 per cent. Class B1 Secured Notes due 2026 (the "**Further Class B1 Notes**") and together with the Original Class B1 Notes, the "**Class B1 Notes**" and the £25,000,000 10.414 per cent. Class D(R) Secured Notes due 2027 (the "**Class D(R) Notes**" and together with the Class A1(R) Notes and the Class B1 Notes, the "**Existing PTF Notes**" "**Class B1 Notes**") were constituted by a first supplemental trust deed (the "**First Supplemental Trust Deed**") dated 25 October 2000 made between the Issuer and the Note Trustee, Deutsche Bank International Trust Co (Jersey) Limited. The £300,000,000 6.82 per cent. Class A2(R) Secured Notes due 2020 (the "**Class A2(R) Notes**"), the £150,000,000 Class A3(R) Floating Rate Notes due 2009 (the "**Class A3(R) Notes**" and "and", together with the Class A1(R) Notes and the Class A2(R) Notes, the "**Existing Class A(R) Notes**"), the £200,000,000 5.883 per cent. Class M1 Secured Notes due 2026 (the "**Class M1 Notes**"), the £400,000,000 Class M2 Floating Rate Notes due 2026 (the "**Class M2 Notes**" and together with the Class M1 Notes, the "**Class M Notes**"), the £150,000,000 8.374 per cent. Class B2 Secured Notes due 2029 (the "**Class B2 Notes**" and together with the Class B1 Notes, the "**Class B Notes**") and the £215,000,000 6.468 per cent. Class C(R) Secured Notes due 2033 (the "**Class C(R) Notes**" "**Class C(R) Notes**") were constituted by a supplemental trust deed (the "**Second Supplemental Trust Deed**") dated the Third Closing Date made between the Issuer, Ambac Assurance UK Limited ("**Ambac**") and Deutsche Trustee Company Limited (the "**Note Trustee**" as trustee for the holders for the time being of the Notes (as defined below)).

The £125,000,000 Class A3(N) Floating Rate Secured Notes due 2015 (the "**Class A3(N) Notes**" and, together with the Existing Class A Notes, the "**Class A Notes**"), the £400,000,000 Class M2(N) Floating Rate Secured Notes due 2029 (the "**Class M2(N) Notes**" and, together with the Class M1 Notes, the "**Class M Notes**"), the £175,000,000 Class B3 Floating Rate Secured Notes due 2031 (the "**Class B3 Notes**" and, together with the Class B1 Notes and the Class B2 Notes, the "**Class B Notes**") and the £125,000,000 Class D1 Floating Rate Secured Notes due 2032 (the "**Class D1 Notes**") to be issued by the Issuer will be constituted by a second/third supplemental trust deed (the "**Second/Third Supplemental Trust Deed**" and together with the Original Trust Deed and, the First Supplemental Trust Deed, and the Second Supplemental Trust Deed, the "**Trust Deed**") dated the Fourth Closing Date and made between the Issuer, Ambac and the Note Trustee. Any reference to the "**Notes**" shall be to the Class A Notes, the Class M Notes, the Class B Notes, the Class C(R) Notes, the Class M Notes, the Class B Notes, the Class C(R) Notes and the Class D(R) Notes or any class of them as the context may require, and shall include any further notes issued pursuant to Condition 15(a) and forming a single class with the Class A3(N) Notes, the Existing Class A Notes, the Class C(R) Notes, the Class M1 Notes, the Class M2(N) Notes, the Class B Notes and/or the Class D1 Notes, as applicable.

Any reference below to a class of Notes or of Noteholders shall be a reference to the Class A1(R) Notes, the Class A2(R) Notes, the Class A3(R/N) Notes, the Class M1 Notes, the Class M2 Notes, the Class B1 Notes, the Class B2(N) Notes, the Class B1 Notes, the Class B2 Notes, the Class B3 Notes, the Class C(R) Notes or the Class D(R) Notes, as the case may be, or to the respective holders thereof. Any reference below to the "**Floating Rate Notes**" shall be to the Class A3(R/N) Notes, the Class M2 Notes and (from (and including) the Interest Payment Date falling in October 2005) the Class D(R)(N) Notes, the Class B3 Notes and the Class D1 Notes,

or any class of them, as the context may require. Any reference below to the "**Fixed Rate Notes**" shall be to the Class A1(R) Notes, the Class A2(R) Notes, the Class M1 Notes, the Class B1 Notes, the Class B2 Notes, and the Class C(R) Notes and (until (but excluding) the Interest Payment Date falling in October 2005) the Class D(R) Notes or any class of them, as the context may require. Any reference below to the "**Exchange Notes**" shall be a reference to the Class A2(R) Notes and the Class B2 Notes or any class of them, as the context may require and, any reference below to the "**Refinancing Notes**" shall be a reference to the Exchange Notes, the Class A3(R) Notes, the Class M1 Notes and the Class C(R) Notes or any class of them, as the context may require, and any reference to the "**Fourth Issue Notes**" shall be a reference to the Class A3(N) Notes, the Class M2(N) Notes, the Class B3 Notes and the Class D1 Notes or any class of them, as the context may require.

In addition, for the purposes of these Conditions:

"Class A Noteholders" means the Class A1(R) Noteholders, the Class A2(R) Noteholders and the Class A3(N) Noteholders;

"Class A1(R) Global Notes" means, as the context requires, the Class A1(R) Temporary Global Note and/or the Class A1(R) Permanent Global Note;

"Class A1(R) Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class A1(R) Notes pursuant to, and in the circumstances specified in the Trust Deed and includes any replacements for Class A1(R) Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class A1(R) Noteholders" means the several persons who are for the time being holders of the Class A1(R) Notes (being, if and to the extent that the Class A1(R) Notes are represented by the Class A1(R) Definitive Notes, the bearers thereof and, if and to the extent that the Class A1(R) Notes are represented by the Class A1(R) Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class A1(R) Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class A1(R) Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A1(R) Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class A1(R) Notes shall (where appropriate) be construed accordingly;

"Class A1(R) Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A1(R) Notes, substantially in the form set out in the Trust Deed;

"Class A1(R) Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A1(R) Notes, substantially in the form set out in the Trust Deed;

"Class A2(R) Definitive Note" means the bearer notes in definitive form which may be issued in respect of Class A2(R) Notes pursuant to, and in the circumstances specified in the Trust Deed and includes any replacements for Class A2(R) Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class A2(R) Global Notes" means, as the context requires, the Class A2(R) Temporary Global Note and/or the Class A2(R) Permanent Global Note;

"Class A2(R) Noteholders" means the several persons who are for the time being holders of the Class A2(R) Notes (being, if and to the extent that the Class A2(R) Notes are represented by the Class A2(R) Definitive Notes, the bearers thereof and, if and to the extent that the Class A2(R) Notes are represented by the Class A2(R) Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class A2(R) Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class A2(R) Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A2(R) Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class A2(R) Notes shall (where appropriate) be construed accordingly;

"Class A2(R) Permanent Global Notes" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A2(R) Notes, substantially in the form set out in the Trust Deed;

"Class A2(R) Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A2(R) Notes, substantially in the form set out in the Trust Deed;

"Class A3(N) Global Notes" means, as the context requires, the Class A3(N) Temporary Global Note and/or the Class A3(N) Permanent Global Note;

"Class A3(N) Definitive Note" means the bearer notes in definitive form which may be issued in respect of Class A3(N) Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class A3(N) Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class A3(N) Noteholders" means the several persons who are for the time being holders of the Class A3(N) Notes (being, if and to the extent that the Class A3(N) Notes are represented by the Class A3(N) Definitive Notes, the bearers thereof and, if and to the extent that the Class A3(N) Notes are represented by the Class A3(N) Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class A3(N) Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class A3(N) Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class A3(N) Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class A3(N) Notes shall (where appropriate) be construed accordingly;

"Class A3(N) Permanent Global Notes" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A3(N) Notes, substantially in the form set out in the Trust Deed;

"Class A3(N) Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class A3(N) Notes, substantially in the form set out in the Trust Deed;

"Class B Noteholders" means together the Class B1 Noteholders, the Class B2 Noteholders and the Class B3 Noteholders;

"Class B1 Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class B1 Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class B1 Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out the Trust Deed;

"Class B1 Global Notes" means, as the context requires, the Class B1 Temporary Global Note and/or the Class B1 Permanent Global Note;

"Class B1 Noteholders" means the several persons who are for the time being holders of the Class B1 Notes (being, if and to the extent that the Class B1 Notes are represented by the Class B1 Definitive Notes, the bearers thereof and, if and to the extent that the Class B1 Notes are represented by the Class B1 Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class B1 Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class B1 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class B1 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class B1 Notes shall (where appropriate) be construed accordingly;

"Class B1 Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class B1 Notes, substantially in the form set out in the Trust Deed;

"Class B1 Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class B1 Notes, substantially in the form set out in the Trust Deed;

"Class B2 Global Notes" means, as the context requires, the Class B2 Temporary Global Note and/or the Class B2 Permanent Global Note;

"Class B2 Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class B2 Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class B2 Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class B2 Noteholders" means the several persons who are for the time being holders of the Class B2 Notes (being, if and to the extent that the Class B2 Notes are represented by the Class B2 Definitive Notes, the bearers thereof and, if and to the extent that the Class B2 Notes are represented by the Class B2 Global Note, the persons for the time being shown in the

records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class B2 Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class B2 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class B2 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class B2 Notes shall (where appropriate) be construed accordingly;

"Class B2 Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class B2 Notes, substantially in the form set out in the Trust Deed;

"Class B2 Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class B2 Notes, substantially in the form set out in the Trust Deed;

"Class B3 Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class B3 Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class B3 Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class B3 Global Notes" means, as the context requires, the Class B3 Temporary Global Note and/or the Class B3 Permanent Global Note;

"Class B3 Noteholders" means the several persons who are for the time being holders of the Class B3 Notes (being, if and to the extent that the Class B3 Notes are represented by the Class B3 Definitive Notes, the bearers thereof and, if and to the extent that the Class B3 Notes are represented by the Class B3 Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class B3 Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class B3 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class B3 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class B3 Notes shall (where appropriate) be construed accordingly;

"Class B3 Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to clause 3 of the Trust Deed representing the Class B3 Notes, substantially in the form of Part B of Schedule 1 to the Trust Deed;

"Class B3 Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class B3 Notes, substantially in the form set out in the Trust Deed;

"Class C(R) Global Notes" means, as the context requires, the Class C(R) Temporary Global Note and/or the Class C(R) Permanent Global Note;

"Class C(R) Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class C(R) Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class C(R) Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class C(R) Noteholders" means the several persons who are for the time being holders of the Class C(R) Notes (being, if and to the extent that the Class C(R) Notes are represented by the Class C(R) Definitive Notes, the bearers thereof and, if and to the extent that the Class C(R) Notes are represented by the Class C(R) Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class C(R) Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class C(R) Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class C(R) Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class C(R) Notes shall (where appropriate) be construed accordingly;

"Class C(R) Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class C(R) Notes, substantially in the form set out in the Trust Deed;

"Class C(R) Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class C(R) Notes, substantially in the form set out in the Trust Deed;

"Class D1 Global Notes" means, as the context requires, the Class D1 Temporary Global Note and/or the Class D1 Permanent Global Note;

"Class D1 Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class D1 Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class D1 Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class D1 Noteholders" means the several persons who are for the time being holders of the Class D1 Notes (being, if and to the extent that the Class D1 Notes are represented by the Class D1 Definitive Notes, the bearers thereof and, if and to the extent that the Class D1 Notes are represented by the Class D1 Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class D1 Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class D1 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class D1 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class D1 Notes shall (where appropriate) be construed accordingly;

"Class D1 Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class D1 Notes, substantially in the form set out in the Trust Deed;

"Class M Noteholders" means together the Class M1 Noteholders and the Class M2(N) Noteholders;

"Class M1 Global Notes" means, as the context requires, the Class M1 Temporary Global Note and/or the Class M1 Permanent Global Note;

"Class M1 Definitive Notes" means the bearer notes in definitive form which may be issued in respect of Class M1 Notes pursuant to, and in the circumstances specified in, the Trust Deed and includes any replacements for Class M1 Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class M1 Noteholders" means the several persons who are for the time being holders of the Class M1 Notes (being, if and to the extent that the Class M1 Notes are represented by the Class M1 Definitive Notes, the bearers thereof and, if and to the extent that the Class M1 Notes are represented by the Class M1 Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being holders of the Class M1 Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class M1 Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class M1 Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class M1 Notes shall (where appropriate) be construed accordingly;

"Class M1 Permanent Global Note" means a permanent global note to be issued by the Issuer pursuant to the Trust Deed representing the Class M1 Notes, substantially in the form set out in the Trust Deed;

"Class M1 Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class M1 Notes, substantially in the form set out in the Trust Deed;

"Class M2(N) Definitive Note" means the bearer notes in definitive form which may be issued in respect of Class M2(N) Notes pursuant to, and in the circumstances specified in the Trust Deed and includes any replacements for Class M2(N) Definitive Notes issued pursuant to Condition 13 and are issued substantially in the form set out in the Trust Deed;

"Class M2(N) Global Notes" means, as the context requires, the Class M2(N) Temporary Global Note and/or the Class M2(N) Permanent Global Note;

"Class M2(N) Noteholders" means the several persons who are for the time being holders of the Class M2(N) Notes (being, if and to the extent that the Class M2(N) Notes are represented by the Class M2(N) Definitive Notes, the bearers thereof and, if and to the extent that the Class M2(N) Notes are represented by the Class M2(N) Global Note, the persons for the time being shown in the records of Euroclear and Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an account holder of Euroclear and other than Euroclear, if Euroclear shall be an account holder of Clearstream, Luxembourg) as being

holders of the Class M2(N) Notes) in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of Class M2(N) Notes standing to the account of any person shall be conclusive and binding for all purposes (other than for the purposes of payments in respect thereof the right to which shall be vested, as against the Issuer and the Note Trustee, solely in the bearer of the Class M2(N) Global Notes in accordance with and subject to their respective terms and the terms of the Trust Deed) and the words "holder" and "holders" of Class M2(N) Notes shall (where appropriate) be construed accordingly:

"Class M2(N) Permanent Global Notes" means a permanent global note to be issued by the Issuer pursuant the Trust Deed representing the Class M2(N) Notes, substantially in the form set out in the Trust Deed;

"Class M2(N) Temporary Global Note" means a temporary global note to be issued by the Issuer pursuant to the Trust Deed representing the Class M2(N) Notes, substantially in the form set out in the Trust Deed;

"Definitive Notes" means, as the context requires, the Class A1(R) Definitive Notes, the Class A2(R) Definitive Notes, the Class A3(N) Definitive Notes, the Class M1 Definitive Notes, the Class M2(N) Definitive Notes, the Class B1 Definitive Notes, the Class B2 Definitive Notes, the Class B3 Definitive Notes, the Class C(R) Definitive Notes and the Class D1 Definitive Notes; and

"Noteholders" means the holders of each class of Notes then outstanding and includes, where the context so requires, any holders of any class of Additional Notes and any holders of any class of Additional Notes or New Notes.

The £150,000,000 Class A2(R)3(R) Floating Rate Secured Notes due 2009 and the Class A3(R) Notes will be £400,000,000 Class M2 Floating Rate Secured Notes due 2026 (together the "**Existing Floating Rate Notes**") issued by the Issuer of the Third Closing Date will be redeemed by the Issuer on the first Interest Payment Date (as defined below) following the Fourth Closing Date. These conditions do not therefore refer to the Existing Floating Rate Notes.

The Class A2(R) Notes were issued with the benefit of a financial guarantee (the "**First Financial Guarantee**") dated the Third Closing Date provided by Ambac Assurance UK Limited ("**Ambac**"). The First Financial Guarantee will be issued pursuant to and in accordance with the terms of a guarantee and reimbursement agreement (the "**First Guarantee and Reimbursement Agreement**") to be entered into on the Closing Date 3 November 2003 between, *inter alios*, the Issuer and Ambac.

The Class A3(N) Notes, the Class M2(N) Notes and the Class B3 Notes (the "**Fourth Issue Guaranteed Notes**", and together with the Class A2(R) Notes, the "**Guaranteed Notes**") will be issued with the benefit of a second financial guarantee (the "**Second Financial Guarantee**" and, together with the First Financial Guarantee, the "**Financial Guarantees**") dated the Fourth Closing Date provided by Ambac. The Second Financial Guarantee will be issued pursuant to and in accordance with the terms of a second guarantee and reimbursement agreement (the "**Second Guarantee and Reimbursement Agreement**" and, together with the First Guarantee and Reimbursement Agreement, the "**Guarantee and Reimbursement Agreements**") to be entered into on the Fourth Closing Date between, *inter alios*, the Issuer and Ambac.

Security for the Notes is created pursuant to, and on the terms set out in, a deed of charge (the "**Original Issuer Deed of Charge**") entered into on the Third Closing Date as amended, restated and supplemented on or about the Fourth Closing Date between, *inter alios*, the Issuer, the Hedge Provider The Royal Bank of Scotland plc (in such capacity the "**Hedge Provider**", and together with any person entering into replacement hedging arrangements with the Issuer, the "**Hedge Providers**"), Ambac, the Liquidity Facility Agent, the Note Trustee and Deutsche Trustee Company Limited (in such capacity, the "**Security Trustee**" the Security Trustee (the "**First Supplemental Issuer Deed of Charge**", the Original Issuer Deed of Charge as supplemented and amended by the First Supplemental Issuer Deed of Charge being the

"Issuer Deed of Charge"). By an agency agreement dated 26 March 1998 as supplemented by a supplemental agency agreement dated 23 October 2000 and ~~as amended, restated and supplemented by a further by a~~ supplemental agency agreement dated ~~the~~ 3 November 2003 ~~and as amended, restated on the~~ Fourth Closing Date (the "Agency Agreement") and made between the Issuer, the Note Trustee, Deutsche Bank AG London Branch (the "Principal Paying Agent" and ~~and~~), Deutsche Bank Luxembourg S.A. (the "Luxembourg Paying Agent") and Deutsche International Corporate Services (Ireland) Limited (the "Irish Paying Agent", and together with the Principal Paying Agent, the Luxembourg Paying Agent and such additional paying agents, if any are appointed from time to time in respect of the Notes, the "Paying Agents") and Deutsche Bank AG as agent bank (the "Agent Bank" and together with the Paying Agents, the "Agents") provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes of each class.

Reference to any Relevant Document (as defined below) is to include such Relevant Document as from time to time modified in accordance with its provisions and any deed or other document expressed to be supplemented ~~ed~~ to it, as from time to time so modified. References to the Note Trustee, the Security Trustee, any Paying Agent and the Agent Bank include references to its successors and, in the case of the Note Trustee and the Security Trustee, to any additional trustee appointed under the Trust Deed or, as the case may be, the Issuer Deed of Charge.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Financial Guarantees, the Guarantee and Reimbursement Agreements and the Issuer Deed of Charge.

Copies of the Trust Deed, the Agency Agreement, the Issuer Deed of Charge, the amended and restated master definitions and construction schedule signed by Freshfields Bruckhaus Deringer and Slaughter and May for the purposes of identification on the Fourth Closing Date (the "Amended Master Definitions and Construction Schedule"), the Liquidity Facility Agreement, the Issuer/Borrower Facility Agreements, the Punch Taverns Deeds of Charge, the Punch Taverns Standard Securities, the Servicing and Cash Management Agreement, the Financial Advisory Services Agreement, the ~~Subscription Agreements~~ subscription agreement dated 30 October 2003 between the Lead Managers, Ambac, the Issuer, the Parent and the Obligors, the Fourth Issue Subscription Agreement, the Bank Agreement, the Tax Deed of Covenant, the Financial Guarantees, the Guarantee and Reimbursement Agreements, the Hedges and the Issuer/Borrower Swap Agreement and the Hedge (unless otherwise as defined herein, each as defined in the Amended Master Definitions and Construction Schedule) (together, the "Relevant Documents"), are available for inspection during normal business hours at the offices of the Luxembourg Irish Paying Agent (for so long as any Notes are listed on the Irish Stock Exchange), being at the date hereof at 2, boulevard the date hereof at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland and the Luxembourg Paying Agent (for so long as any Notes are listed on the Luxembourg Stock Exchange), being at the date hereof at Boulevard Konrad Adenauer, L-1115, Luxembourg.

Capitalised terms not otherwise defined in these Conditions shall bear the meaning given to them in the Amended Master Definitions and Construction Schedule available for inspection as described above.

1. Form, Denomination and Title

The Notes, which are serially numbered, are issued in bearer form, in the case of the ~~PTF Existing~~ Class A1(R) Notes and the Class B1 Notes, in denominations of £10,000 or £100,000 each (as the case may be) ~~and, in the case of the Refinancing Notes, in denominations of £1,000, £10,000 or £100,000 each (as the case may be) and, in the case of the Fourth Issue Notes, in denominations of £50,000 and in increments above £50,000 of £1,000 each up to (and including) a maximum denomination of £99,000 (as the case may be),~~ in each case, with interest coupons and talons (respectively "Coupons" and "Talons") attached. Title to the Notes and Coupons shall pass by delivery.

The holder of any Note and the holder of any Coupon may (to the greatest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note or Coupon, as the

case may be, regardless of any notice of ownership, theft or loss, or any trust or other interest therein or of any writing thereon.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given them by the U.S. Internal Revenue Code and the regulations thereunder.

The holder of each Coupon (whether or not the Coupon is attached to the relevant Note) in his capacity as such shall be subject to and bound by all the provisions contained in the relevant Note.

2. Status, Priority, Financial Guarantee and Security

- (a) (i) The Class A(R) Notes constitute direct, secured, unconditional and (other than as set out in clauses 5.2 and 7.2 of the Issuer Deed of Charge (together the "**Issuer Priorities of Payments**") unsubordinated obligations of the Issuer and are secured over all of the assets of the Issuer pursuant to and as more fully described in the Issuer Deed of Charge (such security being the "**Issuer Security**" and the assets of the Issuer subject to the Issuer Security being the "**Issuer Charged Property**"). The Issuer Security also secures the Class M1 Notes, the Class M2(N) Notes, the Class B Notes, the Class C(R) Notes and the Class D(R)1 Notes. The Class A(R) Notes rank *pari passu* without preference or priority amongst themselves. The Issuer Security is also security for the Issuer's obligation to Ambac, the Hedge Providers, the Liquidity Facility Providers, the Paying Agents, the Note Trustee and the Security Trustee as described below.

~~The Class A2(R) Notes and the Class A3(R) Notes have the benefit of the **First Financial Guarantee** which has been issued pursuant to the **First Guarantee and Reimbursement Agreement** under which Ambac has unconditionally and irrevocably agreed to pay to the Class A2(R) Noteholders and the Class A3(R) Noteholders, subject to the next paragraph, all sums due and payable but unpaid by the Issuer in respect of certain scheduled principal of and interest on the Class A2(R) Notes and the Class A3(R) Notes, all as more particularly described in the **First Financial Guarantee**.~~

~~Under the terms of the **First Financial Guarantee**, Ambac does not guarantee amounts payable by the Issuer upon an early redemption of the Class A2(R) Notes or the Class A3(R) Notes pursuant to Conditions 5(c), 5(d) or 5(e). Upon any such early redemption, if not paid, Ambac's obligations will continue to be to pay the Guaranteed Amounts (as defined in the **First Financial Guarantee**) as they fall Due for Payment (as defined in the **First Financial Guarantee**) on each Interest Payment Date. Ambac will not be obliged under any circumstances to accelerate payment under the **First Financial Guarantee**. However, if it does so, it may do so in whole or in part and the amount payable will be the outstanding principal amount (or the *pro rata* amount that has become due and payable) of the Class A2(R) Notes or the Class A3(R) Notes together with (subject to the next paragraph) accrued interest (any amounts due in excess of such outstanding principal amount and any accrued interest thereon will not be guaranteed by Ambac under the **First Financial Guarantee**).~~

~~The Financial Guarantee in respect of the Class A2(R) Notes and the Class A3(R) Notes constitutes a direct, unsecured obligation.~~ **Fourth Issue Guaranteed Notes have the benefit of the Second Financial Guarantee which has been issued pursuant to the Second Guarantee and Reimbursement Agreement under which Ambac has unconditionally and irrevocably agreed to pay to the Class A3(N) Noteholders, subject to the next paragraph, all sums due and payable but unpaid by the Issuer in respect of certain scheduled principal of and interest on the Class A3(N) Notes, and to the Class M2(N) Noteholders and the Class B3 Noteholders, subject to the next paragraph, all sums due and payable but unpaid by the Issuer in respect of scheduled interest on and**

ultimate principal of the Class M2(N) Notes and the Class B3 Notes respectively all as more particularly described in the Second Financial Guarantee.

Under the terms of the Second Financial Guarantee, Ambac does not guarantee amounts payable by the Issuer upon an early redemption of the Fourth Issue Guaranteed Notes pursuant to Conditions 5(c), 5(d) or 5(e). Upon any such early redemption, if not paid, Ambac's obligations will continue to be to pay the Guaranteed Amounts (as defined in the Second Financial Guarantee) as they fall Due for Payment (as defined in the Second Financial Guarantee) on each Interest Payment Date. Ambac will not be obliged under any circumstances to accelerate payment under the Second Financial Guarantee. However, if it does so, it may do so in whole or in part and the amount payable will be the outstanding principal amount (or the *pro rata* amount that has become due and payable) of the relevant class of Guaranteed Notes together with (subject to the next paragraph) accrued interest (any amounts due in excess of such outstanding principal amount and any accrued interest thereon will not be guaranteed by Ambac under the Second Financial Guarantee).

Amounts payable under the Second Financial Guarantee will be subject to any deduction or withholding required by law and Ambac will not be under any obligation to gross up such payments.

The Financial Guarantees in respect of the Guaranteed Notes constitute direct, unsecured obligations of Ambac which will rank at least *pari passu* with all other unsecured obligations of Ambac.

Any reference below to the ~~Guaranteed Notes~~ shall be a reference to the Class A2(R) Notes and the Class A3(R) Notes or any class of them as the context may require.

- (#iii) The Class M Notes constitute direct, secured, unconditional and (save as set out in the Issuer Priorities of Payments) unsubordinated obligations of the Issuer and are secured by the Issuer Security. The Class M Notes rank *pari passu* without preference or priority amongst themselves. The Class M Notes are subordinated to, amongst other things, payment of interest and the repayment of principal under the Liquidity Facility Agreement, payments to the Hedge Providers in respect of the Hedges (or any replacement hedging arrangements entered into by the Issuer), payments to Ambac under the Guarantee and Reimbursement Agreements and payments with respect to the Class A(R) Notes (other than any Step-Up Amounts) in accordance with the provisions of Condition 16 and the Issuer Deed of Charge.
- (#iiiV) The Class B Notes constitute direct, secured, unconditional and (save as set out in the Issuer Priorities of Payments) unsubordinated obligations of the Issuer and are secured by the Issuer Security. The Class B Notes rank *pari passu* without preference or priority amongst themselves. The Class B Notes are subordinated to, amongst other things, payment of interest and the repayment of principal under the Liquidity Facility Agreement, payments to the Hedge Providers in respect of the Hedges (or any replacement hedging arrangements entered into by the Issuer), payments to Ambac under the Guarantee and Reimbursement Agreements and payments with respect to the Class A(R) Notes and the Class M Notes (other than any Step-Up Amounts) in accordance with the provisions of Condition 16 and the Issuer Deed of Charge.
- (#ivV) The Class C(R) Notes constitute direct, secured, unconditional and (save as set out in the Issuer Priorities of Payments) unsubordinated obligations of the Issuer and are secured by the Issuer Security. The Class C(R) Notes rank *pari passu* without preference amongst themselves. The Class C(R) Notes are subordinated to, amongst other things, payment of interest and the repayment of principal under the Liquidity Facility Agreement, payments to the Hedge Providers in respect of the Hedges (or any replacement hedging arrangements entered into by the Issuer),

payments to Ambac under the Guarantee and Reimbursement Agreements and payments with respect to the Class A(R) Notes, the Class M Notes and the Class B Notes (other than any Step-Up Amounts) in accordance with the provisions of Condition 16 and the Issuer Deed of Charge.

- (vii) The Class D(R)1 Notes constitute direct, secured, unconditional and (save as set out in the Issuer Priorities of Payments) unsubordinated obligations of the Issuer and are secured by the Issuer Security without preference or priority amongst themselves. The Class D(R)1 Notes are subordinated to, amongst other things, payment of interest and repayment of principal under the Liquidity Facility Agreement, payments to the Hedge Providers in respect of the Hedges (or any replacement hedging arrangements entered into by the Issuer), payments to Ambac under the Guarantee and Reimbursement Agreements and payments with respect to the Class A(R) Notes, the Class M Notes, the Class B Notes and the Class C(R) Notes (other than any Step-Up Amounts) in accordance with the provisions of Condition 16 and the Issuer Deed of Charge.
- ~~(vi) All amounts of interest payable in respect of the application of the Class M2 Step-Up Margin (the **Class M2 Step-Up Amounts**) in respect of the Class M2 Notes are subordinated both prior to and on enforcement of the Issuer Security to payments of principal and payments of interest in respect of the Notes as well as payments to the Liquidity Facility Provider, Ambac and others as described above.~~
- (b) (i) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of all classes of Notes ~~equally~~ as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise), but requiring the Note Trustee, in any such case, to have regard only to:
- (A) (for as long as there are any Class A(R) Notes outstanding), the interests of the Class A(R) Noteholders (and for these purposes, in determining the interests of the Class A(R) Noteholders as a whole, in respect of the ~~Guaranteed Class A2(R) Notes and the Class A3(N) Notes~~ only, the Note Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) if, in the Note Trustee's opinion, there is a conflict between the interests of the Class A(R) Noteholders and the interests of the holders of any other classes of Notes;
- (B) (if no Class A(R) Notes are outstanding and for so long as there are Class M Notes outstanding) the interests of the Class M Noteholders ~~if, in the Note Trustee's opinion, there is a conflict between the interests of the Class M Noteholders and the interests of the Class B Noteholders, the Class C(R) Noteholders and/or the Class D(R) Noteholders;~~ and for these purposes, in determining the interests of the Class M Noteholders as a whole, in respect of the Class M2(N) Notes only, the Note Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) if, in the Note Trustee's opinion, there is a conflict between the interests of the Class M Noteholders and the interests of the Class B Noteholders, the Class C(R) Noteholders and/or the Class D1 Noteholders;
- ~~(C) (if no Class A(R) Notes and no Class M Notes are outstanding and for so long as there are Class B Notes outstanding) the interests of the Class B Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of the Class B Noteholders and the interests of the Class C(R) Noteholders and/or the Class D(R) Noteholders; or~~
- ~~(D) (if no Class A(R) Notes, no Class M Notes and no Class B Notes are outstanding and for so long as there are Class C(R) Notes outstanding) the interests of the Class C(R) Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of the Class C(R) Noteholders and the Class D(R) Noteholders;~~

(C) (if no Class A Notes and no Class M Notes are outstanding and for so long as there are Class B Notes outstanding) the interests of the Class B Noteholders (and for these purposes, in determining the interests of the Class B Noteholders as a whole, in respect of the Class B3 Notes only, the Note Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) if, in the Note Trustee's opinion, there is a conflict between the interests of the Class B Noteholders and the interests of the Class C(R) Noteholders and/or the Class D1 Noteholders; or

(D) (if no Class A Notes, no Class M Notes and no Class B Notes are outstanding and for so long as there are Class C(R) Notes outstanding) the interests of the Class C(R) Noteholders if, in the Note Trustee's opinion, there is a conflict between the interests of the Class C(R) Noteholders and the Class D1 Noteholders.

provided that (1) if there are Class A Notes outstanding, prior to the occurrence of the earlier of an Ambac Class A Trigger Event (as defined below) or an Ambac Termination Event (as defined below) in each case which is continuing; or (2) if no Class A Notes are outstanding, prior to the occurrence of the earlier of an Ambac Class M Trigger Event (as defined below) or an Ambac Termination Event in each case which is continuing; or (3) if no Class A Notes and no Class M Notes are outstanding, prior to the occurrence of the earlier of an Ambac Class B Trigger Event (as defined below) or an Ambac Termination Event in each case which is continuing, the Note Trustee shall only act as directed by Ambac and none of the holders of any class of Notes shall have any claim against the Note Trustee for so doing.

In these Conditions:

~~an "Ambac Termination Event" will have occurred if (a) an Ambac Event of Default has occurred and is continuing or (b) Ambac has no further obligations, actual or contingent, under the Financial Guarantee and no amounts are then owing to Ambac under the Guarantee and Reimbursement Agreement;~~

an "Ambac Class A Trigger Event" will have occurred if the aggregate Principal Amount Outstanding of the Class A1(R) Notes is greater than the sum of (i) the aggregate Principal Amount Outstanding of the Class A2(R) Notes and (ii) the aggregate Principal Amount Outstanding of the Class A3(N) Notes;

~~an "Ambac Class B Trigger Event" will have occurred if the aggregate Principal Amount Outstanding of the Class A1(R) Notes is greater than the sum of (i) the aggregate Principal Amount Outstanding of the Class A2(R)B1 Notes and (ii) the aggregate Principal Amount Outstanding of the Class A3(R)B2 Notes is greater than the aggregate Principal Amount Outstanding of the Class B3 Notes; and~~

an "Ambac Class M Trigger Event" will have occurred if the aggregate Principal Amount Outstanding of the Class M1 Notes is greater than the aggregate Principal Amount Outstanding of the Class M2(N) Notes;

an "Ambac Event of Default" will have occurred if (a) any Guaranteed Amount which is Due for Payment has not been paid by Ambac on the date stipulated in the Ambac relevant Financial Guarantee, (b) Ambac has disclaimed, disaffirmed, repudiated and/or challenged the validity of any of its obligations under the Ambac any Financial Guarantee, (c) a court of competent jurisdiction has entered a final and non-appealable order, judgment or decree for the winding-up, or the appointment of an administrator or receiver (including an administrative receiver or manager), of Ambac (or, as the case may be, of a material part of its property or assets), or (d) Ambac has presented a petition or taken any proceedings for the winding-up, or the appointment of an administrator or receiver (including an administrative receiver or manager), of Ambac (or, as the case may be, of a material part of its property or assets) or has made or entered into any general

assignment, composition, arrangement (including, without limitation, a voluntary arrangement under Part 1 of the Insolvency Act 1986) or compromise with or for the benefit of any of its creditors, or has become unable to pay its debts within the meaning of section 123(1)(e) of the Insolvency Act or has admitted in writing its inability to pay its debts as they become due; and

an "Ambac Termination Event" will have occurred if (a) an Ambac Event of Default has occurred and is continuing or (b) Ambac has no further obligations, actual or contingent, under the Financial Guarantees and no amounts are then owing to Ambac under the Guarantee and Reimbursement Agreements;

- (ii) The Issuer Deed of Charge contains provisions requiring the Security Trustee to have regard to the interests of the secured creditors of the Issuer pursuant to the Issuer Deed of Charge (together, the "**Issuer Secured Creditors**") as regards all powers, trusts, authorities, duties and discretions of the Security Trustee (which, except where expressly provided otherwise, are subject to Condition 10), but requiring the Security Trustee in any such case to have regard only to:
- (A) if there are any Class A~~(R)~~ Notes outstanding, the interests of Ambac unless and until such time as an Ambac Class A Trigger Event or an Ambac Termination Event has occurred (in each case which is continuing) in which event the Security Trustee shall have regard only to the interests of the Class A~~(R)~~ Noteholders (and for these purposes, in determining the interests of the Class A~~(R)~~ Noteholders as a whole, in respect of the Guaranteed Notes only, the Security Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) if, in the Security Trustee's opinion, there is a conflict between the interests of the Class A~~(R)~~ Noteholders and any other Issuer Secured Creditors (or any of them);
- ~~(B) following the redemption in full of the Class A~~(R)~~ Notes and no amount being due to Ambac or Ambac having no outstanding claim against the Issuer under the Guarantee and Reimbursement Agreement, the interests of the Liquidity Facility Provider for so long as there are amounts outstanding or available to be drawn under the Liquidity Facility if there is a conflict between the interests of the Liquidity Facility Provider and any other Issuer Secured Creditors (or any of them);~~
- ~~(C) following the redemption in full of the Class A~~(R)~~ Notes and no amount being due to Ambac or Ambac having no outstanding claim against the Issuer under the Guarantee and Reimbursement Agreement and if there are no longer amounts outstanding or available to be drawn under the Liquidity Facility, the interests of the Note Trustee on behalf of the most senior class of Notes then outstanding, if there is a conflict between such class of~~
- (B) following the redemption in full of the Class A Notes and no amount being due to Ambac or Ambac having no outstanding claim against the Issuer under the Guarantee and Reimbursement Agreements in relation to the Class A Notes, if there are any Class M Notes outstanding, the interests of Ambac unless and until such time as an Ambac Class M Trigger Event or an Ambac Termination Event has occurred (in each case, which is continuing) in which event the Security Trustee shall have regard only to the interests of the Class M Noteholders (and for these purposes, in determining the interests of the Class M Noteholders as a whole, in respect of the Class M2(N) Notes only, the Security Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) if in the Security Trustee's opinion there is a conflict between the interests of the Class M Noteholders and any other Issuer Secured Creditors (or any of them);
- (C) following the redemption in full of the Class A Notes and the Class M Notes and no amount being due to Ambac or Ambac having no outstanding claim

against the Issuer under the Guarantee and Reimbursement Agreements in relation to the Class A Notes and the Class M Notes, if there are any Class B Notes outstanding, the interests of Ambac unless and until such time as an Ambac Class B Trigger Event or an Ambac Termination Event has occurred (in each case, which is continuing) in which event the Security Trustee shall have regard only to the interests of the Class B Noteholders (and for these purposes, in determining the interests of the Class B Noteholders as a whole, in respect of the Class B3 Notes only, the Security Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) if in the Security Trustee's opinion there is a conflict between the interests of the Class B Noteholders and any other Issuer Secured Creditor (or any of them); or Creditors (or any of them);

(D) following the redemption in full of the Class A Notes, the Class M Notes and the Class B Notes and no amount being due to Ambac or Ambac having no outstanding claim against the Issuer under the Guarantee and Reimbursement Agreements, the interests of the Note Trustee on behalf of the Class C(R) Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Class C(R) Noteholders and any other Issuer Secured Creditors (or any of them);

(E) following the redemption in full of the Class A Notes, the Class M Notes, the Class B Notes and the Class C(R) Notes and no amount being due to Ambac or Ambac having no outstanding claim against the Issuer under the Guarantee and Reimbursement Agreements, the interests of the Note Trustee on behalf of the Class D1 Noteholders, if, in the Security Trustee's opinion, there is a conflict between the interests of the Class D1 Noteholders and any other Issuer Secured Creditors (or any of them); or

~~(F)~~ following the redemption in full of all of the Notes and if there are no longer amounts outstanding or available to be drawn under the Liquidity Facility, the interests of the person appearing highest in the order of priority of payments to whom any amounts are owed under the Issuer Deed of Charge.

(iii) ~~In~~ in exercising its powers, trusts, authorities, duties and discretions referred to in accordance with Condition 2(b)(i) or Condition 2(b)(ii) above, the Note Trustee and the Security Trustee (as the case may be) shall disregard any Class M2(N) Step-Up Amounts for the purposes of determining whether there are any Class M2(N) Notes outstanding, any Class B3 Step-Up Amounts for the purposes of determining whether there are any Class B3 Notes outstanding and any Class D1 Step-Up Amounts for the purposes of determining whether there are any Class D1 Notes outstanding.

- (c) All classes of Notes are subject to the provisions of the Relevant Documents.
- (d) The Noteholders and the other Issuer Secured Creditors will share in the benefit of the Issuer Security created upon and subject to the terms of the Issuer Deed of Charge.

3. Covenants

Save with the prior written consent of the Security Trustee or as provided in or envisaged by any of the Relevant Documents and/or the Conditions, the Issuer shall not, so long as any Note remains outstanding (as such term is defined in the Amended Master Definitions and Construction Schedule):

- (a) *Negative pledge*

create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or use, invest, sell or otherwise dispose of any part of its assets (including any uncalled capital) or its undertaking, present or future, or the Issuer Charged Property;

- (b) *Restrictions on activities*
- (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Relevant Documents provide or envisage that the Issuer will engage in; or
- (iii) have any subsidiaries, any subsidiary undertakings (as defined in the Companies Act 1985 (as amended)) or any employees or premises;
- (c) *Disposal of assets*
- transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) *Dividends or distributions*
- pay any dividend or make any other distribution to its shareholders or issue any further shares which are redeemable, other than in accordance with the Issuer Deed of Charge;
- (e) *Borrowings*
- incur any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of indebtedness or of any obligation of any person except as contemplated by the Relevant Documents;
- (f) *Merger*
- consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (g) *No variation or waiver*
- permit the validity or effectiveness of any of the Relevant Documents to which it is a party, or the priority of the security interests created thereby, to be amended, terminated or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, these Conditions, the Issuer Deed of Charge or any of the other Relevant Documents to which it is a party, or permit any part of any of the Relevant Documents to which it is a party, or the Issuer Charged Property or any other person whose obligations form part of the Issuer Charged Property, to be released from such obligations, or dispose of the Issuer Charged Property, save as envisaged in the Relevant Documents to which it is a party;
- (h) *VAT*
- apply to become part of any group with any other company or group of companies for the purposes of Section 43 of the Value Added Tax Act 1994, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994;
- (i) *Bank accounts*
- have an interest in any bank account other than the Issuer Transaction Account, the Issuer Cash Collateralisation Account and the Liquidity Facility Reserve Account and any other account where it has an interest pursuant to the Punch Taverns Deeds of Charge, unless such account or interest therein is charged to the Security Trustee on terms acceptable to it;
- (j) *Surrender of group relief*
- offer to surrender or surrender to any company any amounts which are available for surrender by way of group relief within Chapter IV of Part X of the Income and Corporation Taxes Act 1988 except for full payment at the current applicable rate of corporation tax applied to the surrendered amount on the date or dates when and to the extent that the claimant obtains the benefit of the surrender (through a reduced payment of, or on account of, corporation tax or a saving of interest on corporation tax); or

(k) *Separateness*

- (i) permit or consent to any of the following occurring:
 - (A) its books and records being co-mingled with those of any other person or entity;
 - (B) its bank accounts and the debts represented thereby being co-mingled with those of any other person or entity;
 - (C) its assets or revenues being co-mingled with those of any other person or entity; or
 - (D) its business being conducted other than in its own name; and
- (ii) in addition and without limitation to sub-paragraph (i) above, the Issuer shall or shall procure that, with respect to itself:
 - (A) separate financial statements in relation to its financial affairs are maintained;
 - (B) all corporate formalities with respect to its affairs are observed;
 - (C) separate stationery, invoices and cheques are used; and
 - (D) it always holds itself out as a separate legal entity.

In giving any consent to the change of any of the foregoing, the Security Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Relevant Documents or may impose such other conditions or requirements as the Security Trustee may reasonably deem expedient (in its absolute discretion) in the interests of the Issuer Secured Creditors, provided that (i) each of the Rating Agencies confirms in writing to the Issuer (notwithstanding that such confirmation states that the Security Trustee is not entitled to rely on it) that the then current rating of any class of the Notes and (if there are any ~~Class A2(R) Notes or Class A3(R) Guaranteed~~ Notes outstanding) the Underlying Rating will not be adversely affected in each case as a result of such modification or addition and (ii) prior to the occurrence of an Ambac Termination Event, Ambac consents in writing to such modification or additions which consent shall be deemed to be given if such consent has not been refused in writing to the Security Trustee within 10 Business Days of receipt of Ambac of notice of such modifications or additions.

4. Interest and Step-Up Amounts(a) *Period of Accrual*

The Original Class A1(R) Notes and the Original Class B1 Notes bear interest on their Principal Amount Outstanding (as defined in Condition 5(f)) from (and including) 26 March 1998.

The Further Class A1(R) Notes, and the Further Class B1 Notes ~~and the Class D(R) Notes~~ bear interest on their Principal Amount Outstanding (as defined in Condition 5(f)) from (and including) 25 October 2000.

The Class A2(R) Notes and the Class B2 Notes bear interest on their Principal Amount Outstanding (as defined in Condition 5(f)) from (and including) 28 September 2003 as if such Class A2(R) Notes and such Class B2 Notes had been issued on such date.

The Class ~~A3(R) Notes, the Class M1~~ Notes and the Class C(R) Notes bear interest on their Principal Amount Outstanding (as defined in Condition 5(f)) from (and including) ~~the Closing Date~~ 3 November 2003.

The Class A3(N) Notes, the Class M2(N) Notes, the Class B3 Notes and the Class D1 Notes bear interest on their Principal Amount Outstanding (as defined in Condition 5(f)) from (and including) the Fourth Closing Date.

The Class M2(N) Notes shall accrue step-up amounts (the "Class M2(N) Step-Up Amounts") from and including the Interest Payment Date falling in July 2014 (the "Class

M2(N) Step-Up Date") in respect of each Interest Period commencing on or after the Class M2(N) Step-Up Date until (but excluding) the date on which the Class M2(N) Notes are redeemed in full. The Class B3 Notes shall accrue step-up amounts (the "Class B3 Step-Up Amounts") from and including the Interest Payment Date falling in July 2014 (the "Class B3 Step-Up Date") in respect of each Interest Period commencing on or after the Class B3 Step-Up Date until (but excluding) the date on which the Class B3 Notes are redeemed in full. The Class D1 Notes shall accrue step-up amounts (the "Class D1 Step-Up Amounts") and together with the Class M2(N) Step-Up Amounts and the Class B3 Step-Up Amounts, the "Step-Up Amounts") from and including the Interest Payment Date falling in July 2014 (the "Class D1 Step-Up Date") in respect of each Interest Period commencing on or after the Class D1 Step-Up Date until (but excluding) the date on which the Class D1 Notes are redeemed in full.

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest or any Step-Up Amounts from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or premium (if any) or any part thereof is improperly withheld or refused. In such event, interest and Step-Up Amounts will continue to accrue thereon (before and after any judgment) at the rate applicable to such Note up to (but excluding) the date on which payment in full of the relevant amount of principal or premium (if any) is made or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 14) that such payment will be made.

Whenever it is necessary to compute an amount of interest or a Step-Up Amount in respect of any Note for any period (including any Interest Period (as defined below)), such interest or Step-Up Amount shall be calculated:

- (i) in respect of the Class A1(R) Notes and the Class B1 Notes, on the basis of months of 30 days duration and a 360 day year;
- (ii) in respect of the Class A3(R) Notes ~~and the Class M2 Notes, on the basis of actual days elapsed and a 365 day year;~~(iii) in respect of the Class A2(R) Notes, the Class M1 Notes, the Class B2 Notes and the Class C(R) Notes, on the basis of actual days elapsed and actual number of days in the relevant year; and
- (iv) in respect of the Class D(R) Notes, until the Interest Payment Date falling in October 2005, on the basis of months of 30 days duration and a 360 day year and, thereafter Fourth Issue Notes, on the basis of actual days elapsed and a 365 day year.

(b) *Interest Payment Dates and Interest Periods*

- (i) Interest on each class of Notes is payable quarterly in arrear on 15 January, 15 April, 15 July and 15 October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an "**Interest Payment Date**") in respect of the Interest Period (as defined below) ending immediately prior thereto. The first such payment in respect of ~~all classes of the Floating Rate Notes since the Closing Date~~ is due on 15 ~~January~~October 2004 in respect of the Interest Period commencing on (and including) the Fourth Closing Date and ending in each case on (but excluding) 15 January 2004, ~~save in respect of (i) the Exchange Notes where such Interest Period commenced on (and included) 28 September 2003 and (ii) the Existing PTF Notes where such Interest Period commenced on (and included) 15 October 2003 and in both cases will end on (but exclude) 15 January 2004~~October 2007.

- (ii) In these Conditions:

"**Interest Period**" shall mean:

- (A) ~~in respect of the Class A3(R) Notes and the Class M2 Notes, the period from (and including) an Interest Payment Date (or, in respect of payment of the first Interest Amount (as defined in Condition 4(f) below), the Closing Date)~~

to ~~(but excluding) the next following Interest Payment Date;~~(B) in respect of the Class A2(R) Notes and the Class B2 Notes, the period from (and including) 28 September 2003 to (and including) 14 January 2004 and, thereafter, the period from (and including) 15 January, 15 April, 15 July and 15 October in each year to (and including) the following 14 April, 14 July, 14 October and 14 January respectively;

(CB) in respect of the Original Class A1(R) Notes and the Original Class B1 Notes, the period from (and including) 26 March 1998 to (and including) 14 July 1998 and thereafter the period from (and including) 15 July, 15 October, 15 January and 15 April in each year to (and including) the following 14 October, 14 January, 14 April and 14 July, respectively;

(DC) in respect of the Further Class A1(R) Notes and the Further Class B1 Notes, the period from (and including) 15 October 2000 to (and including) 14 January 2001 and thereafter the period from (and including) 15 July, 15 October, 15 January and 15 April in each year to (and including) the following 14 October, 14 January, 14 April and 14 July, respectively;

~~(D) in respect of the Class M1 Notes and the Class C(R) Notes, the period from (and including) the Third Closing Date to (and including) 14 January 2004 and thereafter the period from (and including) 15 January, 15 April, 15 July and 15 October in each year to (and including) the following 14 April, 14 July, 14 October and 14 January, respectively; and~~

~~(E) in respect of the Class M1 Notes and the Class C(R) Fourth Issue Notes, the period from (and including) the Fourth Closing Date to (and including) 14 January 2004 and thereafter the period from (and including) 15 January, 15 April, 15 July and 15 October in each year to (and including) the following 14 April, 14 July, 14 October and 14 January, respectively;~~

~~(F) in respect of the Class D(R) Notes:~~

~~(1) until (but excluding) the Interest Payment Date falling in October 2005, the period from (and including) 15 October 2000 to (and including) 14 January 2001, and thereafter, the period from (and including) 15 October, 15 January, 15 April and 15 July in each year to (and including) the following 14 January, 14 April, 14 July and 14 October, respectively; and (2) from (and including) the Interest Payment Date falling in October 2005, but excluding) 15 October 2007 and thereafter the period from (and including) an Interest Payment Date to (but excluding) the next following Interest Payment Date; and~~

"Business Day" means, for the purposes of this Condition 4:

(A) in relation to any day falling prior to the date that the United Kingdom becomes a Participating Member State, a day on which commercial banks and foreign exchange markets settle payments in (in respect of any payment on the Fixed Rate Notes) London and Luxembourg or (in respect of any payment on the Floating Rate Notes) London and Ireland; and

(B) in relation to any day falling on or after the date that the United Kingdom becomes a Participating Member State, a day on which the TARGET system is operating.

(c) *Presentation of Coupons*

On issue, Coupons relating to the Notes are attached to the Notes. Interest payments on the Notes will be made against presentation and surrender of the appropriate Coupon in accordance with Condition 6 below, except as provided therein.

(d) *Rates of interest*~~(i) Rate of Interest on the Floating Rate Notes and Step-Up Fee Rates~~(i) Rate of Interest on the Floating Rate Notes

The rate of interest payable from time to time in respect of the Floating Rate Notes (the "**FRN Rate of Interest**") will be determined by the Agent Bank on each Interest Payment Date in respect of the Interest Period commencing on that date (save in respect of the first Interest Period commencing on the Fourth Closing Date, where the FRN Rate of Interest will be determined by the Agent Bank on the Fourth Closing Date) (each an "**Interest Determination Date**").

The FRN Rate of Interest for each Interest Period beginning on ~~the~~ an Interest Determination Date ~~(or the Closing Date, in the case of the first Interest Period)~~ shall be the aggregate of:

- (A) the Relevant Margin (as defined in Condition 4(e)); and
- (B) (1) the arithmetic mean of the offered quotations to leading banks (rounded to four decimal places with the mid-point rounded up) for three month sterling deposits (or three month deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) in the London Interbank market which appear on Telerate Screen Page No. 3750 (or (aa) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (bb) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Note Trustee) as may replace the Telerate Monitor) (the "**Screen Rate**") (rounded to four decimal places with the mid-point rounded up) calculated on the basis of the number of days in such Interest Period and the Screen Rate at or about 11.00 a.m. (London time) on such date (or, in the case of the first Interest Determination Date only, a linear interpolation (rounded to four decimal places with the mid-point rounded upwards) of the offered quotations to leading banks determined as aforesaid for ~~2~~three month and ~~3~~four month sterling deposits (the "**Additional Screen Rate**")); or
- (2) if the Screen Rate (and, in the case of the first Interest Determination Date only, the Additional Screen Rate) is not then available for three month (or for the first Interest Period, for 2 month and for 3 month) sterling deposits (or three month deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom), the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 4(j) below) as the rate at which three month sterling deposits (or three month deposits for such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) in an amount of £10,000,000 are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London Interbank market at or about 11.00 a.m. (London time) on that date (or, in the case of the first Interest Determination Date only, the rate obtained upon a linear interpolation (rounded to four decimal places with the mid-point rounded upwards) of the arithmetic means of such rates for 2 month and 3 month sterling (or such other currency or currency unit as may replace sterling as the lawful currency of the United Kingdom) deposits). If on any such Interest Determination Date, two only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference

Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the Note Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (2) shall have applied.

(ii) European Economic and Monetary Union-

If, as a result of the United Kingdom becoming a Participating Member State, it becomes impossible for the Agent Bank to determine the FRN Rate of Interest for any Interest Period in accordance with Condition 4(d)(i) above, the FRN Rate of Interest for each such Interest Period shall be determined by the Agent Bank on the following basis:

- (1) the Agent Bank will determine the rate for deposits in euro for a period equal to the relevant Interest Period which appears on the display page designated 248 on the Dow Jones Telerate Service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying comparable rates) as of 11.00 a.m. (Brussels time) on the relevant Interest Determination Date (which for the avoidance of doubt shall be two TARGET days prior to the start of the relevant Interest Period) (the "**Euro Interest Determination Date**");
- (2) if such rate does not appear on that page, the Agent Bank will:
 - (a) request the principal London office of each of four major banks in the London Interbank Market to provide a quotation of the rate at which deposits in euro are offered by it in the London Interbank Market at approximately 11.00 a.m. (London time) on the Euro Interest Determination Date to prime banks in the London Interbank Market for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time; and
 - (b) determine the arithmetic mean (rounded, if necessary, to the nearest 0.0001 per cent., 0.00005 per cent. being rounded upwards) of such quotations; and
- (3) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, as aforesaid) of the rates quoted by major banks in any Participating Member State, selected by the Agent Bank, at approximately 11.00 a.m. (Brussels time) on the first day of the relevant Interest Period for loans in euro to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time and the FRN Rate of Interest for such Interest Period shall be the sum of the Relevant Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Agent Bank is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the FRN Rate of interest during such Interest Period will be the

sum of the Relevant Margin and the rate (or as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

~~_____ (ii)~~

_____ (iii) *Interest on the Fixed Rate Notes*

The rate of interest payable in respect of:

- (A) the Class A1(R) Notes shall be 7.274 per cent. per annum (the "**Class A1(R) Rate of Interest**");
- (B) the Class A2(R) Notes shall be 6.82 per cent. per annum (the "**Class A2(R) Rate of Interest**");
- (C) the Class M1 Notes shall be 5.883 per cent. per annum (the "**Class M1 Rate of Interest**");
- (D) the Class B1 Notes shall be 7.567 per cent. per annum (the "**Class B1 Rate of Interest**");
- (E) the Class B2 Notes shall be 8.374 per cent. per annum (the "**Class B2 Rate of Interest**"); and
- (F) the Class C(R) Notes shall be 6.468 per cent. per annum (the "**Class C(R) Rate of Interest**"); and
- ~~(G) the Class D(R) Notes shall be:

 - ~~(1) until (but excluding) the Interest Payment Date falling in October 2005 10.414 per cent. per annum; and~~
 - ~~(2) from (and including) the Interest Payment Date falling in October 2005, the FRN Rate of Interest,~~
 _____ (the "**Class D(R) Rate of Interest**"),~~

in each case payable in respect of each Interest Period in arrear on the immediately succeeding Interest Payment Date.

~~(e) Relevant Margin~~

(iv) Step-Up Fee Rates

The "**Step-Up Fee Rate**" shall be:

- (A) in respect of the Class M2(N) Notes, 0.30 per cent. per annum (the "**Class M2(N) Step-Up Fee Rate**");
- (B) in respect of the Class B3 Notes, 0.36 per cent. per annum (the "**Class B3 Step-Up Fee Rate**"); and
- (C) in respect of the Class D1 Notes, 1.23 per cent. per annum (the "**Class D1 Step-Up Fee Rate**");

(e) Relevant Margin

_____ The "**Relevant Margin**" shall be:

- (i) in respect of the Class A3(RN) Notes a margin of 0.132 per cent. per annum (the "**Class A3(N) Margin**"); and
- (ii) in respect of the Class M2(N) Notes ~~the aggregate of:~~
 - ~~(A) 1.15 a margin of 0.20 per cent. per annum; and (B) for the period from (and including) the Interest Payment Date falling in January 2011 to the date when the Class M2 Notes have been redeemed in full, 1.15 per cent. per annum (the "**Class M2 Step-up Margin**"); and (the "**Class M2(N) Margin**");~~

(iii) in respect of the Class D(R) Notes, from and including the Interest Payment Date falling in October 2005 the aggregate of:

(A) ~~4.25 per cent. per annum; and~~(B) ~~3.25B3 Notes a margin of 0.24 per cent. per annum (the "Class D(R) Step-up Margin"); and~~

(iv) in respect of the Class D1 Notes a margin of 0.82 per cent. per annum (the "**Class D1 Margin**").

(f) Determination of the FRN Rate of Interest and Calculation of Interest Amounts and Step-Up Amounts

The Agent Bank shall, on each Interest Determination Date, determine and notify the Issuer, the Note Trustee, the Principal Paying Agent ~~and~~ the Luxembourg Paying Agent and the Irish Paying Agent of:

(i) the FRN Rate of Interest applicable to the Interest Period beginning on and including such Interest Determination Date (or in the case of the first Interest Period, beginning on and including the Fourth Closing Date) in respect of the Floating Rate Notes; ~~and~~

(ii) the sterling amount (the "**Interest Amount**") payable in respect of such Interest Period in respect of the Floating Rate Notes; ~~and~~

(iii) the Step-Up Amounts payable in respect of such Interest Period in respect of each of the Class M2(N) Notes, the Class B3 Notes and the Class D1 Notes.

The Interest Amount in respect of the Floating Rate Notes will be calculated by applying the FRN Rate of Interest for such Interest Period to the Principal Amount Outstanding of the relevant class of Floating Rate Notes, during such Interest Period.

The Step-Up Amount in respect of a class of Floating Rate Notes for an Interest Period will be calculated by applying, from (and including) the Step-Up Date applicable to that class of Floating Rate Notes, the Step-Up Fee Rate for such class of Floating Rate Notes to the Principal Amount Outstanding of the relevant class of Floating Rates Notes, during such Interest Period. The "**Step-Up Date**" applicable to a class of Floating Rate Notes shall be:

(A) in respect of the Class M2(N) Notes, the Class M2(N) Step-Up Date;

(B) in respect of the Class B3 Notes, the Class B3 Step-Up Date; and

(C) in respect of the Class D1 Notes, the Class D1 Step-Up Date.

The Interest Amount in respect of each Fixed Rate Note (taking into account the Scheduled ~~Principal~~ Amortisation Amounts (as described in Condition 5(c)) to be paid in respect of the Fixed Rate Notes (per £100,000 nominal amount) in accordance with Condition 5(c), in respect of each Interest Period shall be as follows:

Interest Payment Date falling in:	Class A1(R) Note Interest Amount (£)	Class A2(R) Note Interest Amount (£)	Class M1 Note Interest Amount (£)	Class B1 Note Interest Amount (£)	Class B2 Note Interest Amount (£)	Class C(R) Note Interest Amount (£)	Class D(R) Note Interest Amount (£)
January 2004.....	1,819	2,037	1,177	1,892	2,501	1,294	2,604
April 2004.....	1,819	1,696	1,463	1,892	2,082	1,608	2,604
July 2004.....	1,819	1,696	1,463	1,892	2,082	1,608	2,604
October 2004.....	1,819	1,714	1,479	1,892	2,105	1,626	2,604
January 2005.....	1,819	1,719	1,483	1,892	2,111	1,630	2,604
April 2005.....	1,819	1,682	1,451	1,892	2,065	1,595	2,604
July 2005.....	1,819	1,700	1,467	1,892	2,088	1,613	2,604
October 2005.....	1,819	1,719	1,483	1,892	2,111	1,630	2,604

January 2006.....	1,819	1,719	1,483	1,892	2,111	1,630	—
April 2006.....	1,819	1,682	1,451	1,892	2,065	1,595	—
July 2006.....	1,819	1,700	1,467	1,892	2,088	1,613	—
October 2006.....	1,819	1,719	1,483	1,892	2,111	1,630	—
January 2007.....	1,819	1,719	1,483	1,892	2,111	1,630	—
April 2007.....	1,819	1,682	1,451	1,892	2,065	1,595	—
July 2007.....	1,819	1,700	1,467	1,892	2,088	1,613	—
October 2007.....	1,819	1,719	1,483	1,892	2,111	1,630	—
January 2008.....	1,819	1,714	1,483	1,892	2,105	1,630	—
April 2008.....	1,819	1,696	1,463	1,892	2,082	1,608	—
July 2008.....	1,819	1,696	1,463	1,892	2,082	1,608	—
October 2008.....	1,819	1,714	1,479	1,892	2,105	1,626	—
January 2009.....	1,819	1,719	1,483	1,892	2,111	1,630	—
April 2009.....	1,819	1,682	1,451	1,892	2,065	1,595	—
July 2009.....	1,819	1,700	1,445	1,892	2,088	1,613	—
October 2009.....	1,819	1,719	1,435	1,892	2,111	1,630	—
January 2010.....	1,819	1,719	1,411	1,892	2,111	1,630	—
April 2010.....	1,819	1,682	1,355	1,892	2,065	1,595	—
July 2010.....	1,819	1,700	1,343	1,892	2,088	1,613	—
October 2010.....	1,819	1,719	1,331	1,892	2,111	1,630	—
January 2011.....	1,819	1,685	1,320	1,892	2,111	1,630	—
April 2011.....	1,819	1,614	1,280	1,892	2,065	1,595	—
July 2011.....	1,819	1,598	1,281	1,892	2,088	1,613	—
October 2011.....	1,819	1,581	1,283	1,892	2,111	1,630	—
January 2012.....	1,819	1,543	1,270	1,892	2,105	1,630	—
April 2012.....	1,819	1,492	1,240	1,892	2,082	1,608	—
July 2012.....	1,819	1,458	1,226	1,892	2,082	1,608	—
October 2012.....	1,819	1,440	1,225	1,892	2,105	1,626	—
January 2013.....	1,819	1,410	1,214	1,892	2,111	1,630	—
April 2013.....	1,819	1,345	1,172	1,892	2,065	1,595	—
July 2013.....	1,819	1,326	1,169	1,892	2,088	1,613	—
October 2013.....	1,819	1,306	1,164	1,892	2,111	1,630	—
January 2014.....	1,819	1,263	1,151	1,892	2,111	1,630	—
April 2014.....	1,819	1,194	1,113	1,892	2,065	1,595	—
July 2014.....	1,819	1,165	1,110	1,892	2,088	1,613	—
October 2014.....	1,819	1,135	1,106	1,892	2,111	1,630	—
January 2015.....	1,819	1,092	1,091	1,892	2,111	1,630	—
April 2015.....	1,819	1,026	1,051	1,892	2,065	1,595	—
July 2015.....	1,819	995	1,045	1,892	2,088	1,613	—
October 2015.....	1,754	963	1,053	1,892	2,111	1,630	—
January 2016.....	1,689	917	1,052	1,892	2,105	1,630	—
April 2016.....	1,624	865	1,035	1,892	2,082	1,608	—
July 2016.....	1,559	817	1,034	1,892	2,082	1,608	—
October 2016.....	1,494	777	1,043	1,892	2,105	1,626	—
January 2017.....	1,429	731	1,043	1,892	2,111	1,630	—
April 2017.....	1,364	667	1,018	1,892	2,065	1,595	—
July 2017.....	1,299	626	1,028	1,892	2,088	1,613	—
October 2017.....	1,234	584	1,038	1,892	2,111	1,630	—
January 2018.....	1,169	536	1,036	1,892	2,111	1,630	—
April 2018.....	1,104	476	1,012	1,892	2,065	1,595	—
July 2018.....	1,039	434	1,022	1,892	2,088	1,613	—
October 2018.....	974	390	1,032	1,892	2,111	1,630	—
January 2019.....	909	341	1,030	1,892	2,111	1,630	—
April 2019.....	844	286	1,005	1,892	2,065	1,595	—
July 2019.....	779	241	1,011	1,892	2,088	1,613	—
October 2019.....	714	195	1,017	1,892	2,111	1,630	—
January 2020.....	649	146	1,012	1,892	2,105	1,630	—
April 2020.....	585	96	991	1,892	2,082	1,608	—
July 2020.....	520	48	983	1,892	2,082	1,608	—

October 2020.....	455	—	985	1,892	2,105	1,626	—
January 2021.....	390	—	957	1,892	2,111	1,630	—
April 2021.....	325	—	904	1,892	2,065	1,595	—
July 2021.....	260	—	881	1,892	2,088	1,613	—
October 2021.....	195	—	856	1,892	2,111	1,630	—
January 2022.....	130	—	821	1,892	2,111	1,630	—
April 2022.....	65	—	767	1,892	2,065	1,595	—
July 2022.....	—	—	738	1,892	2,088	1,613	—
October 2022.....	—	—	705	1,774	2,111	1,630	—
January 2023.....	—	—	663	1,655	2,111	1,630	—
April 2023.....	—	—	607	1,537	2,065	1,595	—
July 2023.....	—	—	572	1,419	2,088	1,613	—
October 2023.....	—	—	536	1,301	2,111	1,630	—
January 2024.....	—	—	494	1,182	2,105	1,630	—
April 2024.....	—	—	445	1,064	2,082	1,608	—
July 2024.....	—	—	404	946	2,082	1,608	—
October 2024.....	—	—	367	828	2,105	1,626	—
January 2025.....	—	—	326	709	2,111	1,630	—
April 2025.....	—	—	279	591	2,065	1,595	—
July 2025.....	—	—	241	473	2,088	1,613	—
October 2025.....	—	—	202	355	2,111	1,630	—
January 2026.....	—	—	161	236	2,111	1,630	—
April 2026.....	—	—	118	118	2,065	1,595	—
July 2026.....	—	—	80	—	2,088	1,613	—
October 2026.....	—	—	23	—	2,111	1,630	—
January 2027.....	—	—	—	—	2,021	1,630	—
April 2027.....	—	—	—	—	1,782	1,595	—
July 2027.....	—	—	—	—	1,604	1,613	—
October 2027.....	—	—	—	—	1,423	1,630	—
January 2028.....	—	—	—	—	1,220	1,630	—
April 2028.....	—	—	—	—	1,010	1,608	—
July 2028.....	—	—	—	—	813	1,608	—
October 2028.....	—	—	—	—	623	1,626	—
January 2029.....	—	—	—	—	425	1,630	—
April 2029.....	—	—	—	—	221	1,595	—
July 2029.....	—	—	—	—	26	1,613	—
October 2029.....	—	—	—	—	—	1,537	—
January 2030.....	—	—	—	—	—	1,430	—
April 2030.....	—	—	—	—	—	1,293	—
July 2030.....	—	—	—	—	—	1,201	—
October 2030.....	—	—	—	—	—	1,107	—
January 2031.....	—	—	—	—	—	1,000	—
April 2031.....	—	—	—	—	—	873	—
July 2031.....	—	—	—	—	—	776	—
October 2031.....	—	—	—	—	—	677	—
January 2032.....	—	—	—	—	—	570	—
April 2032.....	—	—	—	—	—	456	—
July 2032.....	—	—	—	—	—	350	—
October 2032.....	—	—	—	—	—	247	—
January 2033.....	—	—	—	—	—	140	—
April 2033.....	—	—	—	—	—	32	—

In the event of any partial redemption of the Class A1(R) Notes, the Class A2(R) Notes, the Class M1 Notes, the Class B1 Notes, the Class B2 Notes, ~~or the Class C(R) Notes or the Class D(R) Notes~~ (as the case may be) (other than through payment of Scheduled Amortisation Amounts pursuant to Condition 5(b)), the Interest Amount in respect of the

relevant Fixed Rate Notes shall be calculated by or on behalf of the Issuer in respect of each relevant Fixed Rate Note by applying either the Class A1(R) Rate of Interest, the Class A2(R) Rate of Interest, the Class M1 Rate of Interest, the Class B1 Rate of Interest, the Class B2 Rate of Interest, ~~or the Class C(R) Rate of Interest or the Class D(R) Rate of Interest~~ (as the case may be) to the then current Principal Amount Outstanding in respect of the relevant class of Fixed Rate Notes, and the Issuer shall make notification of the applicable Interest Amount to the Agent Bank.

(g) *Publication of the FRN Rate of Interest ~~and the~~ Interest Amounts and Step-Up Amounts*

As soon as practicable after making the determination pursuant to Condition 4(f) or receiving notification of the applicable Interest Amount following any partial redemption of any class of Fixed Rate Notes (other than through payment of Scheduled Amortisation Amounts as aforesaid), the Agent Bank will cause the FRN Rate of Interest, ~~the Interest Amount~~ and the ~~Interest~~Step-Up Amount applicable to each Note for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Luxembourg Stock Exchange ~~or the Irish Stock Exchange~~ (for so long as the relevant class of Notes is listed on the Luxembourg Stock Exchange ~~or the Irish Stock Exchange~~ (as the case may be)) and will cause notice thereof to be given to the relevant class of Noteholders in accordance with Condition 14.

(h) *Determination or calculation by Note Trustee*

If the Agent Bank or the Issuer, as the case may be, does not at any time for any reason determine the FRN Rate of Interest and/or calculate the Interest Amount ~~for~~ each Step-Up Amount for each class of the Notes in accordance with the foregoing Conditions, the Note Trustee shall:

- (i) determine the FRN Rate of Interest at such rate as (having regard to the procedure described above) it shall consider fair and reasonable in all the circumstances; and/or (as the case may be)
- (ii) calculate the Interest Amount for each class of Notes in the manner specified in Condition 4(f) above; ~~and/or (as the case may be)~~
- (iii) calculate the Step-Up Amounts (if any) for the relevant Interest Period for each class of Floating Rate Notes in the manner specified in Condition 4 (f) above,

and any such determination and/or calculation shall be deemed to have been made by the Agent Bank, but without any liability on the part of the Note Trustee in respect of such determination or calculation.

(i) *Notification to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, whether by the Reference Banks (or any of them) or the Agent Bank or the Issuer or the Note Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee and all of the relevant Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(j) *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be three reference banks (the "**Reference Banks**") and an Agent Bank. The initial Reference Banks shall be the principal London office of each of Barclays Bank PLC, Lloyds TSB Bank PLC and HSBC Bank plc. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing

by the Note Trustee to act as such in its place. The Agent Bank may not resign until a successor so approved by the Note Trustee has been appointed.

5. Redemption, Purchase and Cancellation

(a) Final Redemption

Unless previously redeemed in full as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding as follows:

- (i) the Class A1(R) Notes on the Interest Payment Date falling in April 2022;
- (ii) the Class A2(R) Notes on the Interest Payment Date falling in July 2020;
- (iii) the Class A3(~~R~~N) Notes on the Interest Payment Date falling in April 200915;
- (iv) the Class M1 Notes on the Interest Payment Date falling in October 2026;
- (v) the Class M2(N) Notes on the Interest Payment Date falling in ~~October~~July 20269;
- (vi) the Class B1 Notes on the Interest Payment Date falling in April 2026;
- (vii) the Class B2 Notes on the Interest Payment Date falling in July 2029;
- (viii) the Class B3 Notes on the Interest Payment Date falling in July 2031;
- (ix) the Class C(R) Notes on the Interest Payment Date falling in April 2033; and
- ~~(ix)~~ the Class D(~~R~~1) Notes on the Interest Payment Date falling in ~~January~~October 20327.

The Issuer may not redeem any class of Notes in whole or in part prior to that date except as provided below in Conditions 5(b), (c), (d) or (e), but without prejudice to Condition 9.

(b) Scheduled Redemption

(i) Class A1(R) Notes

Prior to service of an Issuer Enforcement Notice (as defined in Condition 9) the Class A1(R) Notes shall, subject to Conditions 5(c), 5(d) and 5(e) be repaid in instalments on each Interest Payment Date (except in respect of Class A1(R) Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amounts (each a "**Class A1(R) Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class A1(R) Scheduled Amortisation Amount per £100,000 of each Class A1(R) Note:

Interest Payment Date falling in:	Class A1(R) Scheduled Amortisation Amount (£)
July 2015.....	3,572
October 2015.....	3,571
January 2016.....	3,571
April 2016.....	3,572
July 2016.....	3,571
October 2016.....	3,572
January 2017.....	3,571
April 2017.....	3,571
July 2017.....	3,572
October 2017.....	3,571
January 2018.....	3,572
April 2018.....	3,571
July 2018.....	3,571

October 2018	3,572
January 2019	3,571
April 2019	3,572
July 2019	3,571
October 2019	3,571
January 2020	3,572
April 2020	3,571
July 2020	3,572
October 2020	3,571
January 2021	3,571
April 2021	3,572
July 2021	3,571
October 2021	3,572
January 2022	3,571
April 2022	3,572

(ii) Class A2(R) Notes

Prior to service of an Issuer Enforcement Notice, the Class A2(R) Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class A2(R) Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class A2(R) Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class A2(R) Scheduled Amortisation Amount per £100,000 of each Class A2(R) Note:

Interest Payment Date falling in:	Class A2(R) Scheduled Amortisation Amount (£)
October 2010	2,000
January 2011	2,000
April 2011	2,000
July 2011	2,000
October 2011	2,000
January 2012	2,000
April 2012	2,000
July 2012	2,000
October 2012	2,000
January 2013	2,000
April 2013	2,000
July 2013	2,000
October 2013	2,500
January 2014	2,500
April 2014	2,500
July 2014	2,500
October 2014	2,500
January 2015	2,500
April 2015	2,500
July 2015	2,500
October 2015	2,500
January 2016	2,500
April 2016	2,833
July 2016	2,833

October 2016	2,833
January 2017	2,833
April 2017	2,833
July 2017	2,833
October 2017	2,833
January 2018	2,833
April 2018	2,833
July 2018	2,833
October 2018	2,833
January 2019	2,833
April 2019	2,833
July 2019	2,833
October 2019	2,833
January 2020	2,833
April 2020	2,833
July 2020	2,833

(iii) Class A3(RN) Notes

Prior to service of an Issuer Enforcement Notice, the Class A3(RN) Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class A3(RN) Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class A3(RN) Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class A3(RN) Scheduled Amortisation Amount per £100,000 of each Class A3(RN) Note:

Interest Payment Date falling in:	Class A3(RN) Scheduled Amortisation Amount (£)
January <u>October 2004</u> 7	36,038 <u>71</u>
April <u>January 2004</u> 8	26,919 <u>38</u>
July <u>April 2004</u> 8	26,948 <u>74</u>
October <u>July 2004</u> 8	26,845 <u>31</u>
January <u>October 2005</u> 8	3,656, <u>391</u>
April <u>January 2005</u> 9	46,083 <u>496</u>
April 2009	4,684
July 20059	34,973 <u>251</u>
October 20059	34,861 <u>141</u>
January 20106	4,774 <u>203</u>
April 20106	54,261 <u>145</u>
July 20106	54,128 <u>509</u>
October 20106	51,042 <u>46</u>
January 200711	5,131 <u>23</u>
April 200711	51,578 <u>40</u>
July 200711	51,494 <u>812</u>
October 200711	5,419, <u>727</u>
January 200812	5,515, <u>808</u>
April 200812	52,810 <u>44</u>
July 200812	52,907 <u>12</u>

<u>October 2008</u>	<u>51,848,992</u>
<u>January 2009</u>	<u>62,408,68</u>
<u>April 2009</u>	<u>7802,494</u>
<u>July 2013</u>	<u>2,423</u>
<u>October 2013</u>	<u>1,563</u>
<u>January 2014</u>	<u>1,657</u>
<u>April 2014</u>	<u>2,064</u>
<u>July 2014</u>	<u>2,005</u>
<u>October 2014</u>	<u>1,949</u>
<u>January 2015</u>	<u>2,047</u>
<u>April 2015</u>	<u>1,363</u>

(iv) Class M1 Notes

Prior to service of an Issuer Enforcement Notice, the Class M1 Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class M1 Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class M1 Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class M1 Scheduled Amortisation Amount per £100,000 of each Class M1 Note:

Interest Payment Date falling in:	Class M1 Scheduled Amortisation Amount (£)
April 2009.....	1,506
July 2009.....	1,693
October 2009.....	1,679
January 2010.....	1,708
April 2010.....	1,819
July 2010.....	1,809
October 2010.....	772
January 2011.....	804
April 2011.....	855
July 2011.....	848
October 2011.....	842
January 2012.....	877
April 2012.....	959
July 2012.....	996
October 2012.....	995
January 2013.....	1,026
April 2013.....	1,142
July 2013.....	1,144
October 2013.....	891
January 2014.....	931
April 2014.....	1,046
July 2014.....	1,053
October 2014.....	1,060
January 2015.....	1,104
April 2015.....	1,218

July 2015.....	203
October 2015.....	108
January 2016.....	163
April 2016.....	81
July 2016.....	139
October 2016.....	169
January 2017.....	192
April 2017.....	96
July 2017.....	94
October 2017.....	92
January 2018.....	120
April 2018.....	118
July 2018.....	26
October 2018.....	142
January 2019.....	202
April 2019.....	320
July 2019.....	354
October 2019.....	388
January 2020.....	451
April 2020.....	549
July 2020.....	615
October 2020.....	2,098
January 2021.....	2,163
April 2021.....	2,284
July 2021.....	2,330
October 2021.....	2,377
January 2022.....	2,450
April 2022.....	2,572
July 2022.....	2,774
October 2022.....	2,865
January 2023.....	2,859
April 2023.....	2,854
July 2023.....	2,848
October 2023.....	2,841
January 2024.....	2,834
April 2024.....	2,826
July 2024.....	2,818
October 2024.....	2,809
January 2025.....	2,798
April 2025.....	2,786
July 2025.....	2,773
October 2025.....	2,756
January 2026.....	2,736
April 2026.....	2,710
July 2026.....	3,923
October 2026.....	1,518

(v) Class M2(N) Notes

Prior to service of an Issuer Enforcement Notice, the Class M2(N) Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class M2(N) Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class M2(N) Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class M2(N) Scheduled Amortisation Amount per £100,000 of each Class M2(N) Note:

Interest Payment Date falling in:	Class M2(N) Scheduled Amortisation Amount (£)
April 2009	1,440
July 2009	1,620
October 2009	1,608
January 2010	1,637
April 2010	1,745
July 2010	1,737
October 2010	742
January 2011	773
April 2011	822
July 2011	816
October 2011	810
January 2012	845
April 2012	924
July 2012	960
October 2012	959
January 2013	990
April 2013	1,102
July 2013	1,105
October 2013	861
January 2014	901
April 2014	1,012
July 2014	1,019
October 2014	1,027
January 2015	1,070
April 2015	1,181
July 2015	197
October 2015	105
January 2016	158
April 2016	79
July 2016	135
October 2016	164
January 2017	187
April 2017	93
July 2017	91
October 2017	90
January 2018	116
April 2018	114
July 2018	25
October 2018	138
January 2019	196
April 2019	311
July 2019	344
October 2019	377
January 2020	439
April 2020	534
July 2020	599
October 2020	<u>21,043</u> 116
January 2021	<u>21,109</u> 61
April 2021	<u>21,231</u> 88
July 2021	<u>21,280</u> 93

October 2021	<u>21,3297</u>
January 2022	<u>21,34064</u>
April 2022	<u>21,530472</u>
July 2022	<u>21,735628</u>
October 2022	<u>21,832619</u>
January 2023	<u>21,835711</u>
April 2023	<u>21,838906</u>
July 2023	<u>21,89644</u>
October 2023	<u>2,844012</u>
January 2024	<u>2,847110</u>
April 2024	<u>2,82549</u>
July 2024	<u>2,83550</u>
October 2024	<u>2,86408</u>
January 2025	<u>2,86515</u>
April 2025	<u>2,8716</u>
July 2025	<u>2,8782</u>
October 2025	<u>2,88653</u>
January 2026	<u>2,89672</u>
April 2026	<u>23,91081</u>
July 2026	<u>4,490832</u>
October 2026	<u>14,73507</u>
<u>January 2027</u>	<u>3,434</u>
<u>April 2027</u>	<u>3,642</u>
<u>July 2027</u>	<u>3,746</u>
<u>October 2027</u>	<u>3,845</u>
<u>January 2028</u>	<u>3,982</u>
<u>April 2028</u>	<u>4,154</u>
<u>July 2028</u>	<u>4,288</u>
<u>October 2028</u>	<u>4,402</u>
<u>January 2029</u>	<u>4,549</u>
<u>April 2029</u>	<u>4,750</u>
<u>July 2029</u>	<u>3,912</u>

(vi) Class B1 Notes

Prior to service of an Issuer Enforcement Notice, the Class B1 Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class B1 Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class B1 Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class B1 Scheduled Amortisation Amount per £100,000 of each Class B1 Note:

Interest Payment Date falling in:	Class B1 Scheduled Amortisation Amount (£)
July 2022.....	6,250
October 2022	6,250
January 2023	6,250

April 2023	6,250
July 2023	6,250
October 2023	6,250
January 2024	6,250
April 2024	6,250
July 2024	6,250
October 2024	6,250
January 2025	6,250
April 2025	6,250
July 2025	6,250
October 2025	6,250
January 2026	6,250
April 2026	6,250

(vii) Class B2 Notes

Prior to service of an Issuer Enforcement Notice, the Class B2 Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class B2 Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class B2 Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class B2 Scheduled Amortisation Amount per £100,000 of each Class B2 Note:

Interest Payment Date falling in:	Class B2 Scheduled Amortisation Amount (£)
October 2026	4,250
January 2027	9,450
April 2027	9,450
July 2027	9,450
October 2027	9,450
January 2028	9,450
April 2028	9,450
July 2028	9,450
October 2028	9,450
January 2029	9,450
April 2029	9,450
July 2029	1,250

(viii) Class B3 Notes

Prior to service of an Issuer Enforcement Notice, the Class B3 Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class B3 Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class B3 Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class B3 Scheduled Amortisation Amount per £100,000 of each Class B3 Note:

<u>Interest Payment Date falling in:</u>	<u>Class B3</u>
---	------------------------

	<u>Scheduled Amortisation Amount (£)</u>
<u>July 2029</u>	<u>2,740</u>
<u>October 2029</u>	<u>11,428</u>
<u>January 2030</u>	<u>11,752</u>
<u>April 2030</u>	<u>12,170</u>
<u>July 2030</u>	<u>12,458</u>
<u>October 2030</u>	<u>12,758</u>
<u>January 2031</u>	<u>13,104</u>
<u>April 2031</u>	<u>13,515</u>
<u>July 2031</u>	<u>10,075</u>

(ix) Class C(R) Notes

Prior to service of an Issuer Enforcement Notice, the Class C(R) Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class C(R) Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class C(R) Scheduled Amortisation Amount**") set out opposite each Interest Payment Date below on such date. The figures set out below show the Class C(R) Scheduled Amortisation Amount per £100,000 of each Class C(R) Note:

Interest Payment Date falling in:	Class C(R) Scheduled Amortisation Amount (£)
July 2029.....	5,721
October 2029	6,593
January 2030	6,593
April 2030	6,593
July 2030.....	6,593
October 2030	6,593
January 2031	6,593
April 2031	6,593
July 2031.....	6,593
October 2031	6,593
January 2032	6,593
April 2032.....	6,593
July 2032.....	6,593
October 2032	6,593
January 2033	6,593
April 2033.....	1,977

~~(ixx)~~ Class D(R)1 Notes

Prior to service of an Issuer Enforcement Notice, the Class D(R)1 Notes shall, subject to Conditions 5(c), 5(d) and 5(e), be repaid in instalments on each Interest Payment Date (except in respect of Class D(R)1 Notes surrendered to the Issuer and cancelled pursuant to Condition 5(i) below) in the aggregate principal amount (each a "**Class D(R)1 Scheduled Amortisation Amount**" and together with the Class A1(R) Scheduled Amortisation Amounts, the Class A2(R) Scheduled Amortisation Amounts, the Class

~~A3(R) Scheduled Amortisation Amounts, the Class M1 Scheduled Amortisation Amounts, the Class M2 Scheduled Amortisation Amounts, the Class B1 Scheduled Amortisation Amounts, the Class B2 Scheduled Amortisation Amounts and the Class C(R) Scheduled Amortisation Amounts, the **Scheduled Amortisation Amounts**~~) set out opposite each Interest Payment Date below on such date. The figures set out below show the Class ~~D(R)~~1 Scheduled Amortisation Amount per £100,000 of each Class ~~D(R)~~1 Note:

Interest Payment Date falling in:	Class D(R)<u>1</u> Scheduled Amortisation Amount (£)
<u>July 2026</u> 31	<u>35,000</u> 279
<u>October 2026</u> 31	<u>3519,000</u> 862
<u>January 2032</u> 7	<u>320,000</u> 395
<u>April 2032</u>	<u>20,958</u>
<u>July 2032</u>	<u>21,502</u>
<u>October 2032</u>	<u>12,004</u>

(c) *Mandatory Redemption following Borrower Enforcement Notice*

If there are moneys received by the Issuer from any Obligor subsequent to the service of a Borrower Enforcement Notice pursuant to the terms of the Punch Taverns Deeds of Charge, such moneys shall be applied by the Issuer, on the next succeeding Interest Payment Date falling at least 5 Business Days after receipt of such moneys, in accordance with the provisions regulating the priority of application of payments in the manner set out in the Issuer Deed of Charge, including without limitation all amounts then due to be paid in redemption of the Notes pursuant to this Condition 5 on such Interest Payment Date without any redemption premium payable pursuant to Condition 5(d)(iii) being required to be paid by the Issuer.

(d) *Optional redemption*

- (i) On giving not more than 10 nor fewer than 5 Business Days' prior written notice to the relevant class of Noteholders in accordance with Condition 14, to Ambac (prior to the occurrence of an Ambac Termination Event) and to the Note Trustee provided that (A) on the Interest Payment Date on which such notice expires, no Issuer Enforcement Notice has been served, and (B) that the Issuer has, prior to giving such notice, certified to Ambac (prior to the occurrence of an Ambac Termination Event) and to the Note Trustee, and produced evidence acceptable to the Note Trustee (as specified in the Trust Deed) and, prior to the occurrence of an Ambac Termination Event, Ambac, that it will have the necessary funds to discharge any other amounts required under the Issuer Deed of Charge to be paid on such Interest Payment Date, the Issuer may redeem all or part of any class of Notes (provided that the minimum amount of any such redemption will be £1,000,000 in principal amount of a class of Notes and thereafter in multiples of £100,000 principal amount of such class of Notes) on any Interest Payment Date in accordance with and subject to the provisions of Condition 5(d)(ii) and (iii).
- (ii) The Issuer shall, on exercise of its option to redeem Notes pursuant to Condition 5(d)(i), redeem Notes of that class *pro rata*.
- (iii) Any Notes redeemed pursuant to Condition 5(d)(i) will be redeemed at the Redemption Amount (as defined below) together with accrued but unpaid interest on the Principal Amount Outstanding of the relevant Notes up to and including the relevant date of redemption.

"Redemption Amount" means:

~~(A) in respect of the Class A3(R) Notes, (x) if redemption occurs prior to the Interest Payment Date falling in October 2004 an amount equal to 101 per cent. of their aggregate Principal Amount Outstanding and (y) if redemption occurs after the Interest Payment Date falling in October 2004 but on or prior to the Interest Payment Date falling in October 2005, an amount equal to 100.5 per cent. of their Principal Amount Outstanding; and (z) if redemption occurs on or after the Interest Payment Date falling in October 2005, par;~~

(A) in respect of the Floating Rate Notes, par;

~~(B) in respect of the Class M2 Notes, (x) if redemption occurs prior to the Interest Payment Date falling in October 2004 an amount equal to 101 per cent. of their aggregate Principal Amount Outstanding and (y) if redemption occurs after the Interest Payment Date falling in October 2004 but on or prior to the Interest Payment Date falling in October 2005, an amount equal to 100.5 per cent. of their Principal Amount Outstanding; and (z) if redemption occurs on or after the Interest Payment Date falling in October 2005, par;(C)~~

in respect of the Fixed Rate Notes, an amount equal to whichever is the higher of the following:

(i) par; and

(ii) that price (as reported in writing to the Issuer and the Note Trustee by a Financial Adviser approved by the Note Trustee) expressed as a percentage (and rounded up to three decimal places (0.0005 being rounded upwards)) at which the Gross Redemption Yield on the relevant Notes to be redeemed on the Relevant Date (as defined below) is equal to the Gross Redemption Yield at 3.00 p.m. (London time) on the date of the Relevant Treasury Stock and so that, for the purpose of this sub-paragraph ~~(C)~~, "**Relevant Date**" means the date which is the second business day in London prior to the date of despatch of the notice of redemption referred to in Condition 5(d)(i); "**Gross Redemption Yield**" means a yield calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries, as reported in the Journal of the Institute of Actuaries, Volume 105, Part 1, 1978, page 18; and "**Relevant Treasury Stock**" means such government stock as the Agent Bank shall determine to be a benchmark gilt the maturity of which most closely matches the then average life of the relevant class of Notes as calculated by the Agent Bank.

(iv) Any amount applied in redemption of the Principal Amount Outstanding of Notes on an Interest Payment Date in accordance with this Condition 5(d) (but not in respect of any premium payable in accordance therewith (if any)) shall be applied in satisfaction of the Issuer's obligations to pay the Scheduled Amortisation Amounts in accordance with Condition 5(b). All amounts so paid in accordance with this Condition 5(d) shall be applied by applying the Redemption Amounts paid in respect of Class A1(R) Notes *pro rata* to reduce each of the Class A1(R) Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of Class A2(R) Notes *pro rata* to reduce each of the Class A2(R) Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of Class A3(~~R~~N) Notes *pro rata* to reduce each of the Class A3(~~R~~N) Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of the Class M1 Notes *pro rata* to reduce each of the Class M1 Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of Class M2(N) Notes *pro rata* to reduce each of the Class M2(N) Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of the Class B1 Notes *pro rata* to reduce each of the Class B1 Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of the Class B2 Notes *pro rata* to reduce each of the Class B2 Scheduled Amortisation Amounts, the Redemption Amounts paid in respect of the Class ~~C(R)~~B3 Notes *pro rata* to reduce each of the Class ~~C(R)~~B3 Scheduled Amortisation Amounts—and, the

Redemption Amounts paid in respect of ~~the Class D(R) Notes~~ *pro rata* to reduce ~~the Class D(R) each of the Class C(R) Scheduled Amortisation Amounts and the Redemption Amounts paid in respect of Class D1 Notes~~ *pro rata* to reduce the Class D1 Scheduled Amortisation Amounts.

(e) *Substitution/Redemption for taxation or other reasons*

If the Issuer at any time satisfies the Note Trustee and (prior to the occurrence of an Ambac Termination Event) Ambac, immediately prior to the giving of the notice referred to below that:

- (i) by reason of a change in tax law (or the application or official interpretation thereof) on the next Interest Payment Date, the Issuer would be required to deduct or withhold from any payment of principal or interest on any class of Notes (other than where the relevant holder has some connection with the United Kingdom other than the holding of the relevant class of Notes) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein; or
- (ii) if, due to a change in law it has become or will become unlawful for the Issuer to make, fund or allow to remain outstanding all or any advances made or to be made by it under the Issuer/ Borrower Facility Agreements; or
- (iii) by reason of a change in tax law (or the application or official interpretation thereof) on the next Interest Payment Date, under the Issuer/Borrower Facility Agreements, the Borrower would be required to deduct or withhold from any payment of principal, interest or other sum due and payable thereunder any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the United Kingdom or any political sub-division thereof or any authority thereof or therein,

then the Issuer may, in order to avoid the relevant event described in (i), (ii) or (iii) above, use its reasonable endeavours to arrange the substitution of a company having its tax residency in another jurisdiction approved by the Note Trustee ~~and (prior to the occurrence of an Ambac Termination Event) Ambac~~, as principal debtor under the relevant class of Notes and as lender under the Issuer/Borrower Facility Agreements, as the case may be, provided that (A) the Note Trustee is satisfied that such substitution will not be materially prejudicial to the relevant class of Noteholders and that the position of the other Issuer Secured Creditors will not thereby be adversely affected; (B) each of the Rating Agencies has confirmed in writing that such substitution will not result in a downgrade of the then current ratings of any of the Notes and (if there are any ~~Class A2(R) Notes or Class A3(R) Guaranteed~~ Notes outstanding) the Underlying Rating; (C) for so long as the Notes are listed on the Luxembourg Stock Exchange or the Irish Stock Exchange (as the case may be) (or any other stock exchange), all applicable rules of the Luxembourg Stock Exchange or guidelines of the Irish Stock Exchange (as applicable) (or such other listing authority) have been complied with; and (D) prior to the occurrence of an Ambac Termination Event, Ambac has given its written consent to the proposed substitution (which shall be deemed to be given if such consent has not been refused in writing to the Note Trustee in each case within 10 Business Days of receipt by Ambac of notice of a proposed substitution).

If the Issuer is unable to arrange a substitution as described above and, as a result, the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in (i), (ii) or (iii) above (as the case may be) is continuing, then the Issuer may, on any date and having given not more than 60 nor less than 30 days' written notice (or, in the case of an event described in (ii) above, such shorter period expiring on or before the latest date permitted by relevant law) to the Note Trustee, Ambac, the Hedge Providers and the Noteholders in accordance with Condition 14 and having provided to the Note Trustee and, (prior to the occurrence of an Ambac Termination Event), Ambac, a certificate signed by two directors of the Issuer to the effect

that it will have funds, not subject to the interest of any other persons, available for the purpose, of (aa) issuing Notes in registered form in accordance with ~~Condition 13~~ the Trust Deed or (bb) redeeming all but not some only of the relevant class of Notes. Such redemption under (bb) above in respect of any Floating Rate Note shall be at par together with accrued but unpaid interest and Step-Up Amounts on ~~their~~ its Principal Amount Outstanding up to and including the date of repayment, provided that any Floating Rate Note which is redeemed in accordance with this Condition 5(e) otherwise than on an Interest Payment Date (the "**Redemption Date**"), shall be redeemed at its Principal Amount Outstanding on the Redemption Date together with (i) accrued but unpaid interest up to (and including) the Redemption Date and (ii) an additional amount equal to the greater of:

$$(A) \quad PAO \times \{(A - B) \times C \div 365 \}$$

where:

PAO is the Principal Amount Outstanding of such Note (as the case may be) to be redeemed on the Redemption Date;

A is the aggregate of (i) the prevailing FRN Rate of Interest (including the Relevant Margin) and (ii) (if applicable) the Step-Up Fee Rate for such Note, in each case for the Interest Period during which the Redemption Date falls;

B is Relevant Note LIBOR (as defined below) determined on the Relevant Date for a period equal to the period from (and including) the Business Day following the Redemption Date to (and excluding) the next succeeding Interest Payment Date (the "**Relevant Period**"); and

C is the number of days in the Relevant Period; and

(B) zero; and

in respect of any Fixed Rate Note, such redemption shall be in an amount calculated in accordance with Condition 5(e)(iii) ~~(C)~~.

For the purposes of this Condition 5(e), "**Relevant Note LIBOR**" means the rate in the London Interbank Market displayed on the Telerate Screen Page No. 3750 (or if the Screen Rate is not then available, as determined in the same manner as provided in Condition 4(d)(i)(B)), on the Relevant Date or if there is no rate published for the Relevant Period on such date, the rate determined by interpolating between the rates for the period nearest in length to but, less than, the period in question and the period nearest in length to, but more than, the period in question, displayed on the Screen Page (or if not available, as quoted by the Reference Banks).

For the purposes of this Condition 5(e), "**Relevant Date**" means the fifth Business Day prior to the relevant Redemption Date.

Without limitation to the prior provisions of this Condition 5(e), if one or more of the events described in (i), (ii) or (iii) above has occurred and is continuing, the Issuer may take such other action as is appropriate in the circumstances subject to obtaining the approval of the Note Trustee and (prior to the occurrence of an Ambac Termination Event) Ambac in order to mitigate the effect of the relevant occurrence.

- (f) *Note Principal Payments, Redemption Amounts, Principal Amount Outstanding and Pool Factor*
- (i) The Principal Amount Outstanding to be redeemed in respect of each Note (the "**Note Principal Payment**") on any Interest Payment Date under Condition 5(b) or the Redemption Amount pursuant to Condition 5(d) shall, in relation to the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of Notes of a particular class on such Interest Payment Date, as the case may be (rounded down to the nearest penny), provided always that no such Note Principal Payment or Redemption Amount may exceed the Principal Amount Outstanding of the relevant Note.

- (ii) Five Business Days before each Interest Payment Date (a "**Calculation Date**"), the Issuer shall determine or shall cause to be determined:
- (A) if there is to be a redemption of the Notes pursuant to Condition 5(b) or 5(d), the amount of any Note Principal Payment due on the next following Interest Payment Date;
 - (B) the Redemption Amounts (if any) due on the next following Interest Payment Date;
 - (C) the Principal Amount Outstanding of each Note on the next following Interest Payment Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date); and
 - (D) in respect of the Floating Rate Notes, the fraction expressed as a decimal to the sixth point (the "**Pool Factor**") of which the numerator is the Principal Amount Outstanding of a Note and the denominator is ~~1,000, 10,000 or 100,000 depending on the denomination of the relevant Note~~ 50,000.

Each determination by or on behalf of the Issuer of any Note Principal Payment, the Redemption Amount, the Principal Amount Outstanding and the Pool Factor of a Note shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The "**Principal Amount Outstanding**" of a Note of any class on any date shall be, in the case of the ~~PTF Existing Fixed Rate~~ Class A1(R) Notes and the Class B1 Notes, £10,000 or £100,000 (as the case may be) and, in the case of the Refinancing Notes, £1,000, £10,000 or £100,000 (as the case may be), in the case of the Class A2(R) Notes, the Class M1 Notes, the Class B2 Notes and the Class C(R) Notes, £1,000, £10,000 or £100,000 (as the case may be) and, in the case of the Floating Rate Notes, its original principal amount, in each case less the aggregate amount of all Note Principal Payments in respect of a Note of the relevant class that have become due and payable and have been paid:

- (i) in relation to the Original Class A1(R) Notes and the Original Class B1 Notes, since 26 March 1998;
- (ii) in relation to the Further Class A1(R) Notes and the Further Class B1 Notes, since 25 October 2000;
- (iii) in relation to the ~~Class A2(R) Notes, the Class M1 Notes, the Class B2 Notes and the Class C(R) Notes, since 3 November 2003~~ Class A2(R) Notes, the Class M1 Notes, the Class B2 Notes and the Class C(R) Notes, since 3 November 2003, and
- (iv) in relation to the ~~Refinancing~~ Fourth Issue Notes, since the Fourth Closing Date.

The Issuer will, on each Calculation Date, cause each determination of a Note Principal Payment (if any), Redemption Amount, Principal Amount Outstanding and Pool Factor to be notified forthwith to the Agent Bank which will then forthwith notify the Note Trustee, the Paying Agents ~~and, Ambac, the Luxembourg Stock Exchange (for so long as any of the Notes are listed on the Luxembourg Stock Exchange) and the Irish Stock Exchange (for so long as any of the Notes are listed on the Luxembourg/Irish Stock Exchange (or any other stock exchange)) the Luxembourg Stock Exchange (or any other listing authority) thereof~~, and will cause notice of each determination of a Note Principal Payment, Redemption Amount, Principal Amount Outstanding and Pool Factor to be given in accordance with Condition 14.

If the Issuer does not at any time for any reason determine a Note Principal Payment, Redemption Amount, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this paragraph, such Note Principal Payment, Redemption Amounts, Principal Amount Outstanding and Pool Factor may be determined by the Agent Bank in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer.

(g) *Notice of Redemption*

Any such notice as is referred to in Condition 5(d) or (e) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of each class at the amounts specified in these Conditions.

(h) *Purchase of Notes*

The Issuer will not be permitted to purchase any of the Notes. The Borrower may at any time purchase Notes, subject to the provisions of the Issuer/Borrower Facility Agreements.

(i) *Cancellation*

All Notes redeemed in full or purchased by the Borrower and surrendered to the Issuer will be cancelled upon redemption or purchase and surrender, and may not be resold or re-issued.

(j) *Other information*

The Issuer shall, within 5 days of the date of publication of the audited annual and half yearly consolidated financial statements of Punch Taverns plc, procure the publication on Bloomberg (or such other electronic news services as may be approved by the Note Trustee) of an investor report in respect of the immediately preceding two financial quarters (the "**Investor Report Period**") setting out *inter alia*, the consolidated net assets of the ~~New~~ Securitisation Group as at the end of the relevant Investor Report Period, the calculation of EBITDA, Debt Service, Debt Service Cover Ratio, Net Worth, Excess Cash and Free Cashflow (each such term as defined in the Amended Master Definitions and Construction Schedule) in respect of the relevant Investor Report Period and capital expenditure incurred in respect of the Investor Report Period.

6. Payments

- (a) Repayments of principal and payments of premium (if any) in respect of any Note will be made against presentation and surrender (or, in the case of part payment, endorsement) of such Note at the specified office of any Paying Agent. Payments of interest in respect of the Definitive Notes will (subject as provided in Conditions 6(d) and (e) below) be made only against presentation and surrender of the relevant Coupons at the specified office of any Paying Agent. Such payment will be made in sterling at the specified office of any Paying Agent by sterling cheque drawn on, or, at the option of the holder, by transfer to a sterling account maintained by the payee with, a bank in London.
- (b) Repayments of principal and payments of interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment.
- (c) The following legend will appear on all Notes in bearer form and Coupons and Talons: *"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code."* The sections referred to in the legend provide that, with certain exceptions, a United States taxpayer will not be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain, realised on a sale, exchange or redemption of a Note in bearer form or Coupon or Talon.
- (d) On the date upon which any Note becomes due and payable in full, unmatured Coupons appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for redemption of any Note is not an Interest Payment Date, accrued interest will be paid only against presentation and surrender of the relevant Note.
- (e) If any amount of principal or premium is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 4 will be paid against presentation of such Note at the specified office of any Paying Agent.

- (f) The names of the Paying Agents and their initial specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or revoke the appointment of the Paying Agent and to appoint additional Paying Agents. The Issuer will at all times maintain a paying agent with a specified office in each of Luxembourg and Ireland. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their specified offices to be given in accordance with Condition 14. If any Global Note is presented for payment on a day which is not a ~~B~~business ~~D~~day in the place where it is so presented and (in the case of payment by transfer to a sterling account in London as referred to in paragraph (a)) in the City of London, no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Global Note.
- (g) If a Paying Agent makes a partial payment in respect of any Note presented to it for payment, such Paying Agent will endorse on the grid endorsed on such Note (in respect of payments of principal and interest) a statement indicating the amount and date of such payment.
- (h) (i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling shall be translated into and/or any amount becoming payable under the Notes thereafter as specified in these Conditions shall be paid in the currency or currency unit of the United Kingdom, and in the manner designated by the Paying Agent. Any such translation shall be made at the official rate of exchange recognised for that purpose by the Bank of England.
- (ii) Where such a change in currency occurs, the Global Note in respect of the Notes then outstanding and the Conditions relating to such Notes shall be amended in the manner agreed by the Issuer, (prior to the occurrence of an Ambac Termination Event) Ambac and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, (prior to the occurrence of an Ambac Termination Event) Ambac, the Note Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to Business Day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 6(h) will be binding upon holders of such Notes.
- (iii) Notification of the amendments made to Notes pursuant to this Condition 6(h) will be made in accordance with Condition 14 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.
- (i) For the purposes of this Condition 6, ~~Business Day~~ **"business day"** shall mean a day (other than a Saturday or Sunday) on which banks are generally open for business in London and ~~Luxembourg and/or~~ the place where at the relevant Paying Agent has its specified office from time to time.

7. Taxation

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, or any Paying Agent is required by applicable law to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer, or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

8. Prescription

Notes shall become void unless presented for payment within a period of 10 years from the relevant date in respect thereof. Coupons shall become void unless presented for payment within a period of 5 years from the relevant date in respect thereof. After the date on which a Note or a Coupon becomes void in its entirety, no claim may be made in respect thereof. In this Condition 8, the "relevant date", in respect of a Note or Coupon, is the date on which a payment in respect thereof first becomes due or (if the full amount of the moneys payable in respect of all the Notes and/or Coupons due on or before that date has not been duly received by the Paying Agents or the Note Trustee on or prior to such date) the date on which notice that the full amount of such moneys have been received is duly given to the Noteholders in accordance with Condition 14.

9. Issuer Events of Default

- (a) The occurrence of any of the following events shall constitute an "**Event of Default**":
- (i) default is made in the payment of the principal or interest (for the avoidance of doubt, not including any Step-Up Amounts) on any Note when and as the same ought to be paid in accordance with these Conditions (subject to Condition 16); or
 - (ii) default is made by the Issuer in the performance or observance of any obligation binding upon it under the Notes, the Trust Deed or the Issuer Deed of Charge and, in any such case (except where the Note Trustee (or, in the case of the Issuer Deed of Charge, the Security Trustee) certifies that, in its opinion, such default is incapable of remedy when no notice will be required) such default continues for a period of 14 days following the service by the Note Trustee (or, in the case of the Issuer Deed of Charge, the Security Trustee) on the Issuer of notice requiring the same to be remedied; or
 - (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(a)(iv) below, ceases or, through an authorised action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is deemed unable to pay its debts as and when they fall due within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended); or
 - (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Security Trustee and the Note Trustee in writing; or
 - (v) (A) any steps being taken (whether out of court or otherwise) against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such steps are not, in the opinion of the Security Trustee, being disputed in good faith with a reasonable prospect of success, or (B) an administration order being granted or an administrative receiver or other receiver, liquidator or other similar official shall be appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or (C) an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or (D) any distress, execution ~~or~~ diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) shall not be discharged or otherwise ceases to apply within 15 days, or (E) the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally; or
 - (vi) any event occurs which under any applicable laws has an analogous effect to any of the events referred to in paragraphs (iii), (iv) and (v) above (for the avoidance of doubt, in respect of any events having analogous effect to any of the events

referred to in paragraph (v), subject to any provisos or grace periods contained in such paragraph).

(b) If an Event of Default shall occur in relation to any class of Notes, the Note Trustee at its discretion may, and:

(i) (A) if neither an Ambac Class A Trigger Event nor Ambac Termination Event has occurred (in each case which is continuing), if so requested by Ambac shall; or

(B) if an Ambac Class A Trigger Event has occurred (which is continuing) but prior to the occurrence of an Ambac Termination Event, (1) if so directed, by an Extraordinary Resolution of the Class A(R) Noteholders or (2) if directed in writing by Class A1(R) Noteholders holding at least one quarter of the aggregate Principal Amount Outstanding of the Class A(R) Notes or (3) if directed by Ambac provided that the aggregate Principal Amount Outstanding of the Class A2(R) Notes and the Class A3(R) Notes is at least one-quarter of the aggregate Principal Amount Outstanding of the Class A(R) Notes shall; or

(C) if an Ambac Termination Event has occurred (which is continuing), if so requested in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class A(R) Notes or if so directed, by an Extraordinary Resolution of the Class A(R) Noteholders shall; or

(ii) if there are no Class A Notes outstanding:

(A) if neither an Ambac Class M Trigger Event nor Ambac Termination Event has occurred (in each case which is continuing) and there are no Class A(R) Notes outstanding, if so requested in writing by the holders of at least one-, if so requested by Ambac shall; or

(B) if an Ambac Class M Trigger Event has occurred (which is continuing) but prior to the occurrence of an Ambac Termination Event, (1) if so directed, by an Extraordinary Resolution of the Class M Noteholders or (2) if directed in writing by Class M1 Noteholders holding at least one quarter of the aggregate Principal Amount Outstanding of the most senior class of Notes outstanding (the **Relevant Class**) or if so directed by an Extraordinary Resolution of the holders of the Relevant Class shall, Class M Notes or (3) if directed by Ambac provided that the aggregate Principal Amount Outstanding of the Class M2(N) Notes is at least one-quarter of the aggregate Principal Amount Outstanding of the Class M Notes shall; or

(C) if an Ambac Termination Event has occurred (which is continuing), if so requested in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class M Notes or if so directed, by an Extraordinary Resolution of the Class M Noteholders shall; or

(iii) if there are no Class A Notes or Class M Notes outstanding:

(A) if neither an Ambac Class B Trigger Event nor Ambac Termination Event has occurred (in each case which is continuing), if so requested by Ambac shall; or

(B) if an Ambac Class B Trigger Event has occurred (which is continuing) but prior to the occurrence of an Ambac Termination Event, (1) if so directed, by an Extraordinary Resolution of the Class B Noteholders or (2) if directed in writing by either Class B1 Noteholders or Class B2 Noteholders holding at least one quarter of the aggregate Principal Amount Outstanding of the Class B Notes or (3) if directed by Ambac provided that the aggregate Principal Amount Outstanding of the Class B3 Notes is at least one-quarter of the aggregate Principal Amount Outstanding of the Class B Notes shall; or

(C) if an Ambac Termination Event has occurred (which is continuing), if so requested in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class B Notes or if so directed, by an Extraordinary Resolution of the Class B Noteholders shall; or

- (iv) if an Ambac Termination Event has occurred (which is continuing) and there are no Class A Notes, Class M Notes or Class B Notes outstanding, if so requested in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class C(R) Notes or if so directed by an Extraordinary Resolution of the holders of the Class C(R) Notes shall; or
- (v) if an Ambac Termination Event has occurred (which is continuing) and there are no Class A Notes, Class M Notes, Class B Notes or Class C(R) Notes outstanding, if so requested in writing by the holders of at least one-quarter of the aggregate Principal Amount Outstanding of the Class D1 Notes or if so directed by an Extraordinary Resolution of the holders of the Class D1 Notes shall,

(subject, in any case, to being indemnified to its satisfaction) give notice (an "**Issuer Enforcement Notice**") to the Issuer, the Security Trustee and the Principal Paying Agent which shall state that the Notes shall forthwith become, due and repayable at their Principal Amount Outstanding together with accrued interest (if any) and the security over the Issuer Security shall thereupon be capable of enforcement by the Security Trustee in accordance with the Issuer Deed of Charge.

10. Enforcement

At any time after the Notes have become due and repayable following the service of an Issuer Enforcement Notice and without prejudice to the rights of enforcement of the Security Trustee in relation to the Issuer Security, the Note Trustee may, at its discretion (though subject always to the provisions of Condition 2(b)(i)) and without further notice, direct the Security Trustee to take such proceedings against the Issuer to enforce the Issuer Security provided that the Note Trustee shall not be bound to direct the Security Trustee to take such action unless:

- (a) it shall have been so directed:
- (i) (A) for so long as neither an Ambac Class A Trigger Event nor an Ambac Termination Event has occurred (in each case which is continuing), by Ambac; or
- (B) if an Ambac Class A Trigger Event has occurred (which is continuing) but prior to the occurrence of an Ambac Termination Event, (1) by an Extraordinary Resolution of the Class A(~~R~~) Noteholders or (2) in writing by Class A1(R) Noteholders holding at least one quarter of the aggregate Principal Amount Outstanding of the Class A(~~R~~) Notes or (3) in writing by Ambac if the aggregate Principal Amount Outstanding of the Class A2(R) Notes and the Class A3(~~RN~~) Notes is at least one quarter of the aggregate Principal Amount Outstanding of the Class A(~~R~~) Notes; or
- (C) if an Ambac Termination Event has occurred (which is continuing), in writing by the holders of at least one quarter of the aggregate Principal Amount Outstanding of the Class A(~~R~~) Notes, or an Extraordinary Resolution of the Class A(~~R~~) Noteholders; or
- (ii) ~~if an Ambac Termination Event has occurred (which is continuing) and there are no Class A(R) Notes outstanding, an Extraordinary Resolution of the Relevant Class of Noteholders or in writing by the holders of at least one-quarter in aggregate of the Principal Amount Outstanding of the Relevant Class;~~there are no Class A Notes outstanding:
- (A) for so long as neither an Ambac Class M Trigger Event nor an Ambac Termination Event has occurred (in each case which is continuing), by Ambac; or
- (B) if an Ambac Class M Trigger Event has occurred (which is continuing) but prior to the occurrence of an Ambac Termination Event, (1) by an Extraordinary Resolution of the Class M Noteholders or (2) in writing by Class M1 Noteholders holding at least one quarter of the aggregate Principal Amount Outstanding of the Class M Notes or (3) in writing by Ambac if the aggregate Principal Amount Outstanding of the Class M2(N) Notes is at least one quarter of the aggregate Principal Amount Outstanding of the Class M Notes; or

(C) if an Ambac Termination Event has occurred (which is continuing), in writing by the holders of at least one quarter of the aggregate Principal Amount Outstanding of the Class M Notes, or an Extraordinary Resolution of the Class M Noteholders; or

(iii) if there are no Class A Notes or Class M Notes outstanding:

(A) for so long as neither an Ambac Class B Trigger Event nor an Ambac Termination Event has occurred (in each case which is continuing), by Ambac; or

(B) if an Ambac Class B Trigger Event has occurred (which is continuing) but prior to the occurrence of an Ambac Termination Event, (1) by an Extraordinary Resolution of the Class B Noteholders or (2) in writing by Class B1 Noteholders and/or Class B2 Noteholders holding at least one quarter of the aggregate Principal Amount Outstanding of the Class B Notes or (3) in writing by Ambac if the aggregate Principal Amount Outstanding of the Class B3 Notes is at least one quarter of the aggregate Principal Amount Outstanding of the Class B Notes; or

(C) if an Ambac Termination Event has occurred (which is continuing), in writing by the holders of at least one quarter of the aggregate Principal Amount Outstanding of the Class B Notes, or an Extraordinary Resolution of the Class B Noteholders; or

(iv) if an Ambac Termination Event has occurred (which is continuing) and there are no Class A Notes, Class M Notes or Class B Notes outstanding, an Extraordinary Resolution of the Class C(R) Noteholders or in writing by the holders of at least one-quarter in aggregate of the Principal Amount Outstanding of the Class C(R) Notes; or

(v) if an Ambac Termination Event has occurred (which is continuing) and there are no Class A Notes, Class M Notes or Class B Notes outstanding, an Extraordinary Resolution of the Class D1 Noteholders or in writing by the holders of at least one-quarter in aggregate of the Principal Amount Outstanding of the Class D1 Notes; and

- (b) it shall have been indemnified to its satisfaction; and
- (c) in exercising its duty or discretion in accordance with Condition 10(a), the Note Trustee shall disregard any ~~Class M2-Step-Up~~ Amounts for the purposes of determining whether there ~~is~~are any ~~Class M2-Notes of the relevant class~~ outstanding,

and the Security Trustee shall enforce the Issuer Security in accordance with the provisions of the Issuer Deed of Charge.

No Noteholder or Issuer Secured Creditor shall be entitled to proceed directly against the Issuer unless the Note Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

11. Meetings of Noteholders, Modification and Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders and, in the circumstances set out in the Trust Deed, separate meetings of each class of Noteholders to consider any matter affecting their interests, including proposals by Extraordinary Resolution of Noteholders or the relevant class thereof, as the case may be, to modify, or to sanction the modification of, the Notes, or the relevant class thereof (including these Conditions), or the provisions of any of the Relevant Documents.
- (b) Prior to the occurrence of an Ambac Termination Event (which is continuing), the Note Trustee will not be entitled to agree to any modification to these Conditions or any of the Relevant Documents unless the Note Trustee confirms to Ambac that, in the opinion of the Note Trustee, there is no conflict between the interests of Ambac as provider of the Financial Guarantees and any of the Noteholders provided that notwithstanding the foregoing the prior written consent of Ambac will always (unless an Ambac Termination Event has occurred which is continuing) be required in respect of any modification to any Ambac Reserved Rights. Ambac is entitled to receive notice of and attend meetings of Noteholders but is not entitled to vote.

"Ambac Reserved Rights" means:

- (i) any of the matters referred to in the Relevant Documents as requiring the consent of Ambac;
 - (ii) circumstances where consent of Ambac is required in all circumstances in accordance with clause 9.4 of the Issuer Deed of Charge; and
 - (iii) any amendment to modify or vary the terms of Conditions 4 and 5 in so far as such relates to payment of principal or interest on ~~the Class A2(R) Notes or the Class A3(R)~~any class of Guaranteed Notes.
- (c) An Extraordinary Resolution passed at any meeting of the Class A~~(R)~~ Noteholders shall be binding on all Class A~~(R)~~ Noteholders, the Class M Noteholders, the Class B Noteholders, the Class C(R) Noteholders and the Class D~~(R)~~1 Noteholders irrespective of the effect upon them, except an Extraordinary Resolution (i) to sanction a Basic Terms Modification ~~(as defined in the Trust Deed)~~ or (ii) to sanction a waiver or authorisation of any breach or proposed breach of or modification to any of the provisions of any of the Relevant Documents will not take effect unless the Note Trustee certifies that it is of the opinion that it would not be materially prejudicial to the interests of the Class M Noteholders, the Class B Noteholders, the Class C(R) Noteholders and/or the Class D~~(R)~~1 Noteholders and (prior to the occurrence of an Ambac Termination Event) to the interests of Ambac, or it shall have been (prior to the occurrence of an Ambac Termination Event) agreed to in writing by Ambac and sanctioned by an Extraordinary Resolution of each of the Class M Noteholders, the Class B Noteholders, the Class C(R) Noteholders and the Class D~~(R)~~1 Noteholders and subject, in certain cases, to obtaining the consent of certain of the other Issuer Secured Creditors.

"Basic Terms Modification" means:

- (a) with respect to the Class A1(R) Notes or the Class B1 Notes any:
 - (i) modification of the date fixed for final maturity of the Notes of either such class;
 - (ii) reduction or cancellation of the principal amount payable on the Notes of either such class or the priority of redemption of the Notes of either such class;
 - (iii) alteration of the amount of interest payable on the Notes or modification of the method of calculating the amount of interest payable on the Notes of either such class or modification of the date of payment of any interest payable of the Notes of either such class;
 - (iv) alteration of the currency in which payments under the Notes of either such class and the Coupons appertaining thereto are to be made;
 - (v) alteration of the majority required to pass an Extraordinary Resolution or the manner in which such majority is constituted;
 - (vi) the sanctioning of any such scheme or proposal for the exchange or substitution or sale of any of the Notes of any class for, or the conversion of any of the Notes of any class into, or the cancellation of any of the Notes of any class, in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or of any other body corporate formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash; or
 - (vii) alteration of any part of paragraph (a) of this definition, of the quorum required at any adjourned meeting to consider any of the matters listed in this paragraph (a) or of the provisions contained in the Trust Deed in respect of the effectiveness of any modifications or alterations referred to in this

- paragraph (a) and the effectiveness of Extraordinary Resolutions of the Class A1(R) Noteholders and the Class B1 Noteholders); and
- (b) in respect of the Class A2(R) Notes, the Class A3(N) Notes, the Class M1 Notes, the Class M2(N) Notes, the Class B2 Notes, the Class B3 Notes, the Class C(R) Notes or the Class D1 Notes any:
- (i) modification of the date of maturity of such Notes;
- (ii) any modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or premium or the rate of interest payable in respect of such Notes;
- (iii) altering the currency of payment of such Notes (save in accordance with Condition 5(h)) or Coupons appertaining to such Notes;
- (iv) any alteration of this paragraph (b);
- (v) any alteration of the majority required to pass an Extraordinary Resolution;
or
- (vi) any alteration of the quorum required at any adjourned meeting to consider any of the matters listed in this paragraph (b) or of the provisions contained in the Trust Deed in respect of the effectiveness of any modifications or alterations referred to in this paragraph (b) and the effectiveness of Extraordinary Resolutions of the Class A2(R) Noteholders, the Class A3(N) Noteholders, the Class M1 Noteholders, the Class M2(N) Noteholders, the Class B2 Noteholders, the Class B3 Noteholders, the Class C(R) Noteholders and the Class D1 Noteholders).
- (d) An Extraordinary Resolution passed at any meeting of the Class M Noteholders shall be binding on all Class M Noteholders, ~~the~~ all Class B Noteholders, the Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders irrespective of the effect upon them, except an Extraordinary Resolution (i) to sanction a Basic Terms Modification or (ii) to sanction a waiver or authorisation of any breach or proposed breach of any of the provisions of the Relevant Documents will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B Noteholders, the Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class B Noteholders, the Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders.
- (e) An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all Class B Noteholders, the Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders irrespective of the effect upon them, except an Extraordinary Resolution (i) to sanction a Basic Terms Modification or (ii) to sanction a waiver or authorisation of any breach or proposed breach of any of the provisions of the Relevant Documents will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders.
- (f) An Extraordinary Resolution passed at any meeting of the Class C(R) Noteholders shall be binding on all Class C(R) Noteholders and the Class D(~~R~~)1 Noteholders irrespective of the effect upon them, except an Extraordinary Resolution (i) to sanction a Basic Terms Modification or (ii) to sanction a waiver or authorisation of any breach or proposed breach of any of the provisions of the Relevant Documents will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class D(~~R~~)1 Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class D(~~R~~)1 Noteholders.
- (g) ~~An~~ The Trust Deed contains provisions dealing with the effectiveness of any Extraordinary Resolution passed at any meeting of the Class M Noteholders, the Class B Noteholders, the Class C(R) Noteholders or the Class D(~~R~~)1 Noteholders ~~(other than to the effect that any such Extraordinary Resolution as if referred to at Conditions 11(d), (e) or (f) above)~~

shall not be effective for any purpose where the Class A(R) Notes or any class of Notes ranking senior to that class remain outstanding unless either:

- (i) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of (prior to the occurrence of an Ambac Class A Trigger Event or, if there are no Class A Notes outstanding, an Ambac Class M Trigger Event or, if there are no Class A Notes or Class M Notes outstanding an Ambac Class B Trigger Event or an Ambac Termination Event) Ambac, otherwise following the occurrence of an Ambac Class A Trigger Event, Class M Trigger Event or Class B Trigger Event (as applicable) or an Ambac Termination Event, the Class A(R) Noteholders ~~holders of the most senior ranking class of Notes then outstanding~~ (and for these purposes, in determining the interests of ~~the Class A(R)~~ a class of Noteholders as a whole, in respect of ~~the any~~ Guaranteed Notes forming part of that class of Notes only, the Note Trustee shall (provided that no Ambac Termination Event has occurred) have regard to the interests of Ambac only) ~~or the Noteholders of any class of Notes ranking senior to the relevant Noteholders;~~ or
- (ii) (A) (prior to the occurrence of an Ambac Class A Trigger Event or an Ambac Termination Event) it is approved by Ambac or (following the occurrence of an Ambac Class A Trigger Event or an Ambac Termination Event) sanctioned by an Extraordinary Resolution of the Class A(R) Noteholders or the Noteholders of any class of Notes ranking senior to the relevant Noteholders. Noteholders provided that in respect of any Guaranteed Notes, Ambac will (prior to the occurrence of an Ambac Termination Event) be treated as the relevant holder of such Guaranteed Notes and Ambac's determination will for all purposes be treated as a vote, consent or determination of the relevant holders of such Guaranteed Notes; or
 (B) if there are no Class A Notes outstanding, (prior to the occurrence of an Ambac Class M Trigger Event or an Ambac Termination Event) it is approved by Ambac or (following the occurrence of an Ambac Class M Trigger Event or an Ambac Termination Event) sanctioned by an Extraordinary Resolution of the Class M Noteholders provided that in respect of any Guaranteed Notes, Ambac will (prior to the occurrence of an Ambac Termination Event) be treated as the relevant holder of such Guaranteed Notes and Ambac's determination will for all purposes be treated as a vote, consent or determination of the relevant holders of such Guaranteed Notes; or
 (C) if there are no Class A Notes or Class M Notes outstanding, (prior to the occurrence of an Ambac Class B Trigger Event or an Ambac Termination Event) it is approved by Ambac or (following the occurrence of an Ambac Class B Trigger Event or an Ambac Termination Event) sanctioned by an Extraordinary Resolution of the Class B Noteholders provided that in respect of any Guaranteed Notes, Ambac will (prior to the occurrence of an Ambac Termination Event) be treated as the relevant holder of such Guaranteed Notes and Ambac's determination will for all purposes be treated as a vote, consent or determination of the relevant holders of such Guaranteed Notes.
- (h) Subject as provided below, the quorum at any meeting of Noteholders, or holders of the relevant class of Notes, as the case may be, for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes or, as the case may be, relevant class of Notes or, at any adjourned meeting, two or more persons being or representing Noteholders, ~~whatever the aggregate~~ not less than one quarter in Principal Amount Outstanding of the Notes and whatever the class of the Notes then outstanding so held or represented.
- (i) The quorum at any meeting of Noteholders or the relevant class of Noteholders, as the case may be, for passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be two or more persons holding or representing not less than three quarters or, at any adjourned meeting, two or more persons representing not less than one quarter, of the aggregate Principal Amount Outstanding of the Notes or, as the case may be, the relevant class of Notes for the time being outstanding. It shall be necessary

for the effectiveness of a Basic Terms Modification that it be sanctioned by Extraordinary Resolution of Noteholders of the relevant class passed at separate class meetings convened for that purpose unless an Issuer Enforcement Notice has been served by the ~~Note Security~~ Trustee, in which case a Basic Terms Modification can be sanctioned by an Extraordinary Resolution of the Class A(R) Noteholders only passed at a separate meeting.

- (j) The Note Trustee, or, as the case may be, the Security Trustee (on behalf of the Noteholders) may agree, without the consent of the Noteholders to:
- (i) any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of, any breach or proposed breach of the Notes (including these Conditions) or any of the Relevant Documents which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee is not materially prejudicial to, *inter alia*, the interests of the Noteholders;
 - (ii) any modification which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee is to correct a manifest error or is of a formal, minor or technical nature;
 - (iii) without prejudice to Condition 5(e), the substitution of ~~the~~ company incorporated in any jurisdiction (the "**Substitute Entity**") in place of the Issuer as principal obligor under the Notes; or
 - (iv) a change of the laws governing the Notes and/or the Relevant Documents, provided that such change would not, in the opinion of the Note Trustee (or, as the case may be, the Security Trustee), be materially prejudicial to the interests of the Noteholders,

save that the Note Trustee or, as the case may be, the Security Trustee shall not agree for the purposes of (i), (iii) and (iv) above, unless, *inter alia*, (a) prior to the occurrence of an Ambac Termination Event, Ambac has given its written consent and (b) each of the Rating Agencies has confirmed in writing that the proposed modification, waiver, authorisation or substitution (as the case may be) will not result in a downgrade of the then current rating of any of the Notes and (if there are any ~~Class A2(R) Notes or Class A3(R) Guaranteed~~ Notes outstanding) the Underlying Rating. Where the Rating Agencies have confirmed in writing to the Issuer that an action under or in relation to the Relevant Documents or the Notes will not result in the withdrawal, reduction or any other adverse action with respect to the then current rating of the Notes and (for so long as there are any ~~Class A2(R) Notes or Class A3(R) Guaranteed~~ Notes outstanding) the Underlying Rating (a "**Rating Confirmation**"), the Note Trustee in considering whether such action is materially prejudicial to the interests of the Noteholders (the "**No Material Prejudice Test**") shall (and, in relation to any Rating Confirmation by Fitch only, where it considers that such Rating Confirmation is an appropriate test or the only appropriate test to apply in that circumstance) be entitled to take into account such Rating Confirmation provided that the Note Trustee shall continue to be responsible for taking into account, for the purpose of the No Material Prejudice Test, all other matters which would be relevant to such No Material Prejudice Test. If the Note Trustee is unable within a reasonable time to obtain such advice or opinion, the Note Trustee may employ such other method as it considers fit for so determining and shall not (save in the case of fraud, wilful default or gross negligence) be liable to the Noteholders or any of them for such determination or for the consequences thereof.

The Note Trustee may also, without the consent of the Noteholders but subject to obtaining the written consent of Ambac (prior to the occurrence of an Ambac Termination Event) and the satisfaction of certain other conditions, determine that an ~~Issuer~~ Event of Default shall not, or shall not subject to specified conditions, be treated as such.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee or, as the case may be, the Security Trustee, agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

- (k) A resolution in writing signed by or on behalf of the holders of at least ~~75~~100 per cent. of the Principal Amount Outstanding of a class of Notes, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes shall take effect as if it were an Extraordinary Resolution passed at a duly convened meeting of Noteholders of the relevant class.
- (l) In respect of any meeting of the Class A(~~R~~) Noteholders called to pass a resolution of the Class A(~~R~~) Noteholders either:
- (i) to determine the interests of the Class A(~~R~~) Noteholders in accordance with Condition 2(b)(i)(~~A~~) in connection with the exercise by the Note Trustee of its powers, trusts, authorities, duties or discretions;
 - (ii) to determine the interests of the Class A(~~R~~) Noteholders in accordance with Condition 2(b)(ii)(~~A~~) in connection with the exercise by the Security Trustee of its powers, trusts, authorities, duties or discretions;
 - (iii) to give a direction to the Note Trustee in accordance with Condition 9(b)(i)(~~B~~);
 - (iv) to give a direction to the Security Trustee in accordance with Condition 10(a)(i)(~~B~~); or
 - (v) to sanction an Extraordinary Resolution in accordance with Condition 11(g)(ii), prior to the occurrence of an Ambac Termination Event,

for the purposes of determining whether or not any such meeting of Class A(~~R~~) Noteholders is quorate and for counting votes cast at any such meeting of Class A(~~R~~) Noteholders, Ambac shall be deemed to be the holder of all the then aggregate Principal Amount Outstanding of the Class A2(~~R~~) Notes and the Class A3(~~R~~N) Notes. In respect of any such meeting Ambac shall not be required to attend such meeting but shall within 15 days of receipt of notice of such meeting deliver written instructions to the Note Trustee or the Security Trustee (as the case may be) as to its vote on each of the items in the relevant notice and shall upon delivery of such written instructions be deemed to have attended such meeting and voted on behalf of the Class A2(~~R~~) Noteholders and the Class A3(~~R~~N) Noteholders as set out in the written instructions.

- (m) In respect of any meeting of the Class M Noteholders called to pass a resolution of the Class M Noteholders either:
- (i) to determine the interests of the Class M Noteholders in accordance with Condition 2(b)(i) in connection with the exercise by the Note Trustee of its powers, trusts, authorities, duties or discretions;
 - (ii) to determine the interests of the Class M Noteholders in accordance with Condition 2(b)(ii) in connection with the exercise by the Security Trustee of its powers, trusts, authorities, duties or discretions;
 - (iii) to give a direction to the Note Trustee in accordance with Condition 9(b)(ii);
 - (iv) to give a direction to the Security Trustee in accordance with Condition 10(a)(ii); or
 - (v) to sanction an Extraordinary Resolution in accordance with Condition 11(g)(ii), prior to the occurrence of an Ambac Termination Event.

for the purposes of determining whether or not any such meeting of Class M Noteholders is quorate and for counting votes cast at any such meeting of Class M Noteholders, Ambac shall be deemed to be the holder of all the then aggregate Principal Amount Outstanding of the Class M2(~~N~~) Notes. In respect of any such meeting Ambac shall not be required to attend such meeting but shall within 15 days of receipt of notice of such meeting deliver written instructions to the Note Trustee or the Security Trustee (as the case may be) as to its vote on each of the items in the relevant notice and shall upon delivery of such written instructions be deemed to have attended such meeting and voted on behalf of the Class M2(~~N~~) Noteholders as set out in the written instructions.

- (n) In respect of any meeting of the Class B Noteholders called to pass a resolution of the Class B Noteholders either:

- (i) to determine the interests of the Class B Noteholders in accordance with Condition 2(b)(i) in connection with the exercise by the Note Trustee of its powers, trusts, authorities, duties or discretions;
- (ii) to determine the interests of the Class B Noteholders in accordance with Condition 2(b)(ii) in connection with the exercise by the Security Trustee of its powers, trusts, authorities, duties or discretions;
- (iii) to give a direction to the Note Trustee in accordance with Condition 9(b)(iii);
- (iv) to give a direction to the Security Trustee in accordance with Condition 10(a)(iii); or
- (v) to sanction an Extraordinary Resolution in accordance with Condition 11(g)(ii), prior to the occurrence of an Ambac Termination Event.

for the purposes of determining whether or not any such meeting of Class B Noteholders is quorate and for counting votes cast at any such meeting of Class B Noteholders, Ambac shall be deemed to be the holder of all the then aggregate Principal Amount Outstanding of the Class B3 Notes. In respect of any such meeting Ambac shall not be required to attend such meeting but shall within 15 days of receipt of notice of such meeting deliver written instructions to the Note Trustee or the Security Trustee (as the case may be) as to its vote on each of the items in the relevant notice and shall upon delivery of such written instructions be deemed to have attended such meeting and voted on behalf of the Class B3 Noteholders as set out in the written instructions.

12. Indemnification and Exoneration of the Note Trustee and Security Trustee

The Trust Deed and the Issuer Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee, respectively, and providing for their indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or, in the case of the Security Trustee, enforcing the Issuer Security unless indemnified to its satisfaction.

The Note Trustee and the Security Trustee and their related companies are entitled to enter into business transactions with the Issuer and any affiliates of the Issuer without accounting for any profit resulting therefrom.

The Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Note Trustee.

13. Replacement of Definitive Notes and Coupons

If any Note or Coupon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Note or Coupon will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before new ones will be issued.

14. Notice to Noteholders

(a) Valid Notices

~~Any~~(i) any notice regarding the Notes to Noteholders shall be deemed to have been duly given to the relevant Noteholders ;

(A) if published in a leading daily newspaper printed in the English language and with general circulation in London (which is expected to be the *Financial Times* or *The Times*)-and;

(B) so long as the any Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require), any notice regarding the Notes to the Noteholders shall be deemed to have been

duly given if published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger d'Wort*) or, if this is not practicable, in the opinion of the Note Trustee, in another appropriate newspaper having general circulation in Luxembourg previously approved in writing by the Note Trustee; and

(C) so long as any Notes are listed on the Irish Stock Exchange and the guidelines of that exchange so require, any notice regarding the Notes to the Noteholders shall be deemed to have been duly given if published in a leading newspaper having general circulation in Ireland (which is expected to be *The Irish Times*) or, if this is not practicable, in the opinion of the Note Trustee, in another appropriate newspaper having general circulation in Ireland previously approved in writing by the Note Trustee.

(ii) Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in one of the newspapers referred to above.

(b) *Copy Notices*

A copy of each notice given in accordance with this Condition 14 shall be provided to each of the Rating Agencies and (prior to the occurrence of an Ambac Termination Event) Ambac.

(c) *Other Methods for Notice*

The Note Trustee may approve some other method of giving notice to the Noteholders or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require, and further provided that so long as the Notes are listed on the Luxembourg Stock Exchange or the Irish Stock Exchange (as the case may be) and the rules or guidelines (as the case may be) of that exchange so require, such notices shall always be published in a leading newspaper having general circulation in Luxembourg, ~~The Couponholders~~ or Ireland (as the case may be). The persons who are for the time being the holders of the Coupons (including the holders for the time being of the Talons) will be deemed for all purposes to have notice of the contents of any notice given to the relevant class of Noteholders in accordance with this Condition 14.

(d) *Notices While Notes in Global Form*

For so long as any of the Notes is represented by a Global Note and such Global Note is held on behalf of Euroclear Bank S.A./N.V as operator of the Euroclear System ("Euroclear") and/or Clearstream Banking, société anonyme ("Clearstream, Luxembourg"), notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relevant accountholders rather than by publication as required by Condition 14(a). Any notice delivered to Euroclear and/or Clearstream, Luxembourg shall be deemed to have been given to Noteholders on the day after the day on which such notice was delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be). So long as any of the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, notices will also be published in a leading English language daily newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*/*Wort*) and, so long as any of the Notes are listed on the Irish Stock Exchange and the guidelines of the exchange so require, notices will also be published in a leading newspaper having general circulation in Ireland (which is expected to be *The Irish Times*).

15. **Additional Notes and New Notes**

(a) *Further Issues*

The Issuer shall be at liberty, without the consent of the Noteholders, but subject always to the provisions of these Conditions and the Trust Deed, to raise further funds, from time to time, on any date by the creation and issue of further Class A1(R) Notes (the "**Additional Class A1(R) Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class A1(R) Notes and/or the creation and issue of further Class A2(R) Notes (the "**Additional Class A2(R) Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class A2(R) Notes and/or the creation and issue of further Class A3(R) Notes (the ~~**Additional Class A3(R) Notes**~~, together with the ~~Additional Class A1(R) Notes~~ and the ~~Additional Class A2(R) Notes~~, the ~~**Additional Class A(R) Notes**~~) in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class A3(R) Notes and/or the creation and issue of further Class M1 Notes (the ~~**Additional Class M1 Notes**~~) in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class M1 Notes and/or the creation and issue of further Class M2 Notes (the ~~**Additional Class M2 Notes**~~, together with the ~~Additional Class M1 Notes~~, the ~~**Additional Class M Notes**~~) in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class M2 Notes and/or the creation and issue of further Class B1 Notes (the ~~**Additional Class B1 Notes**~~) in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class B1 Notes and/or the creation and issue of further Class B2 Notes (the ~~**Additional Class B2 Notes**~~ together with the ~~Additional Class B 1 Notes~~, the ~~**Additional Class B Notes**~~) in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class B2 Notes and/or the creation and issue of further Class C(R) Notes (the ~~**Additional Class C(R) Notes**~~ together with the ~~Additional Class A(R) Notes~~, the ~~Additional Class M Notes~~, the ~~Additional Class B Notes~~ and the ~~Additional Class C(R) Notes~~, the ~~**Additional Notes**~~) in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same be consolidated and form a single series and rank *pari passu* with the Class C(R)N Notes (the "**Additional Class A3(N) Notes**", together with the **Additional Class A1(R) Notes** and the **Additional Class A2(R) Notes**, the "**Additional Class A Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class A3(N) Notes and/or the creation and issue of further Class M1 Notes (the "**Additional Class M1 Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the Class M1 Notes and/or the creation and issue of further Class M2(N) Notes (the "**Additional Class M2(N) Notes**", together with the **Additional Class M1 Notes**, the "**Additional Class M Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class M2(N) Notes and/or the creation and issue of further Class B1 Notes (the "**Additional Class B1 Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class B1 Notes and/or the creation and issue of further Class B2 Notes (the "**Additional Class B2 Notes**") in bearer form carrying the same terms and conditions in all respects (except in

relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class B2 Notes and/or the creation and issue of further Class B3 Notes (the "**Additional Class B3 Notes**", together with the Additional Class B1 Notes and the Additional Class B2 Notes, the "**Additional Class B Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class B3 Notes and/or the creation and issue of further Class C(R) Notes (the "**Additional Class C(R) Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same be consolidated and form a single series and rank *pari passu* with the Class C(R) Notes and/or the creation and issue of further Class D1 Notes (the "**Additional Class D1 Notes**", together with the Additional Class A Notes, the Additional Class M Notes, the Additional Class B Notes and the Additional Class C(R) Notes, the "**Additional Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the first Interest Period) as, and so that the same shall be consolidated and form in a single series and rank *pari passu* with the Class D1 Notes provided that:

- (i) the aggregate principal amount of all Additional Notes to be issued on such date is not less than £5,000,000;
- (ii) no Event of Default has occurred or would occur as a result of the issue of the Additional Notes;
- (iii) such Additional Notes are assigned the same ratings as are then applicable to the relevant class of Notes then outstanding;
- (iv) the Rating Agencies confirm that the then current rating of the Notes and (for so long as there are any ~~Class A2(R) Notes or Class A3(R) Guaranteed~~ Notes outstanding) the Underlying Rating would not be adversely affected notwithstanding the completion of the proposed issue;
- (v) an amount not exceeding the proceeds of the issue of such Additional Notes will be on-lent by the Issuer to the Borrower pursuant to the provisions of the Issuer/Borrower Facility Agreements; and
- (vi) (prior to the occurrence of an Ambac Termination Event) the consent of Ambac is obtained, provided that such consent shall not be required if:
 - (A) the Additional Notes to be issued rank after the Class A(~~R~~) Notes as to payment of interest and principal; and
 - (B) either:
 - (1) the terms of such Additional Notes provide for redemption in whole or in part (other than redemption in accordance with Condition 5(d)) only after the final maturity of the Class A2(R) Notes and the Class A3(~~RN~~) Notes; or
 - (2) at the time of issue of such Additional Notes, the Principal Amount Outstanding of the Class A(~~R~~) Notes is less than or equal to 300% per cent. of EBITDA calculated in respect of the 12 month period ending on the immediately preceding Financial Quarter Date; or
 - (3) the proceeds of the Additional Notes are to be advanced to the Borrower for the purpose of funding the acquisition of a Permitted Business in accordance with the Issuer/Borrower Facility Agreements, provided that in respect of (2) and (3) above the aggregate amount of principal scheduled for redemption in accordance with Condition 5(b) for all Additional Notes and New Notes issued after the Fourth Closing Date as a proportion of the aggregate Principal Amount Outstanding for such Additional Notes and New Notes on the relevant date for redemption does not exceed the amount of principal scheduled for redemption in respect of

the Class A(R) Notes under Condition 5(b) on that date as a proportion of the aggregate Principal Amount Outstanding for the Class A(R) Notes on the relevant date; ~~and~~

- (vii) (other than in respect of the issue of any Additional ~~D(R)~~ Class D1 Notes or any other Additional Notes which are subordinated to the Class C(R) Notes as to payments of interest and principal) for so long as any Class C(R) Notes are outstanding, the consent of an ordinary resolution passed at a meeting of the Class C(R) Noteholders where either:
- (A) following the issue of such Additional Notes the aggregate Principal Amount Outstanding of all Notes ranking *pari passu* with or in priority to the Class M Notes exceeds the product of (x) 5.7 and (y) EBITDA of the Securitisation Group calculated in respect of the period of four Financial Quarters ending on the Financial Quarter Date immediately preceding the proposed date of issue of such Additional Notes (the "**Relevant Financial Quarter Date**") having adjusted such EBITDA (1) to include earnings attributable to any Permitted Acquisition or capital expenditure made in such period of four Financial Quarters ending on the Relevant Financial Quarter Date as if such Permitted Acquisition or capital expenditure had been made at the start of such period of four Financial Quarters ending on the Relevant Financial Quarter Date and (2) to exclude any Permitted Disposals made in such period of four Financial Quarters ending on the Relevant Financial Quarter Date as if such Permitted Disposals had been made at the start of such period of four Financial Quarters ending on the Relevant Financial Quarter Date ("**Adjusted Group EBITDA**"); or
- (B) following the issue of such Additional Notes, the aggregate Principal Amount Outstanding of all Notes ranking *pari passu* with or in priority to the Class C(R) Notes (but for the avoidance of doubt not including any Notes or Additional Notes which are subordinated to the Class C(R) Notes as to payment of interest and principal) exceeds the product of (x) 7.5 and (y) Adjusted Group EBITDA,

and for the purposes of this paragraph (vii) the expression "**ordinary resolution**" means a resolution passed at a meeting of one or more Class C(R) Noteholders holding not less than 50 per cent. or, at any adjourned meeting not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Class C(R) Notes by a majority consisting of not less than 50 per cent. of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority of not less than 50 per cent. of the votes given on such poll; ~~and~~

~~(b) — New Notes~~

(viii) (prior to the occurrence of an Ambac Termination Event) any conditions to the issuance of Additional Notes contained in the Guarantee and Reimbursement Agreements have been complied with (or have been waived by Ambac).

(b) New Notes

The Issuer shall be at liberty, without the consent of the Noteholders (but subject always to the provisions of the Trust Deed) to raise further funds from time to time and on any date by the creation and issue of new notes (the "**New Notes**") in bearer form which may rank *pari passu* with the Class A(R) Notes (or after the Class A(R) Notes but ahead of, *pari passu* with or after the Class M Notes) or *pari passu* with the Class M Notes (or after the Class M Notes but ahead of, *pari passu* with or after the Class B Notes) or *pari passu* with the Class B Notes (or after the Class B Notes but ahead of, *pari passu* with or after the Class C(R) Notes) or *pari passu* with the Class C(R) Notes (or after the Class C(R) Notes but ahead of, *pari passu* with or after the Class ~~D(R)~~ 1 Notes) or *pari passu* with the Class D1 Notes (or after the Class D1 Notes) carrying terms which differ from any class of Notes and which do not form a single series with any class of Notes provided that the conditions to the issuance of Additional Notes as set out in Condition 15(a)(i), (ii), (iv), (v), ~~(vi)~~ (vi) and ~~(viii)~~ (viii) are met in respect of the issue of such New Notes (save that references to

Additional Notes in Condition 15(a)(vi)(A) and (B)(1), (2) and (3) (except in the proviso thereto) and in Condition 15(a)(viii), shall be deemed to be to New Notes).

(c) *Supplemental Trust Deeds and Security*

Any such Additional Notes or New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of security pursuant to the Issuer Deed of Charge as described in Condition 2.

16. Subordination

(a) *Class M Notes*

(i) Interest

Without prejudice to Condition 16(~~ef~~) but for so long only as the Class A(~~R~~) Notes or any further Notes ranking as to payments of interest (other than in relation to any Class M2(~~N~~) Step-Up Amounts), or principal in priority to the Class M Notes are outstanding in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class M Notes (the "**Class M Interest Residual Amount**"), are not sufficient to satisfy in full the aggregate amount of interest due and, subject to this Condition 16(a)(i), payable on the Class M Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class M Note only, a *pro rata* share of the Class M Interest Residual Amount on such Interest Payment Date calculated by dividing the Class M Interest Residual Amount by the number of Class M Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class M Notes on any Interest Payment Date in accordance with this Condition 16(a)(i) falls short of the aggregate amount of interest payable on the Class M Notes on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class M Notes shall itself accrue interest at the same rate as that payable in respect of the Class M Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class M Notes are sufficient to make such payment.

"Issuer Available Funds" means on any Interest Payment Date, the funds available to the Issuer to make payments of the items specified in the Issuer Pre-Enforcement Priority of Payments.

(ii) Principal

Without prejudice to Condition 16(~~ef~~) but for so long only as the Class A(~~R~~) Notes or any further Notes ranking as to payments of interest or principal in priority to the Class M Notes are outstanding, in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class M Notes (the "**Class M Principal Residual Amount**"), are not sufficient to pay in full the aggregate amount of principal due and, subject to this Condition 16(a)(ii), payable on the Class M Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class M Note, only a *pro rata* share of the Class M Principal Residual Amount on such Interest Payment Date calculated by dividing the Class M Principal Residual Amount by the number of Class M Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class M Notes on any Interest Payment Date in accordance with this Condition 16(a)(ii) falls short of the aggregate amount of principal payable on the Class M Notes on that date pursuant to Condition 5. Such shortfall shall accrue interest at the same rate as that payable in respect of the Class M Notes and shall be payable together with accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment

Date the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class M Notes, are sufficient to make such payment.

(b) *Class B Notes*

(i) Interest

Without prejudice to Condition 16(e~~f~~) but for so long only as the Class A(R) Notes and/or any Class M Notes or any further Notes ranking as to payments of interest (other than in relation to any Class B3 Step-Up Amounts) or principal ranking in priority to the Class B Notes are outstanding, in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class B Notes (the "**Class B Interest Residual Amount**"), are not sufficient to satisfy in full the aggregate amount of interest due and, subject to this Condition 16(b)(i), payable on the Class B Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note, only a *pro rata* share of the Class B Interest Residual Amount on such Interest Payment Date calculated by dividing the Class B Interest Residual Amount by the number of Class B Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes on any Interest Payment Date in accordance with this Condition 16(b)(i) falls short of the aggregate amount of interest payable on the Class B Notes on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class B Notes shall itself accrue interest at the same rate as that payable in respect of the Class B Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class B Notes are sufficient to make such payment.

(ii) Principal

Without prejudice to Condition 16(e~~f~~) and for so long only as the Class A(R) Notes and/or Class M Notes or any further Notes ranking as to payments of interest or principal ranking in priority to the Class B Notes are outstanding, in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class B Notes (the "**Class B Principal Residual Amount**"), are not sufficient to pay in full the aggregate amount of principal due and, subject to this Condition 16(b)(ii), payable on the Class B Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class B Note, only a *pro rata* share of the Class B Principal Residual Amount on such Interest Payment Date calculated by dividing the Class B Principal Residual Amount by the number of Class B Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class B Notes on any Interest Payment Date in accordance with this Condition 16(b)(ii) falls short of the aggregate amount of principal payable on the Class B Notes on that date pursuant to Condition 5. Such shortfall shall accrue interest at the same rate as that payable in respect of the Class B Notes and shall be payable together with accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment Date the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class B Notes, are sufficient to make such payment.

(c) *Class C(R) Notes*

(i) Interest

Without prejudice to Condition 16(e~~f~~) and for so long only as the Class A(R) Notes and/or the Class M Notes and/or the Class B Notes or any further Notes ranking as to payments of interest or principal in priority to the Class C(R) Notes are outstanding, in the event

that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class C(R) Notes (the "**Class C(R) Interest Residual Amount**"), are not sufficient to satisfy in full the aggregate amount of interest due and, subject to this Condition 16(c)(i), payable on the Class C(R) Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class C(R) Note only, a *pro rata* share of the Class C(R) Interest Residual Amount on such Interest Payment Date calculated by dividing the Class C(R) Interest Residual Amount by the number of Class C(R) Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class C(R) Notes on any Interest Payment Date in accordance with this Condition 16(c)(i) falls short of the aggregate amount of interest payable on the Class C(R) Notes on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class C(R) Notes shall itself accrue interest at the same rate as that payable in respect of the Class C(R) Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class C(R) Notes, are sufficient to make such payment.

(ii) Principal

Without prejudice to Condition 16(e) but for so long only as the Class A(R) Notes and/or the Class M Notes and/or the Class B Notes or any further Notes ranking as to payments of interest or principal in priority to the Class C(R) Notes are outstanding, in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class C(R) Notes (the "**Class C(R) Principal Residual Amount**"), are not sufficient to pay in full the aggregate amount of principal due and, subject to this Condition 16(c)(ii), payable on the Class C(R) Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class C(R) Note, only a *pro rata* share of the Class C(R) Principal Residual Amount on such Interest Payment Date calculated by dividing the Class C(R) Principal Residual Amount by the number of Class C(R) Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class C(R) Notes on any Interest Payment Date in accordance with this Condition 16(c)(ii) falls short of the aggregate amount of principal payable on the Class C(R) Notes on that date pursuant to Condition 5. Such shortfall shall accrue interest at the same rate as that payable in respect of the Class C(R) Notes and shall be payable together with accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment Date the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class C(R) Notes, are sufficient to make such payment.

(d) Class D(R)₁ Notes

(i) Interest

Without prejudice to Condition 16(e) but for so long only as the Class A(R) Notes and/or the Class M Notes and/or the Class B Notes and/or the Class C(R) Notes or any further Notes ranking in priority as to payments of interest (other than in relation to any Class D₁ Step-Up Amounts) or principal to the Class D(R)₁ Notes are outstanding, in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class D(R)₁ Notes (the "**Class D(R)₁ Interest Residual Amount**"), are not sufficient to satisfy in full the aggregate amount of interest due and, subject to this Condition 16(d)(i), payable on the Class D(R)₁ Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class D(R)₁ Note only, a *pro rata* share of the Class D(R)₁ Interest Residual Amount on such Interest Payment Date

calculated by dividing the Class D(R)1 Interest Residual Amount by the number of Class D(R)1 Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class D(R)1 Notes on any Interest Payment Date in accordance with this Condition 16(d)(i) falls short of the aggregate amount of interest payable on the Class D(R)1 Notes on that date pursuant to Condition 4. Any such shortfall arising in respect of the Class D(R)1 Notes shall itself accrue interest at the same rate as that payable in respect of the Class D(R)1 Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any interest in respect of the Class D(R)1 Notes, are sufficient to make such payment.

(ii) Principal

Without prejudice to Condition 16(e) but for so long only as the Class A(R) Notes and/or the Class M Notes and/or the Class B Notes and/or the Class C(R) or any further Notes ranking in priority as to payments of interest or principal to the Class D(R)1 Notes are outstanding, in the event that, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class D(R)1 Notes (the "**Class D(R)1 Principal Residual Amount**"), are not sufficient to pay in full the aggregate amount of principal due and, subject to this Condition 16(d)(ii), payable on the Class D(R)1 Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of principal on each Class D(R)1 Note, only a *pro rata* share of the Class D(R)1 Principal Residual Amount on such Interest Payment Date calculated by dividing the Class D(R)1 Principal Residual Amount by the number of Class D(R)1 Notes then outstanding.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of principal paid on the Class D(R)1 Notes on any Interest Payment Date in accordance with this Condition 16(d)(ii) falls short of the aggregate amount of principal payable on the Class D(R)1 Notes on that date pursuant to Condition 5. Such shortfall shall accrue interest at the same rate as that payable in respect of the Class D(R)1 Notes and shall be payable together with accrued interest on any succeeding Interest Payment Date only if and to the extent that on such Interest Payment Date the Issuer Available Funds, after deducting the amounts ranking in priority to the payment of any principal in respect of the Class D(R)1 Notes, are sufficient to make such payment.

(e) Step-Up Amounts

Without prejudice to Condition 16(f), if, on any Interest Payment Date, the Issuer Available Funds, after deducting the amounts ranking in priority to:

(i) (in the case of the Class M2(N) Notes), the Class M2(N) Step-Up Amount;

(ii) (in the case of the Class B3 Notes), the Class B3 Step-Up Amount; or

(iii) (in the case of the Class D1 Notes), the Class D1 Step-Up Amount;

(each such amount being a "**Step-Up Residual Amount**") are not sufficient to satisfy in full the aggregate Step-Up Amounts due and, subject to this Condition 16(e), payable in respect of (i), (ii) or (iii) (as the case may be) on such Interest Payment Date, there shall instead be payable on such Interest Payment Date a *pro rata* share of the Step-Up Residual Amount calculated by dividing such Step-Up Residual Amount by the Principal Amount Outstanding of the relevant class of Notes on such Interest Payment Date.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount paid in respect of (i), (ii) or (iii) (as the case may be) on any Interest Payment Date in accordance with this Condition 16(e) falls short of the aggregate amount payable in respect of (i), (ii) or (iii) (as the case may be) on that date pursuant to Condition 4. Any such shortfall shall itself accrue interest at the same rate as that payable in respect of the relevant class of Notes and shall be payable

together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that, on such Interest Payment Date, the relevant Issuer Available Funds, are sufficient to make such payment.

(f) *General*

- (i) Any amounts of principal or interest or Step-Up Amounts in respect of the Notes otherwise payable under these Conditions (or which would have been payable but for an insufficiency of funds on any date) which are not paid by virtue of this Condition 16 together with accrued interest thereon shall become payable on ~~15~~ April 2035 or on such earlier date as the relevant class of Notes become immediately due and repayable under Condition 9.
- (ii) For the purposes of this Condition 16 the word "outstanding" shall be construed disregarding any unpaid ~~Class M2~~-Step-Up Amounts.

~~(g)~~ *Notification*

As soon as practicable after becoming aware that any part of a payment of interest or principal or Step-Up Amount on the relevant class of Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the relevant Noteholders in accordance with Condition 14 and, so long as any of the Notes are listed on the Luxembourg Stock Exchange, to the Luxembourg Stock Exchange and, so long as any of the Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

17. European Economic and Monetary Union

(a) *Notice of redenomination*

The Issuer may, without the consent of the Noteholders, on giving at least 30 days' prior notice to the Noteholders, the Note Trustee and the Paying Agent, designate a date (the "**Redenomination Date**"), being an Interest Payment Date under the Notes falling on or after the date on which the United Kingdom becomes a Participating Member State.

(b) *Redenomination*

Notwithstanding the other provisions of these Conditions, with effect from the Redenomination Date:

- (i) the Notes shall be deemed to be redenominated into euro in the denomination of euro 0.01 with a principal amount for each Note equal to the principal amount of that Note in pounds sterling, converted into euro at the rate for conversion of such currency into euro established by the Council of the European Union pursuant to the Treaty (including compliance with rules relating to rounding in accordance with European Community regulations) provided, however, that, if the Issuer determines, with the agreement of the Note Trustee, that then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from that specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each stock exchange (if any) on which the Notes are then listed and the Paying Agents of such deemed amendments;
- (ii) if Notes have been issued in definitive form:
 - (A) the payment obligations contained in all Notes denominated in pounds sterling will become void on the Euro Exchange Date but all other obligations of the Issuer thereunder (including the obligation to exchange such Notes in accordance with this Condition 17) shall remain in full force and effect; and
 - (B) ~~new~~ New Notes denominated in euro will be issued in exchange for Notes denominated in pounds sterling in such manner as the Paying Agent may specify and as shall be notified to the Noteholders in the Euro Exchange Notice;
- (iii) all payments in respect of the Notes (other than, unless the Redenomination Date is on or after such date as the pound sterling ceases to be a sub-division of the

euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro by cheque drawn on, or by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) maintained by the payee with, a bank in the principal financial centre of any Member State of the European Communities; and

- (iv) a Note may only be presented for payment on a day which is a business day in the place of presentation. In this Condition 17, "**business day**" means, in respect of any place of presentation, any day which is a day on which commercial banks are open for general business in such place of presentation and which is also a day on which the TARGET system is operating.

(c) *Interest*

Following redenomination of the Notes pursuant to this Condition 17:

- (i) where Notes have been issued in definitive form, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate principal amount of the Notes presented for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01; and
- (ii) the amount of interest payable in respect of each Note for any Interest Period shall be calculated by:
- (a) in respect of the Floating Rate Notes, applying the relevant FRN Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period, multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest euro 0.01; and
- (b) in respect of the Fixed Rate Notes, applying the relevant ~~Rate of Interest~~ rate of interest set out in Condition 4(d)(iii) to the principal amount of such Note, dividing the product by four and rounding the figure down to the nearest euro 0.01. If interest is required to be calculated for any other period, it will be calculated on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed fall in a leap year, the sum of the number of those days falling in a leap year divided by 366, and the number of those days falling in a non-leap year divided by 365) provided, however, that, if the Issuer determines, with the agreement of the Note Trustee, that the market practice in respect of internationally offered euro denominated securities is different from that specified above, the above shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, each stock exchange (if any) on which the Notes are then listed and the Paying Agent of such deemed amendment.

(d) *Rate of Interest*

Following redenomination of the Notes pursuant to this Condition, the FRN Rate of Interest for any subsequent Interest Period shall be determined by the Agent Bank in accordance with Condition 4(d)(i)(~~e~~).

(e) *Interpretation:* In these Conditions:

"**euro**" means the single currency adopted by Participating Member States;

"**Euro Exchange Date**" means the date on which the Issuer gives notice (the "**Euro Exchange Notice**") to the Noteholders and the Note Trustee that replacement Notes denominated in euro are available for exchange;

"**Participating Member State**" means a Member State of the European Communities which has adopted the euro as its lawful currency in accordance with the Treaty;

the "**TARGET system**" means the Trans-European Automated Real-time Gross Settlement Express Transfer system; and

the "**Treaty**" means the Treaty establishing the European Communities, as amended by the Treaty on European Union and the Treaty of Amsterdam.

18. Assignment of Rights to Ambac

- (a) If Ambac makes a payment to or on behalf of holders of ~~the any Class A2(R) Notes or the Class A3(R) of Guaranteed Notes~~ pursuant to the First Financial Guarantee or the Second Financial Guarantee (as the case may be) in respect of Scheduled Interest and/or Scheduled Principal and/or Ultimate Principal (as applicable) the rights of the holders of the ~~Class A2(R) Notes or the Class A3(R)~~ relevant class of Guaranteed Notes to claim payment from the Issuer of amounts due in respect of which payment has been made under the relevant Financial Guarantee (as the case may be) will be automatically assigned to Ambac or such other person specified by Ambac to the Note Trustee from time to time on or prior to payment by Ambac under the relevant Financial Guarantee (as the case may be) (the "Nominee") upon and to the extent of receipt of such payments by the holders of the ~~Class A2(R) Notes or the Class A3(R)~~ relevant class of Guaranteed Notes.
- (b) If the Notes are not held by or on behalf of a clearing system at the time that a payment of Scheduled Interest and/or Scheduled Principal and/or Ultimate Principal (as applicable) is due, the Note Trustee is authorised by the holders of ~~the Class A2(R) Notes or the Class A3(R)~~ each class of Guaranteed Notes to assign to Ambac or the Nominee on behalf of the relevant holders all rights of such holders to claim payment from the Issuer in respect of amounts due under the ~~Class A2(R) Notes or the Class A3(R)~~ relevant class of Guaranteed Notes and in respect of which payment has been made under the First Financial Guarantee or the Second Financial Guarantee (as the case may be).

19. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

20. Governing Law

The Trust Deed, the Issuer Deed of Charge, the Agency Agreement, the other Relevant Documents, and the Notes are governed by, and shall be construed in accordance with, English law (other than certain aspects of the Relevant Documents specifically relating to Scottish Assets, which are governed by, and shall be construed in accordance with, Scots law)."

END OF AMENDMENTS

Principal Paying Agent

Deutsche Bank AG London

Winchester House
1 Great Winchester Street
London EC2N 2DB

Note Trustee

Deutsche Trustee Company Limited

Winchester House
1 Great Winchester Street
London EC2N 2DB

Luxembourg Paying Agent

Deutsche Bank Luxembourg, SA

2, Boulevard Konrad Adenauer
L-1115 Luxembourg
Luxembourg

Issuer

Punch Taverns Finance plc

Jubilee House, Second Avenue
Burton Upon Trent
Staffordshire DE14 2WF

Notice issued by Punch Taverns Finance plc on 5 July 2007