

• **TAB 1**

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LEHMAN BROTHERS

Operations Division

Operations Control Europe Regulatory

Procedure Manual:
Client Segregation

 VP, OCE - Regulatory (Europe)

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Executive Summary

The OCE - Regulatory department is responsible for the collation and computation of the daily segregation requirement for Lehman Brothers International Europe and its European branches.

Client Segregation is an in-house developed application, providing a mixture of interactive Graphical User Interface, Crystal Reports and Web-Page communication, which is used to calculate the total daily requirement of segregated funds that should be placed in segregated bank account(s) to protect our clients in the event of Lehman Brothers becoming insolvent.

There are currently two Client Segregated Bank account(s) used for this purpose. Details of these are below:

Bank Name	CCY	A/c No. at Bank	ITS A/c No.
██████████	USD	██████████	098-30466
██████████	GBP	██████████	098-30436

The account in ITS that represents the total amount segregated on any day is 098-38267. All Journals to the ITS accounts are automated from TWS (Treasury Workstation).

The ██████████ account is used to segregate client funds in the event of USD HOLIDAYS - (see SPECIAL ARRANGEMENTS).

The Client Segregation system takes feeds from the following systems:

- ITS – this is the mainframe system where client balances are held.
- GDTS – Global Document Tracking System - where clients are designated as segregable.
- GSSR – Global SmartStream Reconciliations - for unknown bank credits and Prime Charge depot breaks.
- Cameo – for Prime Charge excess margin figures.
- Claims Tracking – a feed is received from CTS for Payables and Fee and Rebates
- TWS – Treasury Workstation - this is the Treasury system where the segregated placements are booked.
- Email - where incompatible systems are unable to feed and are therefore added manually; the system is able to send mail and receive and save the responses.

The Client Segregation system feeds the following systems:

- Email – auto sending of email to Treasury dealers.
- EFCOS – this is used to check the Prime Charge depot breaks against client indebtedness.
- Reg system – Total segregation requirement broken down by account.

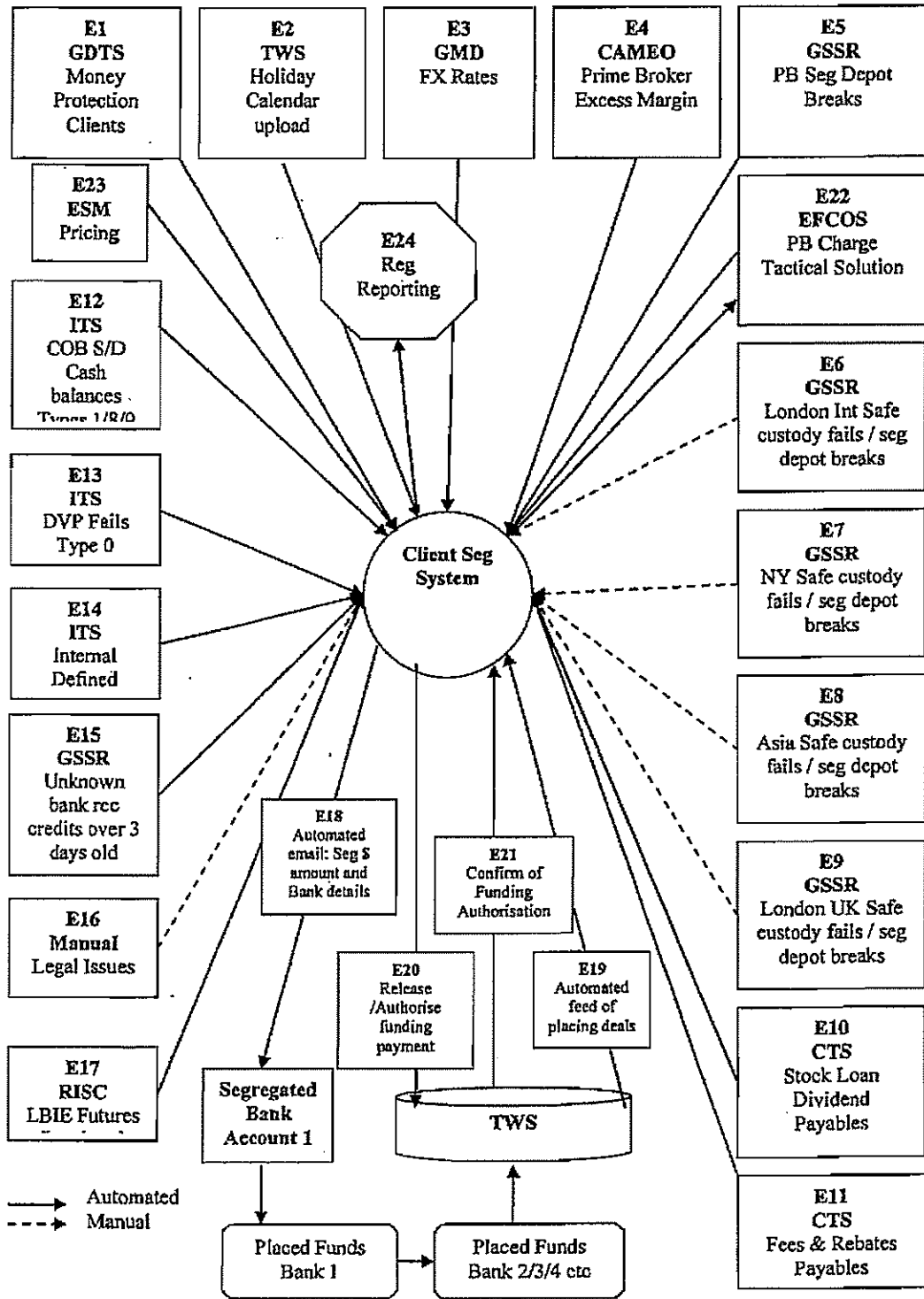
The system computes the total segregation requirement using this information and produces a report that clearly shows details of all of the component amounts in local currency and their conversion to USD. It is the USD balances that are added together to form a TOTAL REQUIREMENT figure rounded up to the nearest thousand USD. The bank account(s) above are then funded via the Treasury Department and sufficient funds are moved to/from them on a daily basis to equal the new Total Requirement.

In order to maximise the company's return, the Treasury Department then endeavour to invest the bulk of these monies with a specific group of institutions (each of which, as required, have formally agreed to recognise such investments as Client Money).

These procedures are separated into the following parts:

- Inputs
 - Source data from feeds
 - Source data from emails
- Outputs
 - Feeds to other systems
 - Reports generated by the system
- Special Arrangements
- Daily Procedures

The diagram on the following page shows the current systems architecture.



Procedures

- **1.1 Source Data from Feeds**

ITS Balances

In the Global Document Tracking System (GDTS), ITS accounts are marked as either Yes or No to Client Money Protection. There is a daily feed from GDTS to the Client Segregation System (CSS) of all accounts marked Yes for Client Money Protection, and this is compared to the previous business day's feed to detect any changes. A report is produced from CSS showing all new accounts and any that have been removed. All accounts that show as being removed are revalidated to ensure there is no system problem. A feed of all ITS balances are sent to CSS. This feed is cross referenced to the data from GDTS and the balances (debit or credit) on those clients that have been marked for segregation are taken into the CSS. These balances represent Safe Custody, Dividends and Coupons.

Safe custody balances represent free cash on a safe custody client account - this is on account type 1 in ITS.

Dividends and Coupons are unpaid income due on an asset held in a Lehman account over record date and due to a third party. In ITS, type 8 represents dividends or coupons on DVP fails whilst type 9 represents the same for safe custody assets.

The system translates all balances into the USD equivalent and subsequently nets the debit and credit balances by client. If the netted figure is a credit, the balance is segregated.

The default for ITS balances is to be included in the segregation total.

Unapplied Bank Credits

Details of all unapplied bank credits aged 4 days and over for LBIE & LBIE branches are itemised on a feed from GSSR. This information is fed directly into the Client Segregation system.

The credits are split by department code and each area is reviewed by a manager or nominated official to advise whether items should be included for segregation purposes. Each credit is reviewed for segregation and comments are held on system for future reference. Note: the 0 to 3 day portion (\$93mm buffer amount) is included in the ITS cash balance amount.

OCE - Regulatory check the report of items on LBIE accounts managed by New York for items to be segregated

Breaks on LBIE accounts managed by Tokyo are sent automatically via the segregation system to Tokyo Firm Balancing for appraisal. An email to confirm segregation requirement is returned and stored in the system.

OCE - Regulatory then review the responses in the system and segregate required amounts.

The default for unapplied credits is to exclude them from the segregation total.

London Depot Breaks: GSSR Stock

Under the PB Charge Structure, we are required to segregate the cash equivalent if the segregated PB depot is short of shares. CSS collects the stock reconciliation information from GSSR. The value of any stock breaks is converted to a USD equivalent and this is incorporated in the daily segregation figure.

In order to take both Fails and Client's indebtedness into account, an automated feed detailing the daily breaks is forwarded from CSS to EFCOS, where the breaks are compared to fails. EFCOS returns a mail with one USD figure by which the daily segregation figure can be reduced and this is input manually to CSS.

Stock differences between ITS Prime Charge depot and the Prime Charge real world depot are priced and valued and the cash amount is included in the daily segregation figure.

DVP Failed Trades (where the client is at risk)

The CSS receives a feed from ITS containing all failing DVP trades for all counterparties in a relevant LBIE entity (type 0), where the client is exposed for cash or securities overnight. These are automatically included in the calculation.

The definition of client exposure is where:

- a) The client has paid for their purchase but we have not delivered stock, LBIE are obliged to segregate the cash value of the trade.
- b) The client has delivered stock but we have not paid, LBIE are obliged to segregate the cash value of the trade.
- c) Partial Settlements, If we have underpaid or client has overpaid on a partial, the difference must be segregated.

This file is currently compared to the GDTS Money Protection Flag.

Internal Accounts

These are not client accounts but are known to contain client money. Any balance on an account is included in our total requirement figure on a daily basis. These are contained within the London Cash balances section of CSS and the default for these is include. See individual descriptions below.

089-10181 0-3 Day Client Money Bridge.

In 2004 the Firm conducted a study of 0-3 day old unapplied bank credits to see what portion of bank credits were being received in during this period but fell outside of our segregation procedures, upon the request of Audit. The results showed that we were not segregating an average of US\$20 million on a daily basis.

As a result we created this account to hold a buffer on a daily basis to compensate for those unapplied bank credits under four days old and therefore not captured in the normal analysis of unapplied credits.

OCE - Regulatory and LB Treasury conduct an annual study of unapplied bank credits to ensure that this cushion is maintained at a reasonable level.

089-20061 ██████████ Customer Segregation.

This account is used to hold customer cash collateral in association with a collateral deed on leveraged ██████████ trades. ██████████ is a Lehman Special Purpose Vehicle. The legal agreements signed with our

counterparts in these trades date back to 1997, specify that collateral must be held in a segregated account and that NY have agreed with their clients to accrue interest at the Fed Funds rate. The account was opened at the request of the Structured Finance Group in New York and remains their responsibility.

096-10005 Corpack/ Stk Ln Payables

This account is used to reflect monies due to stock loan clients resulting from corporate actions (type 0 payables). All movements are done via journals; the account is reconciled on GSSR (CORPACT) and is under [REDACTED] responsibility. First added to the seg system on 31/07/01 with first activity appearing 02/08/01.

Segregated Excess Margin Balances

For Prime Broker clients that require client money segregation, a feed comes into CSS from Cameo showing any excess margin by client.

The default for this is inclusion.

The current process is to take a feed from Cameo containing Cash Balance and Excess Margin per Prime Client account

The Margin Excess figure is calculated in Cameo as follows:

1. Cash balance on the clients account, this is the free cash and long sale proceeds. (ITS)
+
2. Long market value, this is the value of the long positions on the clients account
+
3. Short account balance, the sale proceeds from stock sold short on the account ITS
-
4. Short market value; this is the value of all the clients' short positions
=
5. Total of above (Net Equity)
-
6. Margin Requirements (These are rule based – Country/Market and Structure specific and held in Cameo)
=
7. Margin Excess

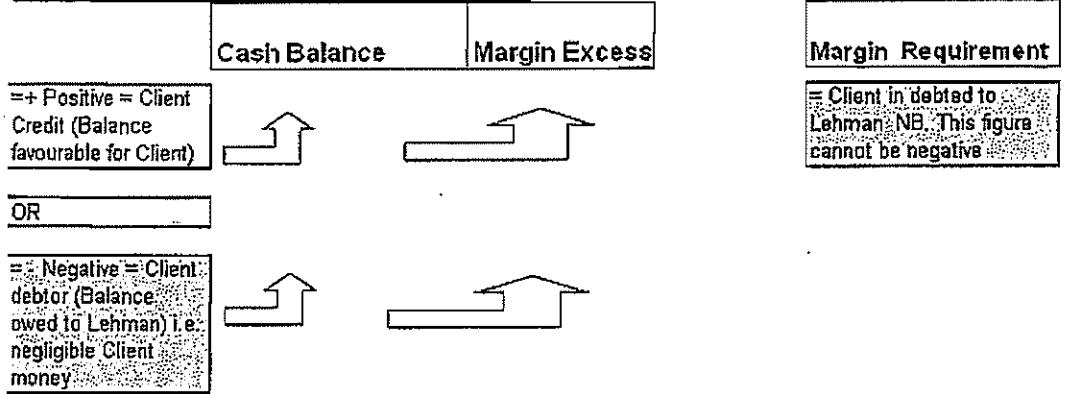
For those clients that have requested Money Protection (identified in the file from GDTS), the CSS compares the value of the Cash Balance to the Margin Excess and includes the lower figure for segregation.

Users in the OCE Reg team will review any items with a daily swing of \$10M or over with the relevant Capital Markets support team.

Currently very few Prime clients have opted for Money Protection and on average, we lock up around \$80m on behalf of 15 clients (mainly [REDACTED]).

Below is a detailed example showing the current process:

Prime Margin Excess methodology



CURRENT PROCESS

Segregate lower of Margin Excess or Cash Balance

File from Cameo contains:
Cash Balance
Margin Excess

CSS compares client to GDTS Yes/No indicator
If Yes, segregation figure is the lower of Cash Balance or Margin Excess

Current fomula logic: Segregate lower of Margin Excess or Cash Balance

1. If cash balance (and / or margin excess) is negative then do not segregate
2. If positive then segregate applicable lower balance either cash balance or margin excess.

Example

CASH BALANCE	MARGIN EXCESS	LIQUIDATION VAL	MARGIN REQ	CASH	LMY	Current Calc
-21,897.30	3,520,409.44	-27,120,415.64	5,519,728.42	-107,221.01	9,147,358.88	0.00
155,398.71	1,893,043.91	-14,522,219.73	2,947,695.99	87,567.90	4,753,172.01	155,398.71

Note 1:
Cash balance is negative therefore no client money segregation

Note 2:
Both Cash balance & Margin Excess are positive applied logic implies the segregation of the lower figure i.e. Cash Balance

LBIE vs Futures Business

A feed is received from RISC of client Margin balances which are not segregated at an exchange. We are required to calculate and segregate any surplus margin not held at a Clearing House.

3 balances are calculated daily:

1. CSS receives a daily feed from RISC containing specific client account cash balances in USD and these are added up as a total Non Regulated Free Equity Credit balance
2. A further balance is taken from RISC which represents Off-settable Assets segregated by LBI
3. CSS also takes a feed from LCH (London Clearing House) which contains a cash amount already segregated at the exchange

The amounts in 2 and 3 are subtracted from 1 to give a total daily Futures segregation figure.

Stock Loan Payables (Dividends, Fees and Rebates)

This is a list of all Stock Loan dividend payables and Stock Loan fees and rebates covering all International clients. The payables feed automatically to the system from Claims Tracking (CTS). Under the Stock loan agreement, all Dividends and Coupons must be treated as client money.

Placements

When Treasury has placed the segregated funds at the various banks, the trades are input to TWS for settlement. After verification, the trades feed back to CSS.

• 1.2 Source Data from E-mails

Manual Items

Manual additions are made to CSS due to the incompatibility of other systems. Details of current manual additions now follow:

- Safe Custody Failed Trades for Asia.
- Safe Custody Failed Trades for London UK.
- Safe Custody Failed Trades for Foreign equities.
- Safe Custody Failed Trades for New York.

These four reports detail any failed safe custody purchase trades where we are unable to deliver the stock and the stock is NOT in a segregated depot.

All fails are segregated where LBIE is acting agent regardless of legal entity or whether the account is marked as segregable in GDTS.

██████████ Dividend DBS Balance

This JPY balance is segregated on a daily basis at the request of our Regulatory Department. In the event of any queries/ problems please refer to [REDACTED] who is contacted annually re the segregation of this amount.

[REDACTED]

Confirmation is sought daily from the Derivatives EU Margin group for confirmation of the initial margin held for and on behalf of the client.

- **1.3 Feeds to other systems**

Email

Each day after the total requirement has been calculated an email is sent from CSS to the Treasury dealers. This details the outstanding term deals and any excess at [REDACTED] to be placed that day.

EFCOS

EFCOS keeps details of Prime Broker positions and balances for purposes of collateral, CSS makes use of this data to compare the Prime Charge segregation depot breaks to the level of client indebtedness. If the depot break relates to a client that has an overall level of indebtedness greater than the value of the break there is no requirement to segregate the value of the break. A 'reduce by' figure is automatically sent to the system once the task has been actioned.

Reg Reporting

Each day CSS sends a feed of the total segregation requirement, broken down by client account, to the reg system. This is an automated feed that OCE – Regulatory does not initiate.

- **1.4 Reports**

The following hard copy reports can be produced by CSS at any time for any previous date. A hard copy of the London Daily placements, Daily Funding, London Daily Balances and Segregated accounts movements are printed daily and reviewed by management. These are retained for audit purposes.

London Daily Placements	Shows a summary of Current day's placements (overnight), returned investments and interest, and termed investments.
Daily Funding	Shows a summary of the days Opening balance, returned Investments, Authorised and required Funding, Termed and current days placements, and Account balances
London Daily Balances	Displays a summary of the segregated amount for each area of CSS with a comparison to previous working days figures
Segregated account movements	Shows a list of accounts added and removed from the list of accounts to segregated
ITS Cash Balances	Shows the detail of the ITS balances and the net USD equivalent, including internal accounts
Falls	Shows individual amounts that need to be segregated due to failing trades.

Manual Items	Shows the items that have been manually added.
CTS Payables	Shows detail of all segregated Payables including Fee and Rebates
Futures Summary	Displays breakdown of the futures figure calculation
Margin excess balances	Shows Prime Broker excess margin where the client has requested client money protection or have signed up to Prime Charge.
Depot breaks Under Seg	Shows the Prime Charge depot breaks that have to have the market value of the break segregated.
Depot Breaks Over Seg	Shows the Prime Charge breaks where the segregated value is more than value of the break

• 1.5 Special Arrangements – US Holidays

Under FSA regulations the client money calculation has to be performed daily. As Lehman use the alternative approach and segregate in USD the calculation is still completed and where the figure increases the difference is translated to GBP and segregated at the Lehman segregation account at [REDACTED]

One Working Day Before

Treasury invests the new Total Requirement figure for the period including the USD holiday(s) in USD to the usual Client Segregated account's (i.e. for an extra day)

On The Day of the USD Holiday

IMPORTANT NOTE: THE CUT OFF TIME FOR FUNDING IN GBP IS 13.30

If the total requirement figure is LESS than the last working days USD LBIE Client Segregation calculation then no further action is required.

If the total requirement figure is GREATER, then the difference between the USD amount invested and today's total requirement is converted to GBP using the current USD to GBP rate obtained from the Client Seg system.

Once you have completed entering the daily figures if your total segregation value is more than what was invested the previous day then you will need to fund in GBP through the [REDACTED] account.

The funding required figure will be displayed on the [REDACTED] line. Once the requirement has been authorised by a TWS authoriser the funding figure will move from funding required with [REDACTED] to funding authorised with [REDACTED].

The Working Day after USD Holiday

Select the balances screen, you will see that the investments have now been returned and there is a long balance on the funding field for [REDACTED]. This balance at [REDACTED] should be transferred back to Treasury to do this you need to arrange for the funding to be authorised, the requirement will be automatically displayed.

Two Working Days After USD Holiday

The [REDACTED] funding balances should now be clear.

• 1.6 Special Arrangements – Disaster Recovery

In the event of a disaster a member of staff has been designated to be responsible for the Client Segregation calculation. The following procedures will be implemented, immediately.

There are 3 backups for the data servers which Client Segregation sits on:

- 1) Daily - stored for 30 days (Mon - Fri @8.00pm)
- 2) Weekly - stored for 6 months
- 3) Monthly - 7 years

Also, there is a Hot Back up which mirrors every transaction during the day and is automatically copied to the DR centre off-site.

Client Segregation production is currently a Tier 1b application i.e. the recovery time for it is 24 hours.

If the Hot Back up fails, you should still be able to print out all 4 reports from the previous business day when the database is restored.

1. The nominated official will be contacted via the Business Continuity Call-out Tree (BCT), which forms part of the overall Lehman Brothers Disaster Recovery Plan.
2. The individual will be advised of an available desk location and given details of any travel arrangements, which will be made on their behalf.
3. If on the first day no calculation is possible then a further 10% of the previous working days total requirement figure will be segregated.
4. Lehman Brothers intend to have all systems essential to the Client Segregation calculation up and running by the second working day of the disaster. ALL relevant systems should therefore be accessible by this time and the usual calculation will be performed. If one or more of the systems should not be available then the previous working day's amount for the missing system will be increased by 10% and included within the calculation.
5. Compliance and Audit will be advised of any problems in case of a need for them to report to FSA.

• 1.7 Daily Procedures

NB: A TOTAL REQUIREMENT FIGURE MUST BE SENT TO THE TREASURY DEALERS AS EARLY AS POSSIBLE. IF THE FIGURE IS GOING TO BE LATER THAN 1.00PM CALL TO ADVISE.

IF USD HOLIDAY THEN REFER TO SPECIAL ARRANGEMENTS SECTION.

i. RECONCILIATION OF YESTERDAY'S MOVEMENTS

Log into business objects and select report GSOIC001, refresh the report and print.

Check that each accounts ledger and statement balances and that the current balances are as expected from yesterdays closing:

098-30466 USD / [REDACTED] CLIENT SEG
098-30436 GBP / [REDACTED] LBIE SEG CASH [REDACTED]

This account is used when we have to move GBP on a USD holiday

098-38267 USD & GBP LBIE CLIENT SEG SUSPENCE

This account is used for the purposes of the ledger, to reflect the journals passed for the overnight investments and return of the overnight investments. OCE - Reconciliations manually upload the net movement between the prior business day and the current business Client Seg placement figure. This figure is obtained from a copy of the LBIE Segregated Trades report where OCE - Regulatory send them the difference between the days daily placements and maturing total. This figure is matched against the journals passed onto this account generated by TWS.

Once all of the account balances have been checked log into GSSR and bring up the outstanding items for SEGACC, match off all items.

Reconciliation Trouble shooting

- (a) If any bank we have deposited money with the previous day has not returned the funds then investigate the reasons behind this. Raise an urgent query with Treasury department or call the bank in question if necessary and in the event that investment or holding banks are in default or insolvent, inform management and compliance who will determine how to make good any shortfall or potential shortfall. This must be rectified as soon as possible in order to effectively protect our client's funds.
- (b) If OCE are unable to perform the reconciliation's due to a systems problem then management and compliance must be informed.

ii. USING THE CLIENT SEGREGATION SYSTEM

Select CLIENT SEG from START menu

1. In the event that we are unable to access the client segregation system notify management and compliance an internal discussion will then take place as to whether OCE - Regulatory would be able to perform the calculation manually.
2. Check all feeds are present by clicking "View" box at the top of Tool Bar and selecting "Show Child Window". The feeds which should appear as completed are:

- Fails Load
- Cameo margin Excess Load
- Futures LCH Load
- FX Rates Load
- Futures RISC Load
- Cash Balances Load
- Stock Loan payables Load
- Accounts Update
- Business date roll
- GSSR Unapplied Credits Load
- GSSR Depot Breaks New York Load
- GSSR Depot Breaks Custodian Load
- GSSR Unapplied Credits NewYork.Tokyo Load
- GSSR Depot Breaks London Load

NB: If any of the feeds into the Client Seg system are missing contact the "ClientSeg support" Group (email address "ClientSeg Support")

3. Using mailing system

The system has been designed to send mails directly from the system and recorded responses. The general procedure for sending an item on a mail, known as a 'mail review item' is the same for each area. To mail an item you need to click on it so that it is highlighted, you can select more than one item at a time by holding the shift key and selected multiple items.

Once the items are highlighted, open the child window and select the check task for the area you are working on, now right click on the check task and select the 'mail review items' option from the menu. Now select the person or area to send to and click to send, this will produce a review task which status will be pending until a response is received. When the comments are returned the review task status changes to In progress and when you are happy, you can change the status to completed by right clicking on the task.

4. Using Child Window (Update)

The Child Window (or Monitor) table shows all tasks that are **Completed, In Progress, Pending** and **Overrunning**. Task statuses can be used automatically by the system (in case of feed loads completing and tasks overrunning their specified deadlines). New tasks will also be added after certain actions are performed (such as sending items for Review). Certain tasks can be updated by a user who may change their status to **In Progress** and to **Complete**.

5. Tool Bar Functions

- File
 - To exit system
- Edit
 - To select all items in an area, add, edit and remove manual items
- View
 - Allows you to view the different components of the system simultaneously
- Report
 - To print reports of data from the system
- Tools
 - View all system static data, change the business date, view the audit data and to Refresh the system
- Help
 - Here you will find hints and tips on using the system and can also view you authorisation levels i.e. Checker or inputter only level.

To change the way in which you view the system select the different options in the View menu bar. To view all areas, ensure there is a tick against each area.

6. Headings

The system is split into 8 headings:-

- 1) London Cash Balances
 - 2) London Depot Breaks
 - 3) London Fails
 - 4) London Futures
 - 5) London Manual Items
 - 6) London Margin Excess
 - 7) London Stockloan Payables
 - 8) London Unapplied Credits
- a. London Cash Balances

Contained within Client Balances are 3 account types.

Safe Custody	Type 1
DVP income	Type 8
Safe custody income	Type 9

Open the cash balances detail screen and scroll across to the USD amount column, click on this header to sort by amount, balances over \$10m have to be investigated. Click on the balances over \$10m so that they are highlighted and open the child window, now right click on the check London Cash balances task and select the option to mail review items. A pre formatted mail will now be displayed and you can send this to a recipient from the box at top right of the mail window, you should also add a comment in the comments field. Click on the USD amount column to check for any debits greater than \$10m, if there are, highlight the item and then sort by account, and scroll up until you find the highlighted account. Once the account has been identified, check the entries for the account, if the debit has meant that a large credit balance will not be segregated investigate the debit and confirm whether it is correct to net the balances within the appropriate area.

When all responses are received, complete the task in the child window.

b. London Unapplied credits

Contained within Unapplied Credits there are 3 areas:

- GSSR London
- GSSR NY
- GSSR Tokyo

Within each area there are various sections for each department. You can use the filter to view different areas.

The default for this area is exclude.

Scroll over to GSSR Area and click to sort items. Now highlight all items for a particular area and forward these to the appropriate individual who will review the item and confirm if they are segregable. Do this for each GSSR area other than ITS RECS (these are NY items).

The unapplied credits for NY is received in the morning in the form of a business objects report from NYBOUSER if there are any items then log into GSSR US Production and check each item on the reconciliation. If there is an equal and opposite item on the rec disregard for segregation, if there is not then segregate the amount. Monitor emails from NY Ops for items that are open on the rec, but are already known not to be client money.

Filter on New York cash and select to include the items which require segregation.

c. GSSR Stock

Run business objects report GSPBC001 and GSPBC001NY, these display the detail to the depot breaks in the system.

Emails are sent from BOBUSER with details of the breaks as backup.

There are two reconciliations in this process:-

Rec1 This reconciles the Prime Charge client positions to the ITS Prime Charge depot.

Rec2 This reconciles the ITS Prime Charge depot to the agent depot.

Both reconciliations feed to CSS and a further reconciliation takes place between the breaks on Rec1 and Rec2, if the net break is either positive or zero then the break is reported in CSS as an Overseg break. If the break is negative it will be valued at the current market price and that value will be included in the total requirement figure. Use the filter to view the different type of break.

Breaks which have fed through to the system with a zero price will need to be reviewed. Check that the break is valid, then to price double click on the break and search for a price by using the pricing today section.

There is currently no segregation depot feed to the system for breaks on US Treasury Stock. Search for all underseg breaks for US Treasury or United States Treasury and review. Check that the break amount is covered by the segregated depot (UST Repo Depot).

The reports from the European GSSR server include both Rec1 and Rec2, the reports from the US GSSR server contain only Rec2.

When comparing the break reports with the CSS screen it is important to note that breaks that show on the US GSSR server reports may have offsetting breaks on the European GSSR server reports.

Review all breaks with value over \$10m for validation and add comments to the each break verifying this.

If any breaks on CSS are invalid select the tick in the include box to remove the tick, you will need to add comments for reason to exclude. This item will now be excluded from the calculation.

If any breaks are missing contact clientseg support for assistance in getting them added to the system. When the breaks have been validated and are correct activate the EFCOS task in the child window. This sends a feed to EFCOS for validating against client indebtedness. EFCOS will send a reduction figure back to the system and also generate an email. The EFCOS email is sent the OCE-regulatory inbox and displays details of the reduction.

d. Manual Items

This area is currently used to add the safe custody fail requirements for Asia, New York, London and UK Equity Settlements (UK Crest). It is also used to add the [REDACTED] and the [REDACTED] margin segregation figure.

Each day, confirmation is required of the daily segregation figure for each area other than [REDACTED] as this figure is agreed annually until further notice and so will not change on a day to day basis.

Below is a list of the contacts of where the confirmation can be received. You should send a mail from the system to confirm Asia Safe Custody fails, Crest fails, and [REDACTED] margin figure.

The New York Segregation Requirement is calculated by OCE – Regulatory London. Safe Custody fails will be forwarded by email from International Equity Settlements.

Asia Safe Custody fails	Forward to Asian Equity Settlements
UK Crest Safe Custody fails	Forward to UK Equity Settlements
[REDACTED]	Mail stored in file (updated annually)
London Safe Custody fails	Mail from International Equity Settlements London
NY Safe Custody fails	INFOPAC report UKBKES-3 reviewed by OCE - Reg

Enter the figures into each manual item section, double click on the item you wish to update, an Edit screen will appear, change amount ensuring that the correct currency is selected, then click Update Item. Ensure each item which you have mailed for confirmation has a response and is updated accordingly.

e. London Fails

This contains the DVP trade fails:

Click into this section to check and investigate any fails over 10 million USD equivalent.

Forward the items to the relevant area for confirmation and ensure response is received into the system.

NB: Remove dummy CUSIP 2106151H3 USD Margin Call and any Fails for 2Q Clients

f. London Stockloan Payables

Open the section and click on claim type column, review the types to ensure no type IC claims are in the feed, these must to be excluded as are interest claims. Now sort the USD column and query and items over \$10m, checking they are valid, ensure a response is received back into the system and they are included/excluded as appropriate.

g. Margin Excess Balances

A feed is received into CSS from Cameo containing balances for Prime Broker clients that have requested client money protection or have signed a Prime Charge agreement. These balances are the excess margin held by Lehman and need to be included in the total requirement. The balances are forwarded to the [REDACTED] who can justify any large or unusual movements.

The calculation of the excess margin is as follows:

1.	Cash balance on the clients account, this is the free cash and long sale proceeds. ITS (T2)
+	
2.	Long market value, this is the value of the long positions on the clients account
+	
3.	Short account balance, the sale proceeds from stock sold short on the account. ITS (T3)
-	
4.	Short market value; this is the value of all the clients' short positions
5.	Total of above (Net Equity)
-	
6.	Margin Requirements (These are rule based – Country/Market and Structure specific and held in Cameo)
7.	= Margin Excess

The lower figure between 7 (Margin Excess) and 1 (Cash Balance) is segregated

If there are any adjustments required the Prime Broker group will email the differences and the figures can be adjusted by double clicking on the item and overtyping the amount. Adjustments can only be made with email authorisation.

The margin excess balances are transferred to a spreadsheet and forwarded to [REDACTED] with a comparison to previous working days figures. [REDACTED] will then verify any movements on the accounts of over \$10m. From the Margin Excess detail screen, right click anywhere and select the export to excel option, now select all table data. Now the data is in excel format copy and paste the data to the spreadsheet saved in location <G:\FB Analysis\Excel Files\Client Seg:Excess Margin Balances>. Send the spreadsheet to [REDACTED] requesting they verify any movements for over \$10m, you need to manually add their comments to the system.

h. Checking the Input

Once the inputter has completed each section they should update the status of the task to in progress. A checker should then review each area and change the status of the task to completed once happy that all data is correct and responses received where applicable etc.

i. The Placements

The segregation requirement is displayed in the balance screen on the Today column of the Europe/London Total row. This is the maximum amount of funds which can be placed out for today.

To send the placement mail to the required distribution (see below), right click anywhere on the [REDACTED] row and click to send TWS mail, this will forward the details of the current daily and termed placements and a total amount of funds which are left remaining.

The Treasury Traders will invest the funds accordingly and will input the deals into TWS.

Treasury Cash management collect the Reuters and verify the traders input in TWS.

When verified TWS automatically generated MT320's messages for every investment and the payments and pre-advises for these as well as the journals in ITS and the investments in CSS.

To obtain a list of the investments OCE-Regulatory run a Business objects report named "LBIE CLIENT SEG Trade Report" which is found at G:\FB Analysis\Business Object Reports\Client segregation.

j. Account Movements – Funding

Once all items are included and all areas are set to complete in the child window you can proceed with updating the client seg system with the investments and funding.

The funding requirement figure is automatically calculated and whether the balance is long or short. To have the funding requirement authorised you need to send an email instruction to a TWS authoriser stating the amount to be authorised, you should also request confirmation of this. Monitor the funding required screen as this requirement will move to the funding authorised field when complete. You can then right click on the authorised figure and select 'audit log' to view the name of the authoriser and the TWS authorisation ID.

k. Account Movements – Placements

To view the placements in the system, right click on the Bank row and select View Termed placements or View Current Day Placements. The feed from TWS of placement deals is every half hour. In the event of a problem with the feed from TWS of the placements they can be manually added using the following procedure.

If entering a current day placement, right click on the Bank row and click to view a current day placement (or termed placement, depending on what it is you want to add), this will display you with all the placement's currently in the system and give you an option to add further placements.

- **1.8 Contacts**

Treasury

Funding Desk	[REDACTED]	33020
		33020

Exceptions Management	Exceptions Management (email address)
-----------------------	---------------------------------------

Compliance

[REDACTED]

Unapplied Credits Contacts



For balance queries

022 lead a/cs

mail to PCS London Ops



Also depends on who has passed recent journals across the a/c resulting in the current a/c balance.

For trade fails

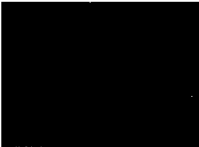
This is dependent on who exactly has cleaned-up stuff around the trade in question.

Client Seg Mail List



TWS Authorisation List

A list of users able to authorize the funding requirement:



INFORMATION ONLY

Items previously include within the Client Segregation Calculation

██████████ CASH BALANCES

The Prime Broker had a written agreement in place from ██████████ that in order to keep their accounts with Lehman's we should segregate any money we are holding on their behalf. This was received via Outlook daily. *This has now been excluded from the Client Segregation re mail ██████████ (09/02/00)*

SAFE CUSTODY MANUAL ITEM

Per original mail from ██████████ 18th Aug 99.

We were locking up 45,625.00 USD. This item is not shown on the Safe Custody failed trades report as it is a cash balance where we have not paid the Client money owing.

The Safe Custody failed trade report is when we have not locked up the stock and must segregate the cash value.

ACC 08920055 ADVISORY PAYMENT AGNT ██████████

This account was set up as a paying agent to pay out fees on behalf of a client in connection with an investment banking mandate. This account was made "do not use" on the 6th July 2001 on the instructions of ██████████ (account contact).

ACC 08910010 SEGREGABLE DIVIDEND CREDITS.

If we were unable to review to whom incoming dividends were due, the cash was placed on this account to protect the client. Amounts were then journalled off at such a time as we understood who the dividends were due to. This account was made "do not use" on 18Dec01 on the instructions of ██████████

██████████ BUFFER AMOUNTS (July 2001)

Historically we kept buffer amounts in the segregated bank accounts at ██████████ and ██████████ in order to cover debit interest and bank charges. We have since changed our procedures.

AC 08920006 UNKNOWN BANK REC CREDITS.

This account relates to monies that the Firm has received which after prolonged investigation, cannot be applied. The funds remain on this segregated account pending a claim from the rightful owner

AC 092-10045 SBI VAT CLIENT PAYABLE

The Firm are charging clients VAT on their settlements through SBI. French clients believe they should pay VAT, however we (Lehman's) do not think *they this is necessary* as we are not a French entity and therefore are not subject to this charge.

Parel credit the Firm's ██████████ account on a monthly basis with these charges and the settlements group have on file a breakdown of who they relate to.

Once the clients agree that they do not have to pay, the money will be paid back to the client. The account is to segregate the client money until this is resolved. A/C first activated on seg system – 11/10/00.

098-99000 DTC Non Claimed SPO's

SPO (special payment order) relates to dividends on non-DVP (delivery versus payment) trades through DTC. If the Firm does not receive a claim for compensation on a dividend then the cash is left on this account where it is segregated pending application to the correct account.

REG REPORTING

A copy of the holding bank totals and LBIE futures spreadsheet (for preparation date last business day of the month) must be sent to regulatory reporting who are responsible for FSA reporting.

ARCHIVING

OCE - Regulatory must keep all records that demonstrate the calculation and segregation of LBIE's client money requirement. Under Firm policy, we are required to keep 7 years of records for audit purposes and must archive on a regular basis. Ensure that all boxes are clearly labelled with appropriate dates.

Section

3

Terms and Definitions

Section

4

Checklist

The Client Seg has its own daily checklist against which tasks are signed off. A hard copy of this checklist is archived each day.

• **TAB 2**

•

Non-zero client money bank accounts with credit balances at (or around) the time of administration

	Bank	Account Name	Account Type	Account Status	Account Description	Account Currency	Account Balance	Account Balance
1	Bank A	09830496-EUR	Dividends		LBIE, Segregated Dividends	EUR	6,207	6,207
2	Bank A	09831047-EUR	Custody		KTS Tyrs (p)	EUR	1,404,168	1,404,168
3	Bank A	09830456-EUR	Segregated		LBIE, Segregated Client account	EUR	14	14
4	Bank B	09830496-EUR	Clearance - Fixed Income		LEHMAN BROTHERS INTL (EUROPE)	USD	0	2,323,039
5	Bank B	09830497-USD	Clearance - Equities - Segregated		LBPNL CLOVAN USD	USD	2,821,359	2,821,359
6	Bank B	09830496-HKD	Clearance - Fixed Income		*** 27835 PRIME CHG	HKD	8,872	8,872
7	Bank B	09830496-JPY	Clearance - Equities - Segregated		LBIE/LBPNL JPY CASH	JPY	37,180	36,920
8	Bank B	09830496-USD	Clearance - Fixed Income		*** 27835 PRIME CHG	SGD	0	3,421,964
9	Bank B	09830496-USD	Clearance - Equities - Segregated		LBIE/LBPNL USD CASH	USD	21	17,024,019
10	Bank B	09830493-ARS	Segregated		Lehman Brothers International (Europe)	ARS	2,563,131	2,561,052
11	Bank B	09830493-AUD	Segregated		LEHMAN BROTHERS INTL (EUROPE)	AUD	0	13,793
12	Bank B	09830493-CHF	Segregated		LEHMAN BROTHERS INTL (EUROPE)	CHF	0	132,467,526
13	Bank B	09830493-EUR	Segregated		LEHMAN BROTHERS INTL (EUROPE)	EUR	0	265,550
14	Bank B	09830493-GBP	Segregated		LEHMAN BROTHERS INTL (EUROPE)	GBP	0	52,473
15	Bank B	09830493-USD	Securities Clearing		*** 97588	SGD	0	265,550
16	Bank B	09830493-USD	Segregated		LEHMAN BROTHERS INTL (EUROPE) SEG CLIENT	USD	0	52,903
17	Bank C	09830024-BRL	Cash		Lehman Brothers International Europe - Cash Equities - LatAm - Exempt	BRL	18,508	18,508
18	Bank C	09830024-BRL	Cash		Lehman Brothers International Europe - Equity Derivatives - LatAm - Non Exempt	BRL	114,001	114,001
19	Bank C	09830024-BRL	Cash		Lehman Brothers International Europe - Equity Derivatives - LatAm - Exempt	BRL	1,670,832	1,570,832
20	Bank C	09830024-BRL	Cash		Lehman Brothers International Europe - Synthetic Equities - LatAm - Exempt	BRL	8,784,148	6,784,148
21	Bank C	09830024-BRL	Cash		Lehman Brothers International Europe - Synthetic Equities - LatAm - Non Exempt	BRL	149,789	149,789
22	Bank C	09830446-VEB	Segregated		LEHMAN BROTHERS INTL (EUROPE)	VEF	24,950	24,950
23	Bank D	09830154-HRK	Segregated		LEHMAN BROTHERS INTL (EUROPE)	HRK	544	544
24	Bank E	09830527-EUR	Clearance - Equities - Segregated		LEHMAN BROTHERS INTL (EUROPE)	EUR	59,020	59,020
25	Bank E	09830427-EUR	Clearance - Equities - Segregated		LEHMAN BROTHERS INTL (EUROPE), RE (client ***)	EUR	369	369
26	Bank F	09838576-HUF	Segregated		LEHMAN BROTHERS INTL (EUROPE)	HUF	421,674	421,674
27	Bank G	09830633-EUR	FID cust		LEHMAN BROTHERS INTL (EUROPE)	EUR	1,045,201	1,045,201
28	Bank H	09838115-USD	Segregated		LEHMAN BROTHERS INTL (EUROPE)	USD	8,416	8,416
29	Bank I	09830543-RON	Custody		LBIE cash account	RON	138,181	138,181
30	Bank J	09830476-SEK	Segregated		LBIE, Equities	SEK	4,523	4,523
31	Bank K	09830524-TRY	Clearance - Equities - Segregated		LBIE	TRY	68,877	68,877
32	Bank L	09839907-USD	Custody		LBPNL USD *** cash account	USD	443,716	443,716
33	Bank L	09830501-GBP	Custody		LBPNL GBP *** account	GBP	231,123	231,123
34	Bank M	09830341-DKK	Margin		LBIE DKK CLIENT (SEG) PPS CLIENT MARGIN ACCOUNT	DKK	1,919	1,919
35	Bank M	09830341-NOK	Margin		LBIE NOK PPS CLIENT MARGIN ACCOUNT	NOK	97	97
36	Bank M	09830463-USD	Segregated		LEHMAN BROTHERS INTL (EUROPE)	USD	4	4
37	Bank N	09830561-DKK	Segregated		Lehman Brothers International Europe	DKK	809	809

Notes

- Balance as at 15/09/08 7:56 am not identified to be different to COB 17/09/08
- ** includes CHF 150M relating to one client
- *** Redacted for confidentiality
- Exchange rates to USD used are as at: COB 12/09/2008 for COB 12/09/2008 balances and COB 15/09/2008 for 15/09/2008 7:56 am balances
- Please note that these balances are based on the data currently available to the Administrators and may change following further reconciliation work

• **TAB 3**

•

Business Requirements Document

MiFID

Conduct of Business – Custody & Client Money

Version	Author	Details
0.1	[REDACTED]	Initial draft version
0.2	[REDACTED]	Second draft version
<u>0.3</u>	[REDACTED]	<u>Updated from comments received</u>
<u>0.4</u>	[REDACTED]	<u>Updated with comments from [REDACTED] (in red) and re-formatted the ITS Cash Balance Analysis section (3.3.1)</u>

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1. Project Approval

Name	Area	European Sponsor	Sign-Off	Function Owner	Primary Stakeholder	Secondary Stakeholder	Project Manager	Business Analysts	Interested Party
	Operations Control	X	X	X	X				
	Cross Divisional Project Management						X		
	Operations Management	X			X				
	Operations Technology								X
	Operations Technology		X						
	Operations Technology		X						
	Operations Technology		X						
	Operations Project Management						X	X	
	Operations Control		X		X				
	Operations Control		X						
	Compliance		X						
	Compliance		X						
	Compliance		X						
	Compliance								X
	Treasury		X						
	CASE		X						
	CASE Technology								X
	Operations Technology								X

2. Executive Summary

2.1. Introduction

In order to comply with the FSA Conduct of Business Client Asset rule in the UK, whereby a firm is required to safeguard and administer client assets, Lehman are obliged to protect client funds or properties left with us. This process is known as Client Money protection or Segregation

LBIE has adopted the "alternative" method of client cash segregation. Under this approach, client money is received into and paid out of the Firm's own bank account and a USD value is segregated each day

FSA currently requires private and intermediate customer, and market counterparty funds to be segregated from the Firm's own funds, though the FSA does allow intermediate customers and market counterparties to Opt Out of the provision.

The upside for the client in opting out is the possibility of a generally-a-better rate of interest on any long cash position (once their overall margin position has been taken into account) [as Segregated Client Money can only be deposited with authorised banks (and exchanges), limiting return, [And most clients in any case are not paid interest on their client money.]

Under MiFID, there will no longer be any Opt Out provision for any client type counterparties. This document assesses the impact of this change and aims to identify any procedural and technical changes that may be required as a result. It also describes any additional requirements identified as part of the analysis undertaken, which are required in order to be fully MiFID compliant.

2.2. Key Resources

Responsibilities	Names
Project Manager	
MiFID Project Team	
MiFID Project Team	
MiFID Project Team	
OCE	
OCE	
Compliance	
Compliance	
Cust. Acct Maintenance	
OTG	
OTG	
OTG	
Treasury	
Legal – Capital Markets	

2.3. Scope

The scope of this analysis is limited to Custody & Client Money. The other major change whereby Firms are allowed to place Segregated funds in a qualifying Money Market Fund will be documented in a separate BRD. Also, there are other requirements identified under the Conduct of Business work stream (i.e. inducements, suitability and appropriateness) but these will be covered in a separate BRD.

"MiFID affects regulations in EEA member states (see appendix 6.1) and therefore impacts any client money Lehmans hold in any EEA regulated entity. This BRD relates to client money held by LBIE."

~~The scope of the MiFID changes is restricted to the EU states (see appendix 6.1) and affects any client money Lehmans hold in any European entity.~~

- **Opt Out Clause**

The daily client segregation process comprises of eight components. Each module has been analysed for the potential impact of the removal of the Opt Out provision.

- ITS Cash Balances
- Unapplied Bank Credits
- Charge Depot Differences
- DVP Failed Trades
- Segregated Excess Margin Balances
- Manual items (including Custody Depot differences)
- LBIE Futures Business
- Stock Loan Payables (Dividends, Fees & Rebates)

The analysis is centred around the use of the Money Protection Flag in GDTS which is used by the Client Seg System (CSS) to filter accounts when calculating the daily Seg figure. Any increase in the daily Seg figure will need to be reviewed with Treasury to assess the impact on funding and Ops Control from a process perspective. Any changes to the applications (including increased volumes) will need to be reviewed with Technology.

- **Energy Business**

~~Under MiFID, the Lehman Bros Energy/Commodities business may will need to be moved from an unregulated entity to a regulated ~~LBIE~~ entity (LBIE). We will in such case therefore need to segregate any client money that business requires us to hold~~

- **Futures**

Compliance have identified a change required to the current process, which is required in order to be fully MiFID compliant

- **Ledger Credits**

We have also identified a potential gap, where certain business areas post Ledger Credits to a nostro account in anticipation of paying money out to clients. If for any reason this money is not paid away, then it may require segregation as client money. These credits need to be included in the daily calculation in order to be fully MiFID compliant

3. Process Analysis

3.1. Project Documentation References

Document Title	Document Author	Description
LBILBJ Seg BRD1v3.4.1		BRD for CSS dated May 2005
Client Segregation (Procedures)		Procedures document dated 30 th March 2006

3.2. Current Process Analysis

The OCE - Regulatory department is responsible for the collation and computation of the daily segregation requirement for Lehman Brothers International Europe and its European branches.

Client Segregation is an in-house developed application, providing a mixture of interactive Graphical User Interface, Crystal Reports and Web-Page communication, which is used to PC-based system, the sole function of which is to calculate the total daily requirement of segregated funds that should be placed in segregated bank account(s) to protect our clients in the event of Lehman Brothers becoming insolvent.

There are currently two Client Segregated Bank account(s) used for this purpose. Details of these are below:

Bank Name	CCY	A/c No. at Bank	A/c No.
	USD		466
	GBP		436

The account in ITS that represents the total amount segregated on any day is 098-38267. All Journals to the ITS accounts are automated from TWS (Treasury Workstation).

The account is used to segregate client funds in the event of USD HOLIDAYS - (see SPECIAL ARRANGEMENTS).

The Client Segregation system takes feeds from the following systems:

- ITS – this is the mainframe system where client balances are held.
- GDTS – Global Document Tracking System - where clients are designated as segregable.
- GSSR – Global SmartStream Reconciliations - for unknown bank credits and Prime Charge depot breaks.
- Cameo – for Prime Charge excess margin figures.
- Claims Tracking – A feed is received from CTS for Payables and Fee and Rebates
- TWS – Treasury Workstation - this is the Treasury system where the segregated placements are booked.

- Email - where incompatible systems are unable to feed and are therefore added manually; the system is able to send mail and receive and save the responses.

The Client Segregation system feeds from the following systems:

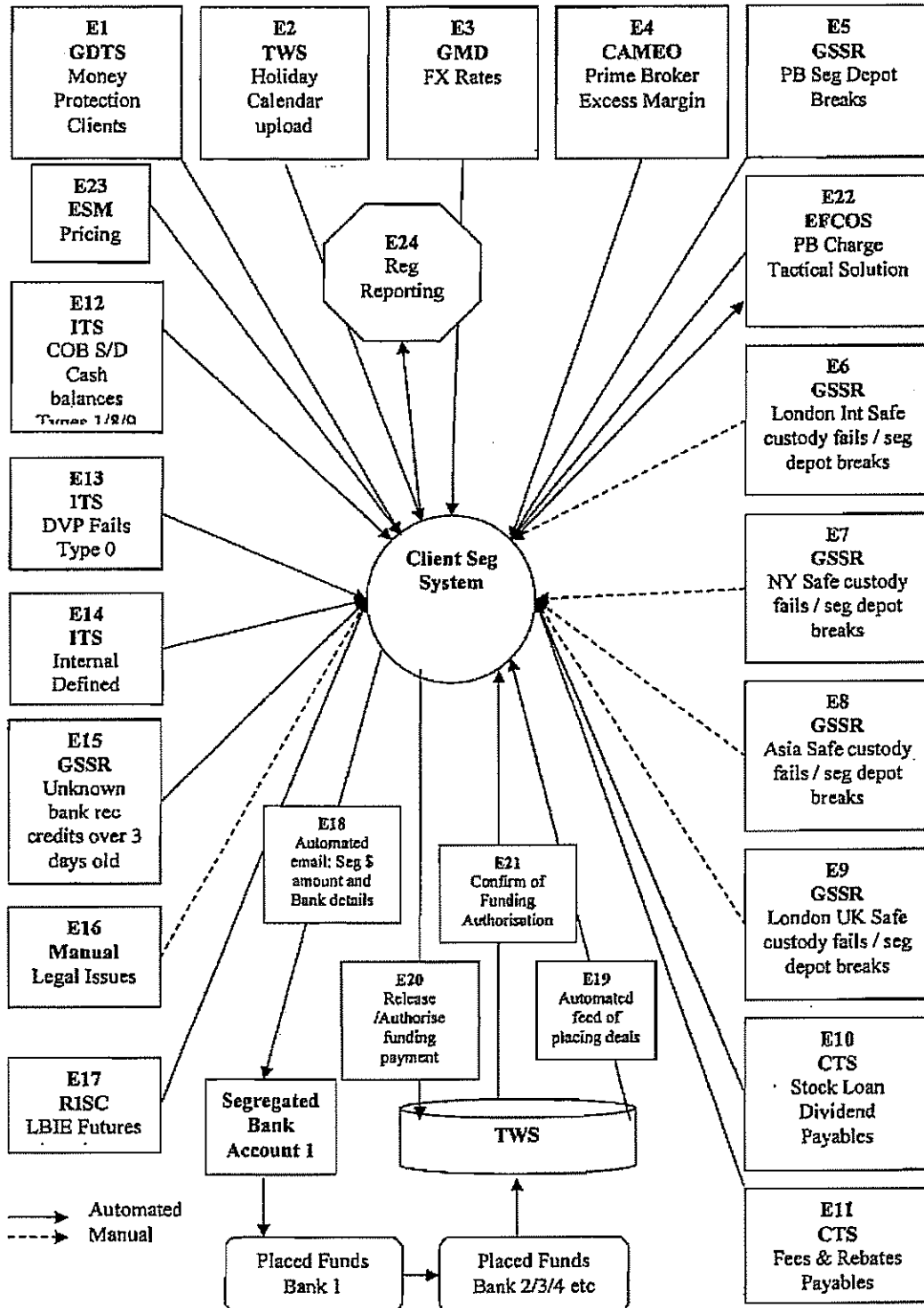
- Email – auto sending of email to Treasury dealers.
- EFCOS – this is used to check the Prime Charge depot breaks against client indebtedness.
- Reg system – Total segregation requirement broken down by account.

~~Claims Tracking – A feed is received from CTS for Payables and Fee and Rebates~~

The system computes the total segregation requirement using this information and produces a report that clearly shows details of all of the component amounts in local currency and their conversion to USD. It is the USD balances that are added together to form a TOTAL REQUIREMENT figure rounded up to the nearest thousand USD. The bank account(s) above are then funded via the Treasury Department and sufficient funds are moved to/from them on a daily basis to equal the new Total Requirement.

In order to maximise the company's return, the Treasury Department then endeavour to invest the bulk of these monies with a specific group of institutions (each of which, as required, who have formally agreed to recognise such Investments as Client Money).

The diagram on page 9 shows the current systems architecture.



3.2.1. ITS London Cash Balances

In the Global Document Tracking System (GDTS), ITS accounts are marked as either Yes or No to Client Money Protection. There is a daily feed from GDTS to the Client segregation System (CSS) of all accounts marked Yes for Client Money Protection, and this is compared to the previous business day's feed to detect any changes. A report is produced from CSS showing all new accounts and any that have been removed. All accounts that show as being removed are revalidated to ensure there is no system problem. A feed of all ITS balances are sent to CSS. This feed is cross referenced to the data from GDTS and the balances (debit or credit) on those clients that have been marked for segregation are taken into the CSS. These balances represent Safe Custody, Dividends and Coupons.

Safe custody balances represent free cash on a safe custody client account, this is on account type 1 in ITS.

Dividends and Coupons are unpaid income due on an asset held in a Lehman account over record date and due to a third party. In ITS type 8 represents dividends or coupons on DVP falls whilst type 9 represents the same for safe custody assets.

The system translates all balances into the USD equivalent and subsequently nets the debit and credit balances by client. If the netted figure is a credit, the balance is segregated.

The default for ITS balances is to be included in the segregation total.

3.2.2. London Margin Excess (Prime)

The current process is to take a feed from Cameo containing Cash Balance and Excess Margin per Prime Client account.

The Margin Excess figure is calculated in Cameo as follows:

1. Cash balance on the clients account, this is the free cash and long sale proceeds. (ITS)
+
2. Long market value, this is the value of the long positions on the clients account
+
3. Short account balance, the sale proceeds from stock sold short on the account ITS
-
4. Short market value; this is the value of all the clients' short positions
=
5. Total of above (Net Equity)
-
6. Margin Requirements (These are rule based – Country/Market and Structure specific and held in Cameo)
=
7. Margin Excess

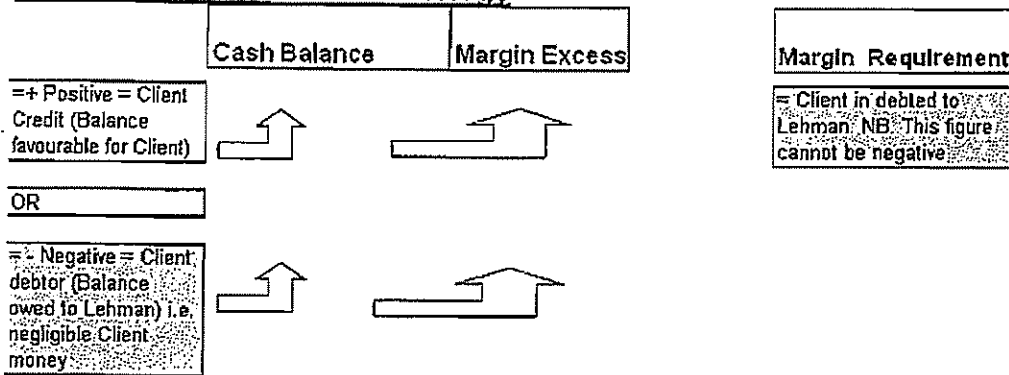
For those clients that have requested Money Protection (identified in the file from GDTS), the CSS compares the value of the Cash Balance to the Margin Excess and includes the lower figure for segregation.

Users in the OCE Reg team will review any items with a daily swing of \$10M or over with the relevant Capital Markets support team.

Currently very few Prime clients have opted for Money Protection and on average, we lock up around \$80m on behalf of 15 clients (██████████).

Below is a detailed example showing the current process:

Prime Margin Excess methodology



CURRENT PROCESS

Segregate lower of Margin Excess or Cash Balance

File from Cameo contains:
 Cash Balance
 Margin Excess

CSS compares client to GDTS Yes/No indicator
 If Yes, segregation figure is the lower of Cash Balance or Margin Excess

Current formula logic: Segregate lower of Margin Excess or Cash Balance

1. If cash balance (and / or margin excess) is negative then do not segregate
2. If positive then segregate applicable lower balance either cash balance or margin excess.

Example

CASH BALANCE	MARGIN EXCESS	LIQUIDATION VAL	MARGIN REQ	CASH	UM	Current Calc
-21,697.30	3,520,409.44	-27,120,413.64	5,519,728.42		-107,221.01	9,147,358.88
155,398.71	1,893,043.91	-14,522,219.73	2,947,695.99		87,567.90	4,753,172.01

Note 1:
Cash balance is negative therefore no client money segregation

Note 2:
Both Cash balance & Margin Excess are positive applied logic implies the segregation of the lower figure i.e. Cash Balance

3.2.3. London Depot Breaks

Stock differences between ITS Prime Charge depot and the Prime Charge real world depot are priced and valued and the cash amount is included in the daily segregation figure.

3.2.4. London Fails

The CSS receives a feed from ITS containing all failing DVP trades for all counterparties in a relevant LBIE entity (type 0), where the client is exposed for cash or securities overnight.

The definition of client exposure is where:

- a) The client has paid for their purchase but we have not delivered stock, LBIE are obliged to segregate the cash value of the trade.
- b) The client has delivered stock but we have not paid, LBIE are obliged to segregate the cash value of the trade.
- c) Partial Settlements, if we have underpaid or client has overpaid on a partial, the difference must be segregated.

This file is currently compared to the GDTS Money Protection Flag.

3.2.5. London Futures

We are required to calculate and segregate any surplus margin not held at a Clearing House.

3 balances are calculated daily:

- 1. CSS receives a daily feed from RISC containing specific client account cash balances in USD and these are added up as a total Non Regulated Free Equity Credit balance
- 2. A further balance is taken from RISC which represents Off-settable Assets segregated by LBI
- 3. CSS also takes a feed from LCH (London Clearing House) which contains a cash amount already segregated at the exchange

The amounts in 2 and 3 are subtracted from 1 to give a total daily Futures segregation figure.

3.2.6. London Manual Items

These include Custody Depot differences. These items are manually keyed into CSS.

3.2.7. London Stockloan Payables

Feed from Claims Tracking. This includes Fee & Rebates, Dividends, etc.

3.2.8. London Unapplied Credits

Feed from GSSR. We currently lock up if more than ~~(324)~~3 days old. (The credits are split by department code and each item is reviewed by a manager or nominated official to advise whether items should be included for segregation purposes. Each credit is reviewed for segregation and comments are stored on the system for future reference). Note: the 0 to 3 day portion (\$20mm buffer amount) is included in the ITS cash balance amount.

3.2.9. Affiliated Accounts

At present we do not segregate any cash for affiliated accounts (i.e. accounts where Lehman Brothers entities trade with LBIE).

3.2.10. Energy/Commodities Business

Currently the Energy/Commodities business is not included in the Client Seg process.

3.2.11. Ledger Credits

Currently Ledger Credits are not included in the Client Seg process.

3.3. Proposed Process Analysis

This work stream required a lot of analysis in order to estimate the MIFID impact to our Client Money process in terms of Technology requirements, Procedural change and increase in both volume and value. This section presents the impact analysis across both the existing and new components and details any changes to Process and Technology.

3.3.1. ITS London Cash Balances

ITS CASH BALANCE ANALYSIS

extracted on business day - 8th February 2007

Issued separately to BRD document on 23rd March.

Introduction

ITS Cash Balances is one of eight components within the daily client segregation process and arguably the largest section within this process. The purpose of this analysis document is to measure the potential impact of the opt-out provision in accordance to current processes and acts as a supporting visual aid to the business requirement document.

An initial extract from the ITS feed consisted of 14,000 accounts in which we used as a basis to discuss with OCE, Compliance/legal & ITD on the account categories & types relevant to client money segregation. The discussions on this topic were exhaustive to ensure we correctly captured, recorded and more importantly understood the reasons for inclusion or exclusion of a particular client account range for segregation. This concluded with a definitive account category table with applicable account types to be used as a component in our impact analysis and business requirement documentation to ultimately uphold this work-stream compliance to the MiFID regulations

Scope

We have identified the ITS Cash Balances by utilising designated account categories with applicable account types (shown below) for inclusion or elimination from client money requirements. The associated pivot tables show volumes and values according to each applicable category. Two tables for every category primarily signify Accounts flagged as 'No' under the client segregation system with the latter displaying Yes or No to current segregation.

Account Categories by range

<u>Inclusion</u>		<u>Exclusion</u>	
Client (table A)	10 -,11-,12-,13-,15-,19-,21-,22-,23-,24-,29-,30-,31-,35-,42-,46-,53-,54-,55-,56-0	Affiliate	88 - _____
██████████ (Table D)	32 - _____	PB Client Executions Accounts	56 - 8_____
Suspense Accounts (Table E)	25 - _____	PB - Market Trades	56 - 5_____ & 56 - 6_____
Street-side - Client Money	89 - 10181	Firm Account	70 - _____ to 79 - _____
		Internal Client	39 - _____
		PB Lifts	27 - _____
		Street-side - No Client Money	83-, 84-, 87-, 89-, 93- & 98-

TOTAL ITS CASH BALANCES ACCOUNTS - CURRENT & PROPOSED SEGREGATION

Signs	Credit
CATEGORY	(Multiple Items)
INCLUDE Y/N	(blank)
COMPANY CODE	302

		ACCOUNT TYPE				
IN CLIENT SEG (GDTS)	Data	1	8	9	Grand Total	
N	Additional Items for client segregation	Sum of USD AMOUNT	-2,651,316.79	-14,782,849.44	-1,293,605.49	-18,727,771.72
		Count of ACCOUNT NO	18.00	113.00	24.00	155.00
Y	Current Items Included for segregation	Sum of USD AMOUNT	-65,707,765.73	-80,914,431.28	-3,034,225.03	-149,656,422.03
		Count of ACCOUNT NO	402.00	652.00	48.00	1,102.00
Total Sum of USD AMOUNT			-68,359,082.52	-95,697,280.71	-4,327,830.52	-168,384,193.75
Total Count of ACCOUNT NO			420.00	765.00	72.00	1,257.00

ITEMS GREATER THAN \$10 MILLION = ZERO

Analysis

The total results published above (pivot table) are obtained utilising the authoritative account categories & types for inclusion & exclusion of client segregation. Whilst analysing the primary LBIE entity 302. We also performed analysis on the LBIE branch entities - Paris, Geneva, Frankfurt, Italy, Madrid, Dubai, and Amsterdam resulting in no discerning impact. Although this entity work did highlight the probable requirement of entity filter to be constructed to strengthen the segregation process for authorised LBIE entities i.e. we currently show and segregate LBIE South Korea within the client segregation system. This is deemed as an enhancement and will be documented and developed separately to these requirements

Requirement

We do not anticipate any requirements for development work resulting from this impact analysis because the changes only relate to minimal increased volumes and values mentioned below. Tests & checks to the client segregation system for increased volume capacity will be performed in due course.

Impact

On this particular business day, the potential total volumes for segregation have increased by 14 % with the associated total lock-up value has increased by 12.5%. NB. This is within the value capacity mentioned by Treasury i.e. 10 to 20 % increase can be contained without additional requirements.

NB. The total impact to the over \$10 million processes is negligible

SEGREGATION INCLUSION

Client Accounts Segregation Proposed (Table A)

Signs	Credit
CATEGORY	Client
INCLUDE Y/N	(blank)
COMPANY CODE	302

		ACCOUNT TYPE			
IN CLIENT-SEG (GDTS)	Data	1	8	9	Grand Total
N	Sum of USD AMOUNT	-675,690.09	-14,469,518.52	-1,293,605.49	-16,438,814.10
	Count of ACCOUNT NO	5.00	109.00	24.00	138.00
Total Sum of USD AMOUNT		-675,690.09	-14,469,518.52	-1,293,605.49	-16,438,814.10
Total Count of ACCOUNT NO		5.00	109.00	24.00	138.00

ITEMS GREATER THAN \$10 MILLION

ZERO

TOTAL Client Accounts - Segregation CURRENT & PROPOSED (Table A)

Signs	Credit
CATEGORY	Client
INCLUDE Y/N	(blank)
COMPANY CODE	302

		ACCOUNT TYPE			
IN CLIENT-SEG (GDTS)	Data	1	8	9	Grand Total
N	Sum of USD AMOUNT	-675,690.09	-14,469,518.52	-1,293,605.49	-16,438,814.10
	Count of ACCOUNT NO	5.00	109.00	24.00	138.00
Y	Sum of USD AMOUNT	-37,375,516.45	-77,582,432.95	-3,034,225.03	-117,992,174.43
	Count of ACCOUNT NO	107.00	636.00	48.00	791.00
Total Sum of USD AMOUNT		-38,051,206.53	-92,051,951.47	-4,327,830.52	-134,430,988.53
Total Count of ACCOUNT NO		112.00	745.00	72.00	929.00

ITEMS GREATER THAN \$10 MILLION

ZERO

Analysis

This section represents the bulk of the ITS cash balance module equating to 20 account ranges for the LBIE entity (302). The importance of utilising an approved account categories table for filtering segregation clients (mentioned previously) held the greatest significance in this section due to client volumes and values.

Requirement

Negligible impact therefore no direct technology requirements

Impact

On this business day we would normally segregate 791 accounts with value of \$117.9 million. An additional 138 accounts (value \$16.4 million) would be locked up under new proposals as mentioned in the Total ITS Cash balance impact. The increase would be comfortably contained within current treasury buffer capacity.

NB: Within the PB Broker accounts ranges (56-5, 56-6, 56-8) we initially included the accounts types 8 & 9 specifically relating to custody income from coupons / dividends for client money segregation.

LBIE Branch Entities - Segregation Accounts

Applicable to LBIE Branch Entities - Paris, Geneva, Frankfurt, Italy, Madrid, Dubai, Amsterdam

Signs	Credit		
CATEGORY	Client		
INCLUDE:Y/N	(blank)		
		ACCOUNT TYPE	COMPANY CODE
		Grand Total	
IN CLIENT SEG (GDTS)	Data		
Total Sum of USD AMOUNT			
Total Count of ACCOUNT NO			
ITEMS GREATER THAN \$10 MILLION		=	ZERO

Analysis

The analysis we performed on the following LBIE branch entities - Paris, Geneva, Frankfurt, Italy, Madrid, Dubai, and Amsterdam resulted in no discerning impact

Requirement

No impact therefore no direct technology requirements.

Impact

None.



Suspense Accounts - Proposed Segregation (25) series (Table E)

Signs	Credit
CATEGORY	Suspense
INCLUDE Y/N	(blank)
COMPANY CODE	302

IN CLIENT SEG (GDTS)	Data	ACCOUNT TYPE	8	Grand Total
N	Sum of USD AMOUNT	-303,980.91		-303,980.91
	Count of ACCOUNT NO	3.00		3.00
Total Sum of USD AMOUNT		-303,980.91		-303,980.91
Total Count of ACCOUNT NO		3.00		3.00

ITEMS GREATER THAN \$10 MILLION = ZERO

Suspense Accounts - Current & Proposed Segregation (25) series

Signs	Credit
CATEGORY	Suspense
INCLUDE Y/N	(blank)
COMPANY CODE	302

IN CLIENT SEG (GDTS)	Data	ACCOUNT TYPE	8	Grand Total
N	Sum of USD AMOUNT	-303,980.91		-303,980.91
	Count of ACCOUNT NO	3.00		3.00
Y	Sum of USD AMOUNT	-3,263,514.49		-3,263,514.49
	Count of ACCOUNT NO	11.00		11.00
Total Sum of USD AMOUNT		-3,567,495.40		-3,567,495.40
Total Count of ACCOUNT NO		14.00		14.00

ITEMS GREATER THAN \$10 MILLION = ZERO

Analysis

The results from our initial analysis underlines the purpose of these suspense accounts as specifically client based rather than a general mainstream type of suspense. They are exclusively set-up to facilitate deals, when the exact shapes or funds are not known (to meet trade and transaction reporting requirements). Essentially if the applicable suspense accounts appear on stock records over dividend or coupon record dates then the corresponding cash balance held on these accounts is client oriented. This has since been confirmed by compliance for the range to be flagged for client money segregation by linking to parent accounts for segregation flag.

Requirement

Negligible impact therefore no direct technology requirements.

Impact

We would normally segregate approximately 11 accounts with value of \$3.2 million. An additional 3 accounts (value \$304 thousand) would be locked up under new proposals therefore impact is negligible.

SEGREGATION EXCLUSION**Affiliate Accounts - Series 88 - ___**

These Accounts are excluded from MiFID regulatory requirements per FSA documentation (see below)

From p.3 of PS 07/2

A - Affiliated Companies

8.20 One respondent noted that under our existing rules, assets (investments or cash) belonging to affiliated companies are excluded from the client asset rules - unless the assets belong to an underlying client of the affiliate or the affiliate is being treated as an arm's length client of the firm. The respondent considered that the proposed rules now require all affiliated assets to be treated as those of the client.

8.21 As a result, the respondent was concerned that they would need to identify any assets held on behalf of an affiliate, which are currently excluded from segregation, and include such assets within the scope of the MiFID client asset rules.

Our response: We confirm that this was not the policy intention. It was our intention to maintain the status quo in line with our existing rules. We consider that where a company is an affiliate, no further protection is required.

PB Client Execution Accounts, PB Market Trades, PB Clients - Series 55-8, 56-5 & 56-6

We've revisited the segregation aspects of this series with compliance confirming the official exclusion of this range from MiFID regulation money protection. This category complies to rules governing the contractual settlement arrangements. An extract from FSA documentation is shown below.

[DVP rules under MiFID as below -

Money in connection with a "delivery versus payment" transaction

7.2.8 R Money need not be treated as client money in respect of a delivery versus payment transaction through a commercial settlement system if it is intended that either:

(1) in respect of a client's purchase, money from a client will be due to the firm within one business day upon the fulfilment of a delivery obligation; or

(2) in respect of a client's sale, money is due to the client within one business day following the client's fulfilment of a delivery obligation;

unless the delivery or payment by the firm does not occur by the close of business on the third business day following the date of payment or delivery of the investments by the client.]

Firm Account - Series 70-

Excluded from MiFID regs due to internal orientation of Accounts

Internal Client - Series 39 -

As confirmed by compliance (6th March 2007). We can officially exclude this range from MiFID regulation money protection. Although we will continue to monitor and actively participate in ensuring the account categories are maintained via agreed procedure and any associated impact to money protection. All necessary static updates resulting from the clean-up process will need to be completed before 1st November

PB Lifts - Series 27 -

These accounts are internally used by Stock lending to facilitate lending requirements therefore are 'out of scope' from these rules

LBIE Fails - Acct Type 0

The fails will be analysed and documented separately to measure the overall impact to client segregation regulations. Fails have been excluded from this analysis on this basis

3.3.2. London Margin Excess (Prime)

This is a key piece of analysis and depending on business decision (expected by end of March 2007) would have the biggest impact to the daily segregation figure.

The latest indications from Legal and Compliance is that we will re-paper the clients by end of October 2007 to advise them that Prime Cash will be considered as collateral and will not be included as Client Money under MiFID

There are still open questions around this and until a final decision is made and re-papering is complete, one or more of the options below may need to be considered.

If under the removal of the opt out clause, we were required to segregate for all Prime Clients, we have estimated that this would increase to around \$9 - 10BN

The impact of this would be huge in terms of additional funding for the firm and in the potential increase to the daily workload of the OCE Seg team in number of items that would require review (and ability to meet funding deadlines).

NB: Treasury have advised that they would require a minimum of 3 months to set up new credit lines etc should we need to segregate this much money

We have discussed this issue at length with Compliance and it is accepted that where a client passes "collateral" to its PB, those assets, whether in the form of money or securities are not required to be segregated from LBI's assets under FSA MiFID rules.

This has been confirmed by [REDACTED] and it would appear that this is the approach being adopted by the market (certain [REDACTED] and [REDACTED]).

What remains to be determined is whether this argument can be applied to all or most of the PB clients that hold long cash or have large Margin Excess balances with Lehman.

NB: Compliance met with [REDACTED] again on 29th March 2007 and have got their agreement that we can make the collateral argument for all clients.

[REDACTED] are going to provide written legal opinion to back this up, plus a draft Equity Prime agreement for use in the re-papering

We may still require the alternative calculation detailed below, as [REDACTED] confirmed that the thinking was acceptable and I would imagine that some clients may still request money protection, or that they may want a sweep to Liquidity funds

Will follow up with [REDACTED] and [REDACTED] and confirm requirements asap

To determine the level of excess assets held by clients with Lehman Brothers and in order to estimate the impact post MiFID, we took a file from Cameo for cob 12th March 2007 containing Cash Balance, Margin Excess, Margin requirement etc and assumed that all clients were marked as Yes to segregation and then calculated the lock up required.

We used this to produce the following distribution tables

Distribution tables by client value bands

Value of Cash Balance	No. of Clients
> 1,000,000,000	1
>100,000,000 and < 1,000,000,000	33
>10,000,000 and <100,000,000	148
>1,000,000 and <10,000,000	192
>100,000 and <1,000,000	125
>0 and <100,000	287
Total long cash position clients	786

Value of Excess Cash (Cash bal less margin reqt')	No. of Clients
> 1,000,000,000	0
>100,000,000 and < 1,000,000,000	22
>10,000,000 and <100,000,000	116
>1,000,000 and <10,000,000	157
>100,000 and <1,000,000	83
>0 and <100,000	194
Total long excess cash position clients	572

Value of Actual Segregation Calculation (Segregate lower of Margin Excess or Cash Balance)	No. of Clients
> 1,000,000,000	0
>100,000,000 and < 1,000,000,000	17
>10,000,000 and <100,000,000	134
>1,000,000 and <10,000,000	181
>100,000 and <1,000,000	132
>0 and <100,000	260
Total Segregation \$9,493,894,898	724

Value of Margin Excess	No. of Clients
> 1,000,000,000	4
>100,000,000 and < 1,000,000,000	56
>10,000,000 and <100,000,000	225
>1,000,000 and <10,000,000	290
>100,000 and <1,000,000	188
>0 and <100,000	219
Total positive (client credit) position	982

This analysis is to be used for discussions with CMPS but from the most recent meeting held with Legal and Compliance (19th March 2007), the latest information we have is that the preference is to follow the market and advise all PB Clients currently opted out of Client Money that their assets will be treated as Collateral and that they would not qualify for money protection (see note above)

However, should it be decided that there are clients holding large cash balances with Lehman Brothers, that we could not reasonably classify as collateral, we have also identified the following three alternative approaches to explore

1. arrange to reduce the amount of client cash held by returning excess to clients.
2. obtain clients' permission to reinvest excess cash in money market funds, which has the effect of reclassifying the cash as "investments".
3. re-engineer the client money calculation to achieve segregation for these clients.

The first option will naturally be unattractive as the client clearly has chosen to leave cash with Lehman Brothers.

The second takes advantage of a new flexibility in the rules which benefits the client as it allows him the client to earn income on the cash and the client's agreement could be built in to the PB documentation update which will need to be done by end October 2007. [A separate initiative is being explored already by IMD to encourage clients to invest spare client cash into money market funds.]

The third option relates to a proposal for an alternative method of calculating the segregation requirement. This option would require Technology work in Cameo, CSS or both.

~~but is now being viewed as less attractive as our estimates show it would not reduce the lock-up as much as anticipated (reduced the figure to \$7BN for all accounts) but and may require changing the client's status over time²²², leading to potential confusion on the part of the client and operational risk for Lehman Brothers.~~

~~Should we choose to pursue it, it should be noted that We would also still require Compliance agreement that this calculation is the validity under FSA rules of this approach has been confirmed and may need to be run pas byt [REDACTED]~~

The requirements for this alternative calculation are detailed below in case the decision to go with this new calculation is confirmed.

NEW PROPOSED PROCESS

Segregate lower of Margin Excess or (Cash Balance minus Margin Requirement)

NB: Margin Requirement = Liquidation Value minus Margin Excess

File from Cameo to contain:

Margin Excess
Cash Balance
Liquidation Value
Margin Requirement

NB: Would not require Liquidation Value for proposed calculation – only Margin Excess, Cash Balance and Margin Requirement

Assume all PB clients are Yes to Money Protection

NB: Margin Excess is same as Post Margin Exposure in Cameo

New formula logic: Segregate lower of Margin Excess or (Cash Balance minus Margin Requirement)

1. If Cash balance minus Margin requirement (and / or margin excess) is negative then do not segregate.
2. If Margin requirement (i.e. amount owing to Lehman) is greater than either margin excess or cash balance than do not segregate.
3. If Margin requirement is lower than the positive margin excess or positive cash balance then segregate the lower value of cash balance minus Margin requirement Vs. Margin excess.

Example

Lehman Brothers

Business Requirement Document

<u>CASH BALANCE</u>	<u>MARGIN EXCESS</u>	<u>LIQUIDATION VAL</u>	<u>MARGIN REQ</u>	<u>CASH</u>	<u>LMV</u>	<u>Current Calc</u>	<u>Proposed New Calc</u>
498,017.53	5,205,035.64	-33,071,543.44	7,465,428.84	207,224.10	12,483,290.37	498,017.53	0.00
705,089.08	899,802.80	-2,183,033.04	194,713.72	705,089.08	389,427.44	705,089.08	510,375.36

Note 1:
Margin requirement (i.e. amount owing to Lehman) is greater than margin excess or cash balance therefore no client money segregation

Note 2:
Margin requirement is lower than the positive margin excess or positive cash balance therefore segregate the lower figure of cash balance minus margin requirement.

Summary

We are still awaiting a decision on approach to take on PB Clients and as described above, this needs to be discussed further with Compliance, Legal and CMPS.

Whatever approach is taken, re-papering of the clients will be required although it appears most likely that this will not require clients consent (IE: Default will be that they would not receive money protection)

While it appears very unlikely that we will need to lock up anywhere near the estimated total of \$9.5bn, we do need to ensure that we would be able to support this increase on 1st November 2007, should we have to.

Impact

OTG: Will need to check for volume/value capacity based on all clients converting to Yes
If a decision is made to amend the segregation calculation, will need to change as above either in Cameo or in CSS

OCE: A further analysis will be undertaken over 2 consecutive business days in order to estimate the number of clients with a swing of > \$10m

Treasury: May be required to increase credit limits and will need to consider funding to \$10bn+
We will continue to keep them informed as to decision and will perform a further estimate/review in order to meet their 3 month timeline

3.3.3. London Depot Breaks

Differences between ITS Prime Charge depot and the Prime Charge real world depot.

Impact: No change under MiFID

3.3.4. London Fails

The CSS receives a feed from ITS containing all failing DVP trades for all counterparties in a relevant LBIE entity (type 0), where the client is exposed for cash or securities overnight.

This file is currently compared to the GDTS Money Protection Flag so Fails will be effected by the removal of the opt out clause in that all LBIE clients will now be included in the file for comparison to the fails feed

We have still to perform an analysis of the increase in fails, which will be based on the definition of client accounts in ITS Cash balance section 4.3.1 above.

It is very difficult to estimate an increase using only one or two business days due to the volatility of this component however, given the minimal impact on the client ranges, I would not expect too drastic an increase (although this will still remain very volatile)

Impact

OTG: Should be no impact providing they are comfortable with estimated increase in number of client accounts in section 4.3.1

OCE: Will discuss once analysis and estimate is complete but do not expect any major impact

3.3.5. London Futures

Compliance have identified 2 changes required to the current process, which are needed in order to be fully MiFID compliant.

1) We are not allowing for stock which has been given to Lehman Brothers as collateral and which has been pledged at an Exchange.

This can be deducted from the daily segregation figure

Normal practice is actually to loan out the stock placed as collateral and replace it with the cash equivalent, which is included in the daily calculation.

However, we do need a process in place to allow for occasions where this does not happen and stock is actually pledged.

This requires some further analysis with Compliance, OCE and the Futures Margin group but we believe that this can be achieved as follows:

- CSS to take a feed from ITS of all stock balances held on 29 lead accounts - this represents stock placed with us as collateral
- Price and value the stock balances
- These should be represented as a separate section within the Futures component and the total value would need to be deducted from the Non Regulated Free Equity Credit balance (1 in current process)
- However, the actual default should be to exclude from the calculation

- OCE Reg team will need to determine which of any of the stock balances had actually been pledged with an exchange and these would be switched to include (for reduction against the Non Regulated Free Equity Credit balance)
- ~~Outstanding question — we believe but need to confirm with compliance that collateral pledged by a particular client or clients can be offset against the total Futures figure~~
- Compliance have advised that we cannot offset against the total figure, only on a client by client basis
- We will therefore additionally need to be able to cross reference the individual client 29 lead account in ITS, with the corresponding account in RISC
- OCE Reg team will still need to determine which of the stock balances had been pledged with an exchange (as above) but will only be able to offset up to a maximum of the initial Free Equity figure for that particular client

NB: It is envisioned that this will need to be a manual process for the OCE Reg team

2) Initial Margin Un-paid

Initial Margin due to Lehman Brothers from clients is already included in the balances received in the file from RISC that make up the Non Regulated Free Equity Credit balance.

On the rare occasions where an initial Margin has not been paid, it should also be deducted from the total daily Futures figure

Further discussions with OCE and the Margin group will be required but we believe that any Initial Margin Unpaid would probably need to be added as a manual item within the Futures component of CSS

Technology requirements would be to potentially create a new template for a manual item that would specifically display as Initial Margin Unpaid.

This would need to be displayed on the screen and throughout the audit history and reports within the system

We also think that the best way of obtaining details of any unpaid Initial Margin will be via email from CSS to the relevant Margin areas so it would be good if this could be automated in line with JIRA 326 (Automate emails) which has already been discussed for delivery this year

Impact

OTG: ITS to feed stock balances on 29 lead accounts to CSS as above
Automate email from CSS to Margin areas as above

OCE: More items to review and manual interaction with Futures Margin areas

3.3.6. London Manual Items

These include Custody Depot differences. These items are manually keyed into CSS.

Impact: No change under MiFID

3.3.7. London Stockloan Payables

Feed from Claims Tracking. This includes Fee & Rebates, Dividends, etc. Probably will not be impacted by MiFID as we already lock up all cash (except for internal trades).

Impact: No change under MiFID

3.3.8. London Unapplied Credits

Feed from GSSR. We already lock up if more than 32234 days old so suggests this would not be impacted by MiFID. (The credits are split by department code and each item is reviewed by a manager or nominated official to advise whether items should be included for segregation purposes. Each credit is reviewed for segregation and comments are stored on the system for future reference). Note: the 0 to 3 day portion (~~\$20mm~~ 93mm buffer amount) is included in the ITS cash balance amount.

Impact: No change under MiFID

3.3.9. Affiliated Accounts

At present we do not segregate any cash for affiliated accounts (i.e. accounts where Lehman Brothers entities trade with LBIE). As part of this analysis, the issue was raised as to whether, under MiFID, there is a requirement to segregate cash in affiliate accounts.

Compliance confirmed on 14th February that where a company is an affiliate, no further protection is required

No impact

3.3.10. Energy/Commodities Business

During the MiFID on-site on 9th March 2007, we were advised that there was a potential to move all or part of this business from an unregulated entity to a ~~LBIE~~ LBIE-regulated entity, namely LBIE

We would ~~will therefore~~ be required to segregate any client money that this business requires us to hold if this entity move occurs

A separate MiFID Commodities work-stream has now been set up but we will be unable to document requirements until various business decisions have been made and we can view a proposed workflow

We have held one initial meeting with Compliance, Legal and the Business but the following questions are outstanding:

1) Will all or part of this business be moved to a ~~LBIE~~ LBIE-regulated entity (LBIE)?
There is debate about this related to the Reg Cap charge

2) Do we actually hold any client money?
All trading is proprietary and where cash collateral is received, we take title

3) Which products traded are regulated under MiFID and what significance does that have?
~~---~~ Don't think this should matter if the entity is LBIE. FSA rules will apply whether or not it is MiFID business

Impact

We may be required to segregate client excess margin.

OTG: If so, we would probably require a new component within CSS and would need a new or amended feed from Cameo to provide figures for segregation

OCE: Would need to incorporate within daily workload in terms of reviewing items, presumably if swing is greater than \$10m

NB: These are very high level requirements based on very early discussions
Agreed to chase up for a list of instruments

3.3.11. Ledger Credits

As part of this analysis and in discussions with Compliance and the business areas, a potential gap has been identified which will need to be resolved in order to be compliant under MiFID

As part of our daily segregation process, we take in feeds to CSS, from GSSR of all unapplied statement credits to any LBIE accounts aged 4 days or over (Unapplied Credits component – 3.3.8 above)

This is because any statement credit could potentially be client money and unless we can be sure that these credits belong to the firm, cash is locked up.

However, it is possible that in certain cases, a ledger credit may be posted pending payment out to a client. Should this payment not be made for any reason, then the ledger credit should also be considered client money and would need to be included in the daily segregation calculation

In order to cover this situation, the Technology requirements will be as follows:

- Add a new component to the CSS – called **Unapplied Ledger Credits**
- CSS to take a feed from GSSR of same sections as for Unapplied Credits component
- Use Indicator "L" to represent Ledger Credit (as opposed to "S" for statement credit)
- Include/Exclude default should be - **Exclude**

NB: We need to investigate whether some new sections will need to be added to the feed.

This would be where for instance only Ledger Debits and Credits are posted to a rec and no Statement Credits as these would not be part of current feed for Unapplied Credits component

Impact

OTG: Tech build as above

OCE: Will discuss with OCE Technology to provide a sample day in CSS Staging

This will be to provide an estimate of number of items that would require review. The concern is that there will be a large number of items to review while actually very few will require segregation and that this will also add volume to the daily flow for the various Ops groups in responding to mails from CSS

NB: Will need to factor in any migration of relevant recs from GSSR to TLM

3.3.12. Production JIRAS

In order to assist OCE Reg team with the increase in volumes of items that require review and thereby to assist in meeting daily Funding deadlines, we have discussed and agreed with OCE Technology a number of Production bugs/small enhancements to be included within the MIFID work.

<u>CSS-406</u>	If two people respond to an unapplied credits review mail at the same time the second comment is erased.
<u>CSS-357</u>	Unable to enter debit items in the depot area
<u>CSS-343</u>	The system duplicates Depots when more than one person is netting
<u>CSS-338</u>	Require a second sort facility when reviewing items such as unapplied credits
<u>CSS-327</u>	Out of Office Replies to Emails sent via the CSS System
<u>CSS-326</u>	Automate the sending of emails for Manual Items and London Cash Balances
<u>CSS-246</u>	Can we can send a breakdown of the balances by mails. Currently there is no way for user to know the fx we use and so to confirm the accumulated balance.

4.3. Changes to GDTS / EAM

We will continue to use the existing Money Protection Flag in GDTS to identify client accounts that contain client money and require segregation.

There is a project planned to move the functionality from GDTS into EAM. If this project goes live before the 1st November 2007 we will need to ensure that the feed from EAM to CSS is tested and any other changes that may be required will need to take this into account.

4.4. Data changes for CASE (GDTS)

There will be a large number of accounts that will need to be flagged as 'Yes' for Client Money Protection. This will require the CASE team to update this flag in GDTS.

4.5. Changes to Cameo

Margin Excess (3.3.2) At present we are investigating whether we can change the Excess Margin calculation within Cameo for Prime by off-setting the cash collateral against securities balances in order to reduce the excess margin amount being segregated. Dependant on Prime decision

NB: If required, could be a change to Cameo or CSS

Energy/Commodities (3.3.10) – Potentially a new or enhanced feed from Cameo

4.6. Process changes for Ops Control

Cash Balances (3.3.1) - Increased volume and value but not expected to be significant

Fails (3.3.4) - Increased volume and value but not expected to be significant (Analysis for one business day to be performed for an estimate)

Margin Excess (3.3.2) - Any increase to volume/value is dependant on Prime business decision. Further analysis will be undertaken to estimate number of accounts with a swing of greater than \$10m over 2 business days as a worst case scenario

Futures (3.3.5) – Increase in items to review and manual interaction with Futures Margin areas

Energy/Commodities (3.3.10) – Possibly a new component within CSS – more items to review and interaction with Commodities group

Ledger Credits (3.3.11) – High volume of items to review with Ops groups
Possible impact on meeting Funding deadlines

4.7. Process changes for Treasury

Margin Excess (3.3.2) – we will continue to liaise with Treasury relating to decision on treating Prime Broker Cash and any required increase to Funding Requirements

5. Issues / Open Questions

5.1. Issues / Open Questions

Open Question	Impact	Responsibility	Status
<p>Prime Margin Excess - Decision needed on how to treat Prime cash under MIFID. Can all or most clients be treated as collateral</p> <p>29th March 2007: Compliance have got agreement with ██████████ that we can make the collateral argument for all clients. ██████████ to provide written legal opinion to back this up, plus a draft Equity Prime agreement for use in the re-papering</p> <p>Prime Client re-papering. Based on decision above, will this be a one or two way re-papering</p>	<p>If all PB Clients were opted in for Money Protection the segregation figure for Margin Excess is estimated to be \$9BN</p> <p>Further to ██████████ confirmation, re-papering still required but figure will not be anywhere near this estimate</p> <p>As above</p> <p>Decision needed in order to determine what client money is involved, how much will need to be segregated and what Technology work will be needed to incorporate figures</p> <p>(A separate MIFID workstream is working on this)</p>	<p>Compliance, Legal, CMPS</p> <p>Compliance, Legal, CMPS</p> <p>Commodities business, Compliance, Legal</p>	<p>WIP</p> <p>WIP</p> <p>Open</p>
<p>Commodities: Energy business - Is all or part of this business moving to a regulated LBIE entity?</p> <p>What client money is held?</p> <p>Falls - What impact will the removal of opt out clause have on daily numbers?</p> <p>PB Broker accounts - Can these be excluded post MIFID</p> <p>29th March 2007: Compliance have confirmed. can be excluded</p>	<p>Thought to be minimal but one day's analysis planned</p> <p>No real impact - required in order to get correct indicator in GDTS</p> <p>Updated ITS analysis</p>	<p>MIFID Ops team/OCE Tech</p> <p>MIFID Ops team/Compliance</p>	<p>WIP</p> <p>Closed</p>

6. Appendix – EEA Countries

6.1. Appendix – EEA Countries

The following countries are in the EEA:

Austria
Belgium
Bulgaria
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany
Greece
Hungary
Ireland
Italy
Latvia
Lithuania
Luxembourg
Malta
Netherlands
Poland
Portugal
Romania
Slovak Republic
Slovenia
Spain
Sweden
United Kingdom
Iceland*
Liechtenstein*
Norway*

Switzerland**

* These countries are in the EEA, but are not members of the European Union.

** Switzerland is not in the EEA, but an International treaty means that from 1 June 2002 Swiss nationals have a similar right to live in the UK as EEA nationals.

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TAB 4

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Handbook at 30 October, 2007

Printed on 16 September, 2009

Full Handbook / CASS / 4 / 1

CASS 4.1 Application and Purpose**Application**

CASS 4.1.1 R This section (the *client money rules*) applies to a *firm* that receives or holds *money* from , or on behalf of, a *client* in the course of, or in connection with:

- (1) its *designated investment business* ; or
- (2) in the circumstances set out in CASS 4.1.1A R, *insurance mediation activity*;

except where CASS 4.1.2 R applies.

CASS 4.1.1A R A *firm* that receives or holds *money* to which this section applies and *money* in respect of which CASS 5.1 applies, may elect to comply with the provisions of this section CASS 4 in respect of all such *money* and if it does so CASS 4 applies as if all such *money* were *money* that the *firm* receives and holds in the course of or in connection with its *designated investment business*.

CASS 4.1.2 R The *client money rules* do not apply with respect to:

14/01/2005

- (1) the *permitted activities* of a *long-term insurer* or a *friendly society*; or
- (2) coins held on behalf of a *client* if the *firm* and the *client* have agreed that the *money* (or *money* of that type) is to be held by the *firm* for the *intrinsic value* of the metal which constitutes the coin; or
- (3) *money* held by a *firm* which is an *approved bank*, but only when held in an account with itself, in which case the *firm* must notify the *client* in writing that:
 - (a) *money* held for that *client* in an account with the *approved bank* will be held by the *firm* as banker and not as trustee (or in Scotland as agent); and
 - (b) as a result, the *money* will not be held in accordance with the *client money rules*;
- (4) *money* held by *depositories* which are regulated by COB 11 ;
- (5) *client money* held by a *firm* which:
 - (a) receives or holds *client money* in relation to *contracts of insurance*; but which
 - (b) in relation to such *client money* elects to act in accordance with CASS 5.1 to 5.6.

CASS 4.1.2A R A *firm* should make and retain a written record of any election which it makes under CASS 4.1.1A R or CASS 4.1.2 R (5).

CASS 4.1.2B G

- (1) A *firm* which receives and holds *client money* in respect of life assurance

business in the course of its *designated investment business* may:

(a) in accordance with CASS 4.1.1A R elect to comply with CASS 4 in respect of such *client money* and in doing so avoid the need to comply with CASS 5.1 to 5.6 which would otherwise apply to the *firm* in respect of *client money* received in the course of its *insurance mediation activity*; or

(b) in accordance with CASS 4.1.2 R (5), elect to comply with CASS 5.1 to 5.6 in respect of such *client money*.

(2) These options are available to a *firm* irrespective of whether it also receives and holds *client money* in respect of other parts of its *designated investment business*. A *firm* may not however choose to comply with CASS 5.1 to 5.6 in respect of *client money* which it receives and holds in the course of any part of its *designated investment business* which does not involve an *insurance mediation activity*.

CASS 4.1.3 **G** *Firms* are reminded that, under CASS 1.3.3 R, the *client money rules* do not apply to an *incoming EEA firm*, other than an *insurer*, with respect to its *passport activities*. The application of the *client money rules* to the activity of a *firm* is also dependent on the location from which the activity is undertaken (see CASS 1.3.2 R).

CASS 4.1.4 **G** The *custody rules* will apply when a *firm* holds, for example, gold coins on behalf of the *client* in accordance with CASS 4.1.2 R(2) in the same portfolio as *safe custody investments*.

CASS 4.1.5 **G** A *firm* that is an *approved bank*, and relies on the exemption under CASS 4.1.2 R(3), should be able to account to all of its *clients* for amounts held on their behalf at all times. A bank account opened with the *firm* that is in the name of the *client* would generally be sufficient. When *money* from *clients* deposited with the *firm* is held in a pooled account, this account should be clearly identified as an account for *clients*. The *firm* should also be able to demonstrate that an amount owed to a specific *client* that is held within the pool can be reconciled with a record showing that individual's *client* balance and is, therefore, identifiable at any time. Similarly, where that *money* is reflected only in a *firm's* bank account with other banks (*nostro accounts*), the *firm* should be able to reconcile amounts owed to that *client* within a reasonable period of time.

CASS 4.1.6 **G** A *firm* that is an *approved bank* is reminded that CASS 4.1.2 R(3) is not an absolute exemption from the *client money rules*.

General purpose

CASS 4.1.7 **G** *Principle 10* (Clients' assets) requires a *firm* to arrange adequate protection for *clients'* assets when the *firm* is responsible for them. An essential part of that protection is the proper accounting and handling of *client money*. The *client money rules* provide requirements for *firms* that receive or hold *client money*, in whatever form.

Money that is not client money: 'opt outs' for any business (including ISD business) other than *insurance mediation activity*

CASS 4.1.8 **G** The 'opt out' provisions provide a *firm* with the option of allowing an *intermediate customer* or *market counterparty* to choose whether their *money* is subject to the *client money rules* (unless the *firm* is conducting *insurance mediation activity*).

CASS 4.1.9 **R** Subject to CASS 4.1.11 R, *money* is not *client money* when a *firm* (other than a *sole trader*) holds that *money* on behalf of, or receives it from, a *market counterparty* or an *intermediate customer*, other than in the course of *insurance mediation activity*, and the *firm* has obtained written acknowledgement from the *market counterparty* or *intermediate customer* that:

(1) the *money* will not be subject to the protections conferred by the *client money*

rules;

(2) as a consequence, this *money* will not be segregated from the *money* of the *firm* in accordance with the *client money rules* and will be used by the *firm* in the course of its own business; and

(3) the *market counterparty* or *intermediate customer* will rank only as a general creditor of the *firm*.

'Opt-outs' for non-ISD or non-IMD business

CASS 4.1.10 **G** For a *firm* whose business is not governed by the *ISD* or the *IMD*, it is possible to 'opt out' on a one-way basis. However, in the case of certain non-*ISD investment firms* that undertake '*ISD type*' business from a *branch* in the *United Kingdom*, article 5 of the *ISD* requires the *FSA* not to treat this business any more favourably than business of an *ISD investment firm*. Therefore all *ISD* and '*ISD type*' business should comply with the *client money rules* or be 'opted out' on a two-way basis.

CASS 4.1.11 **R** *Money* is not *client money* if a *firm*, in respect of *designated investment business* which is not a *core investment service*, a *non-core investment service*, a *listed activity* or *insurance mediation activity*:

(1) holds it on behalf of or receives it from a *market counterparty* who is not an *authorised person* or an *intermediate customer* who is not an *authorised person*; and

(2) has sent a separate written notice stating the matters set out in *CASS 4.1.9 R* (1) to (3).

CASS 4.1.12 **G** When a *firm* undertakes a range of business for a *market counterparty* or *intermediate customer* and has separate agreements for each type of business undertaken, the *firm* may treat *client money* held on behalf of the *client* differently for different types of business; for example, a *firm* may, under *CASS 4.1.9 R* or *CASS 4.1.11 R*, elect to segregate *client money* in connection with *securities* transactions and not segregate (by complying with *CASS 4.1.9 R* or *CASS 4.1.11 R*) *money* in connection with *contingent liability investments* for the same *client*.

CASS 4.1.13 **R** When a *firm* transfers *client money* to another *person*, the *firm* must not enter into an agreement under *CASS 4.1.9 R* or *CASS 4.1.11 R* with that other *person* in relation to that *client money* or represent to that other *person* that the *money* is not *client money*.

CASS 4.1.14 **G** *CASS 4.1.13 R* prevents a *firm*, when passing *client money* to another *person* under *CASS 4.3.30 R* (transfer of assets to a third party), from making use of the 'opt out' provisions under *CASS 4.1.9 R* or *CASS 4.1.11 R*.

Money in connection with a "delivery versus payment" transaction

CASS 4.1.15 **R** *Money* need not be treated as *client money* in respect of a *delivery versus payment* transaction through a commercial settlement system if it is intended that either:

(1) in respect of a *client's* purchase, *money* from a *client* will be due to the *firm* within one *business day* upon the fulfilment of a *delivery obligation*; or

(2) in respect of a *client's* sale, *money* is due to the *client* within one *business day* following the *client's* fulfilment of a *delivery obligation*;

unless the *delivery* or *payment* by the *firm* does not occur by the close of *business* on the third *business day* following the date of *payment* or *delivery* of the *investments* by the *client*.

CASS 4.1.16 **R** *Money* need not be treated as *client money* in respect of a *delivery versus payment* transaction, for the purpose of settling a transaction in relation to *units* in a *regulated collective investment scheme*, if:

(1) the *authorised fund manager* receives it from a *client* in relation to the *authorised fund manager's* obligation to issue *units*, in an *AUT* or to arrange for the issue of *units* in an *ICVC*, in accordance with *CIS*, unless the *price* of those *units* has not been determined by the close of business on the next *business day*;

(a) following the date of the receipt of the *money* from the *client*; or

(b) if the *money* was received by an *appointed representative* of the *authorised fund manager*, in accordance with *CASS 4.3.15 R*, following the date of receipt at the specified business address of the *authorised fund manager*; or

(2) the *money* is held in the course of redeeming *units* where the proceeds of that redemption are paid to a *client* within the time specified in *CIS*; when an *authorised fund manager* draws a cheque or other payable order within these timeframes the provisions of *CASS 4.3.101 R* and *CASS 4.3.102 R* will not apply.

Affiliated companies

CASS 4.1.17 **G** *Money* from an *affiliated company* is not treated as *client money* unless the provisions of *CASS 4.1.18 R* apply. This seeks to ensure that *client money* is protected against the potential contagion that may arise on the *failure* of a *firm* which is itself part of a *group* which, if treated as a *client*, would expose the other *clients* of the *firm* to the risks of other parts of the *group*.

CASS 4.1.18 **R** *Money* is not *client money* if the *firm* holds it on behalf of, or receives it from, an *affiliated company*, unless:

(1) the *firm* has been notified by the *affiliated company* that the *money* belongs to a *client* of the *affiliated company*; or

(2) the *affiliated company* is a *client* dealt with at arm's length; or

(3) the *affiliated company* is a manager of an *occupational pension scheme* or is an overseas company; and

(a) the *money* is given to the *firm* in order to carry on *designated investment business* for or on behalf of the *clients* of the *affiliated company*; and

(b) the *firm* has been notified by the *affiliated company* that the *money* is to be treated as *client money*.

Money due and payable to the firm

CASS 4.1.19 **R** *Money* is not *client money* when it becomes properly due and payable to the *firm* for its own account.

CASS 4.1.20 **E** (1) For *fees* and *commissions* payable by *customers*, 'due and payable' means:

(a) they have been accurately calculated and are in accordance with a formula or basis previously disclosed to the *client* by the *firm*; or

(b) five *business days* have elapsed since a statement showing the amount of those *fees* and *commissions* has been despatched to the *client*, and the *firm* has taken reasonable steps to ensure that the *client* does not question that sum specified; or

(c) the precise amount of the *fees* or *commissions* has been agreed by the *client*, or has been determined by a court, arbitrator or arbiter;

(2) Compliance with (1) may be relied on as tending to establish compliance with *CASS 4.1.19 R*;

(3) Contravention of (1) may be relied on as tending to establish contravention of CASS 4.1.19 R.

CASS 4.1.21 **G** Money held as *client money* becomes due and payable to the *firm* or for the *firm's* own account, for example, because the *firm* acted as *principal* in the contract or the *firm*, acting as agent, has itself paid for *securities* in advance of receiving the purchase money from its *client*. The circumstances in which it is due and payable will depend on the contractual arrangement between the *firm* and the *client* and on the provisions of CASS 4.1.20 E.

CASS 4.1.22 **G** When a *firm* has entered into an arrangement under which *commission* is rebated to a *client*, those rebates should be treated as *client money* when the *firm* has performed its obligations in accordance with the relevant contract. The circumstances in which they become due and payable will depend on the contractual arrangements between the *firm* and the *client*.

CASS 4.1.23 **G** When a *client's* obligation or liability, that is secured by that *client's* asset, crystallises, and the *firm* realises the asset in accordance with an agreement entered into between the *client* and the *firm*, the part of the proceeds of the asset to cover such liability that is due and payable to the *firm* is not *client money*. However, any proceeds of sale in excess of the amount owed by the *client* to the *firm* should be paid over to the *client* immediately or be held in accordance with the *client money rules*.

CASS 4.1.24 **G** When a *firm* realises *client collateral* to meet liabilities of that *client*, it should do so in accordance with the relevant terms and conditions (see CASS 2.3.2 R to CASS 2.3.6 R), and for a *private customer*, in accordance with COB 7.8 (Realisation of a private customer's assets).

Solicitors

CASS 4.1.25 **R** An *authorised professional firm* regulated by The Law Society (England and Wales), The Law Society of Scotland or The Law Society of Northern Ireland must comply with the rules of its *designated professional body* as specified in CASS 4.1.26 R, in force at *commencement*, and if it does so, it will be deemed to comply with CASS 4.1 to CASS 4.3.

CASS 4.1.26 **R** For the purposes of CASS 4.1.25 R the relevant rules are:

(1) if regulated by the Law Society (of England and Wales):

(a) the Solicitors' Accounts Rules 1998; or

(b) where applicable, the Solicitors Overseas Practice Rules 1990;

(2) if regulated by the Law Society of Scotland, the Solicitors' (Scotland) Accounts, Accounts Certificate, Professional Practice and Guarantee Fund Rules 2001;

(3) if regulated by the Law Society of Northern Ireland, the Solicitors' Accounts Regulations 1998.

Trustee firms (other than trustees of unit trust schemes)

CASS 4.1.27 **R** A *trustee firm* must hold any *client money* separate from its own *money* at all times.

CASS 4.1.28 **R** Only the *client money rules* listed in COB 9.3.29 apply to a *trustee firm* in respect of *client money* held in the course of that trustee business.

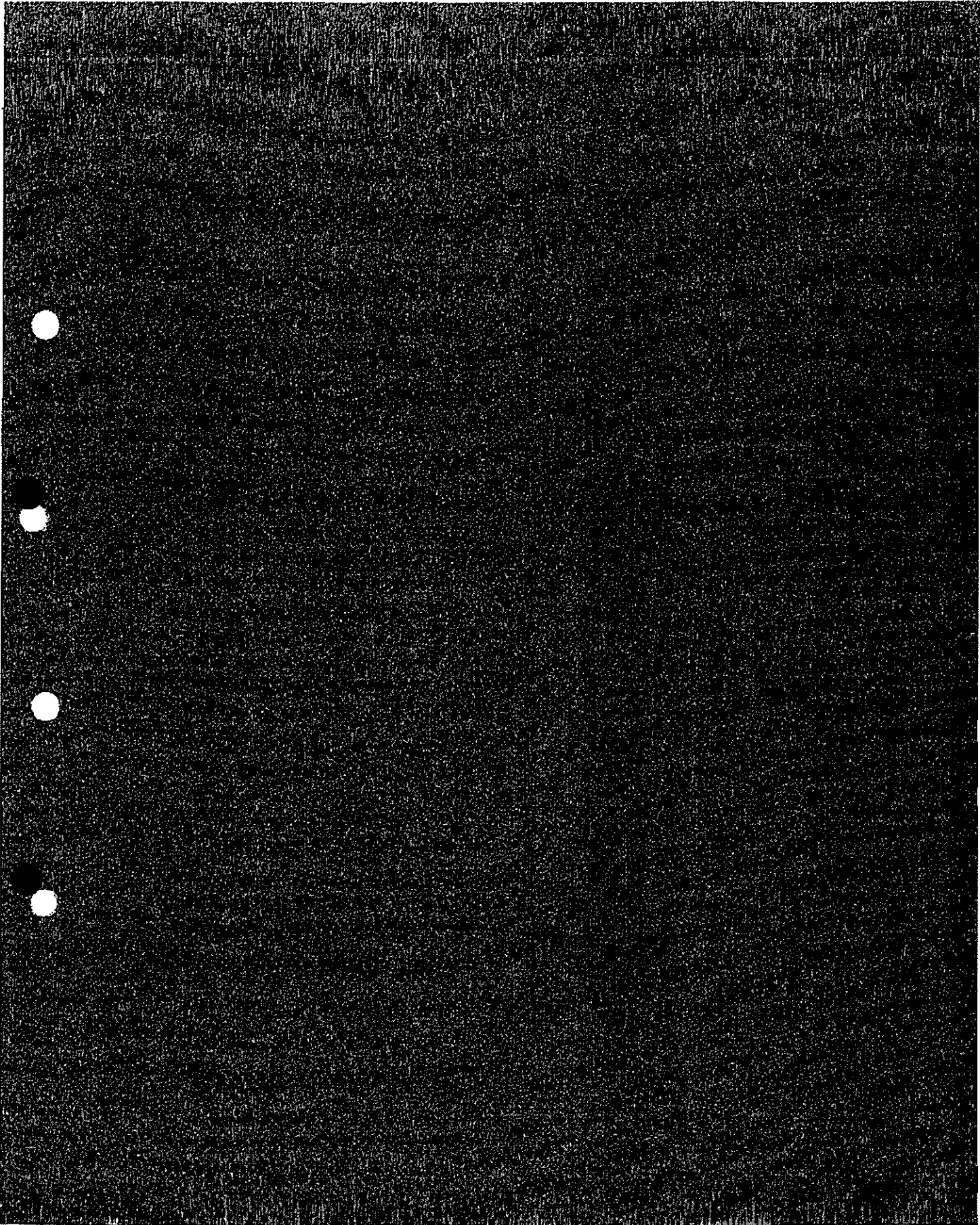
CASS 4.1.29 **R** **This table belongs to COB 9.3.28**

Reference	Rule
CASS 4.1.1 R - CASS 4.1.7	Application

G	
CASS 4.1.27 R - CASS 4.1.29 R	Trustee firms (other than trustees of unit trust schemes)
CASS 4.2.3 R - CASS 4.2.7 G	Requirement
CASS 4.3.33 G - CASS 4.3.40 R	Client bank accounts
CASS 4.3.41 G - CASS 4.3.45 G	A firm's selection of bank
CASS 4.3.46 R - CASS 4.3.47 R	Group banks
CASS 4.3.89 R - CASS 4.3.97 R	Reconciliation of client money balances

• **TAB 5**

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>
> From: [REDACTED]
> Sent: 07 April 2008 19:43

>
>
> Please let me know of any changes to this record
>
> Many thanks
>
> [REDACTED]
>
>
>

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----- End of message text -----

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• **TAB 6**

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LEHMAN BROTHERS

May 13, 2008

Lehman Brothers International (Europe)
25 Bank Street
London, E14 5LE
Attn: [REDACTED]

Account Name: Lehman Brothers Inc., Foreign Futures and Option Customer Secured Account
Account Number: LBI - 022 [REDACTED] / 022 [REDACTED] / 022 [REDACTED] / 022 [REDACTED] / 022 [REDACTED]
LBIE - 022 [REDACTED] / 022 [REDACTED] / 022 [REDACTED] / 022 [REDACTED] / 022 [REDACTED]

Dear [REDACTED]

Lehman Brothers Inc. ("LBI") has established a secured amount commodity accounts on your books (as references above). These accounts are pursuant to Regulation 30.7 et seq. of the Commodity Futures Trading Commission (the "Regulations")

Accordingly, funds, securities and other property deposited in the Customer Account, and any subsequent additions thereto belong to our foreign futures and foreign options commodity customers and must be segregated according to CFTC Regulation 30.1 (a) and (b), respectively. These funds, securities and other property must be held accordance with the provisions of the Commodity Exchange Act (the "Act") and Regulations thereunder adopted by the Commodity Futures Trading Commission ("CFTC"), including specifically CFTC Regulation 30.7 of the Foreign Futures and Foreign Options Transactions Regulations of the CFTC. In accordance with these rules, it is necessary for your firm to waive any claim, lien or right of offset it may have against the above referenced account for any obligations to your firm by Lehman Brothers Holding Inc and its Subsidiaries. Accordingly, funds deposited in the Customer Account, and any subsequent additions thereto represent funds held by Lehman Brothers Inc. as trustee in accordance with the Regulations.

By signing below, you acknowledge your acceptance of these terms. Please return this original duly signed to my attention.

Very truly yours,

Lehman Brothers Inc.

By: [REDACTED]

First Vice President

We have reviewed the above letter and we agree to the terms set forth therein.

By: [REDACTED]

Authorized Signature

Date

Name and Title (print or type)

Lehman Brothers
745 Seventh Avenue
New York, NY 10019

• **TAB 7**

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ISDA[®]

International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

to the Schedule to the

ISDA Master Agreement

dated as of

between

..... and

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the ISDA Master Agreement referred to above and is part of its Schedule. For the purposes of this Agreement, including, without limitation, Sections 1(c), 2(a), 5 and 6, the credit support arrangements set out in this Annex constitute a Transaction (for which this Annex constitutes the Confirmation).

Paragraph 1. Interpretation

Capitalised terms not otherwise defined in this Annex or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 10, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 11 and the other

¹ This document is not intended to create a charge or other security interest over the assets transferred under its terms. Persons intending to establish a collateral arrangement based on the creation of a charge or other security interest should consider using the ISDA Credit Support Deed (English law) or the ISDA Credit Support Annex (New York law), as appropriate.

² This Credit Support Annex has been prepared for use with ISDA Master Agreements subject to English law. Users should consult their legal advisers as to the proper use and effect of this form and the arrangements it contemplates. In particular, users should consult their legal advisers if they wish to have the Credit Support Annex made subject to a governing law other than English law or to have the Credit Support Annex subject to a different governing law than that governing the rest of the ISDA Master Agreement (e.g., English law for the Credit Support Annex and New York law for the rest of the ISDA Master Agreement).

provisions of this Annex, Paragraph 11 will prevail. For the avoidance of doubt, references to "transfer" in this Annex mean, in relation to cash, payment and, in relation to other assets, delivery.

Paragraph 2. Credit Support Obligations

(a) **Delivery Amount.** Subject to Paragraphs 3 and 4, upon a demand made by the Transferee on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Transferor's Minimum Transfer Amount, then the Transferor will transfer to the Transferee Eligible Credit Support having a Value as of the date of transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 11(b)(iii)(D)). Unless otherwise specified in Paragraph 11(b), the "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

exceeds

(ii) the Value as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date).

(b) **Return Amount.** Subject to Paragraphs 3 and 4, upon a demand made by the Transferor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Transferee's Minimum Transfer Amount, then the Transferee will transfer to the Transferor Equivalent Credit Support specified by the Transferor in that demand having a Value as of the date of transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 11(b)(iii)(D)) and the Credit Support Balance will, upon such transfer, be reduced accordingly. Unless otherwise specified in Paragraph 11(b), the "Return Amount" applicable to the Transferee for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date)

exceeds

(ii) the Credit Support Amount.

Paragraph 3. Transfers, Calculations and Exchanges

(a) **Transfers.** All transfers under this Annex of any Eligible Credit Support, Equivalent Credit Support, Interest Amount or Equivalent Distributions shall be made in accordance with the instructions of the Transferee or Transferor, as applicable, and shall be made:

(i) in the case of cash, by transfer into one or more bank accounts specified by the recipient;

(ii) in the case of certificated securities which cannot or which the parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring party's legal and beneficial title to the recipient; and

(iii) in the case of securities which the parties have agreed will be delivered by book-entry, by the giving of written instructions (including, for the avoidance of doubt, instructions given by telex, facsimile transmission or electronic messaging system) to the relevant depository institution or other entity specified by the recipient, together with a written copy of the instructions to the recipient, sufficient, if complied with, to result in a legally effective transfer of the transferring party's legal and beneficial title to the recipient.

Subject to Paragraph 4 and unless otherwise specified, if a demand for the transfer of Eligible Credit Support or Equivalent Credit Support is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the day after the date such demand is received.

(b) *Calculations.* All calculations of Value and Exposure for purposes of Paragraphs 2 and 4(a) will be made by the relevant Valuation Agent as of the relevant Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or, in the case of Paragraph 4(a), following the date of calculation).

(c) *Exchanges.*

(i) Unless otherwise specified in Paragraph 11, the Transferor may on any Local Business Day by notice inform the Transferee that it wishes to transfer to the Transferee Eligible Credit Support specified in that notice (the "New Credit Support") in exchange for certain Eligible Credit Support (the "Original Credit Support") specified in that notice comprised in the Transferor's Credit Support Balance.

(ii) If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to transfer the New Credit Support to the Transferee on the first Settlement Day following the date on which it receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B) the Transferee will be obliged to transfer to the Transferor Equivalent Credit Support in respect of the Original Credit Support not later than the Settlement Day following the date on which the Transferee receives the New Credit Support, unless otherwise specified in Paragraph 11(d) (the "Exchange Date"); *provided* that the Transferee will only be obliged to transfer Equivalent Credit Support with a Value as of the date of transfer as close as practicable to, but in any event not more than, the Value of the New Credit Support as of that date.

Paragraph 4. Dispute Resolution

(a) *Disputed Calculations or Valuations.* If a party (a "Disputing Party") reasonably disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any transfer of Eligible Credit Support or Equivalent Credit Support, then:

(1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following, in the case of (I) above, the date that the demand is received under Paragraph 2 or, in the case of (II) above, the date of transfer;

(2) in the case of (I) above, the appropriate party will transfer the undisputed amount to the other party not later than the close of business on the Settlement Day following the date that the demand is received under Paragraph 2;

(3) the parties will consult with each other in an attempt to resolve the dispute; and

(4) if they fail to resolve the dispute by the Resolution Time, then:

(i) in the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 11(c), the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilising any calculations of that part of the Exposure attributable to the Transactions that the parties have agreed are not in dispute;

(B) calculating that part of the Exposure attributable to the Transactions in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction, then fewer than four quotations may be used for that Transaction, and if no quotations are available for a particular Transaction, then the Valuation Agent's original calculations will be used for the Transaction; and

(C) utilising the procedures specified in Paragraph 11(e)(ii) for calculating the Value, if disputed, of the outstanding Credit Support Balance;

(ii) in the case of a dispute involving the Value of any transfer of Eligible Credit Support or Equivalent Credit Support, the Valuation Agent will recalculate the Value as of the date of transfer pursuant to Paragraph 11(e)(ii).

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) as soon as possible but in any event not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following such notice given by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraph 3(a), make the appropriate transfer.

(b) *No Event of Default.* The failure by a party to make a transfer of any amount which is the subject of a dispute to which Paragraph 4(a) applies will not constitute an Event of Default for as long as the procedures set out in this Paragraph 4 are being carried out. For the avoidance of doubt, upon completion of those procedures, Section 5(a)(i) of this Agreement will apply to any failure by a party to make a transfer required under the final sentence of Paragraph 4(a) on the relevant due date.

Paragraph 5. Transfer of Title, No Security Interest, Distributions and Interest Amount

(a) *Transfer of Title.* Each party agrees that all right, title and interest in and to any Eligible Credit Support, Equivalent Credit Support, Equivalent Distributions or Interest Amount which it transfers to the other party under the terms of this Annex shall vest in the recipient free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance system).

(b) *No Security Interest.* Nothing in this Annex is intended to create or does create in favour of either party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one party to the other party under the terms of this Annex.

(c) *Distributions and Interest Amount.*

(i) *Distributions.* The Transferee will transfer to the Transferor not later than the Settlement Day following each Distributions Date cash, securities or other property of the same type, nominal value, description and amount as the relevant Distributions ("Equivalent Distributions") to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

(ii) *Interest Amount.* Unless otherwise specified in Paragraph 11(f)(iii), the Transferee will transfer to the Transferor at the times specified in Paragraph 11(f)(ii) the relevant Interest Amount to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

Paragraph 6. Default

If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to a party, an amount equal to the Value of the Credit Support Balance, determined as though the Early Termination Date were a Valuation Date, will be deemed to be an Unpaid Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 6(e). For the avoidance of doubt, if Market Quotation is the applicable payment measure for purposes of Section 6(e), then the Market Quotation determined under Section 6(e) in relation to the Transaction constituted by this Annex will be deemed to be zero, and, if Loss is the applicable payment measure for purposes of Section 6(e), then the Loss determined under Section 6(e) in relation to the Transaction will be limited to the Unpaid Amount representing the Value of the Credit Support Balance.

Paragraph 7. Representation

Each party represents to the other party (which representation will be deemed to be repeated as of each date on which it transfers Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions) that it is the sole owner of or otherwise has the right to transfer all Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions it transfers to the other party under this Annex, free and clear of any security interest, lien, encumbrance or other restriction (other than a lien routinely imposed on all securities in a relevant clearance system).

Paragraph 8. Expenses

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

Paragraph 9. Miscellaneous

(a) *Default Interest.* Other than in the case of an amount which is the subject of a dispute under Paragraph 4(a), if a Transferee fails to make, when due, any transfer of Equivalent Credit Support, Equivalent Distributions or the Interest Amount, it will be obliged to pay the Transferor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value on the relevant Valuation Date of the items of property that were required to be transferred, from (and including) the date that the Equivalent Credit Support, Equivalent Distributions or Interest Amount were required to be transferred to (but excluding) the date of transfer of the Equivalent Credit Support, Equivalent Distributions or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(b) *Good Faith and Commercially Reasonable Manner.* Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.

(c) *Demands and Notices.* All demands and notices given by a party under this Annex will be given as specified in Section 12 of this Agreement.

(d) *Specifications of Certain Matters.* Anything referred to in this Annex as being specified in Paragraph 11 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

Paragraph 10. Definitions

As used in this Annex:

"Base Currency" means the currency specified as such in Paragraph 11(a)(i).

"Base Currency Equivalent" means, with respect to an amount on a Valuation Date, in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the "Other Currency"), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Valuation Agent for value on such Valuation Date.

"Credit Support Amount" means, with respect to a Transferor on a Valuation Date, (i) the Transferee's Exposure plus (ii) all Independent Amounts applicable to the Transferor, if any, minus (iii) all Independent Amounts applicable to the Transferee, if any, minus (iv) the Transferor's Threshold; *provided, however*, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

"Credit Support Balance" means, with respect to a Transferor on a Valuation Date, the aggregate of all Eligible Credit Support that has been transferred to or received by the Transferee under this Annex, together with any Distributions and all proceeds of any such Eligible Credit Support or Distributions, as reduced pursuant to Paragraph 2(b), 3(c)(ii) or 6. Any Equivalent Distributions or Interest Amount (or portion of either) not transferred pursuant to Paragraph 5(c)(i) or (ii) will form part of the Credit Support Balance.

"Delivery Amount" has the meaning specified in Paragraph 2(a).

"Disputing Party" has the meaning specified in Paragraph 4.

"Distributions" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal, interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would be entitled from time to time.

"Distributions Date" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support is entitled to receive Distributions or, if that date is not a Local Business Day, the next following Local Business Day.

"Eligible Credit Support" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 11(b)(ii) including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

"Eligible Currency" means each currency specified as such in Paragraph 11(a)(ii), if such currency is freely available.

"Equivalent Credit Support" means, in relation to any Eligible Credit Support comprised in the Credit Support Balance, Eligible Credit Support of the same type, nominal value, description and amount as that Eligible Credit Support.

"Equivalent Distributions" has the meaning specified in Paragraph 5(c)(i).

"Exchange Date" has the meaning specified in Paragraph 11(d).

"Exposure" means, with respect to a party on a Valuation Date and subject to Paragraph 4 in the case of a dispute, the amount, if any, that would be payable to that party by the other party (expressed as a positive number) or by that party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(1) of this Agreement if all Transactions (other than the Transaction constituted by this Annex) were being terminated as of the relevant Valuation Time, on the basis that (i) that party is not the Affected Party and (ii) the Base Currency is the Termination Currency; *provided* that Market Quotations will be determined by the Valuation Agent on behalf of that party using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation").

"Independent Amount" means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 11 (b)(iii)(A); if no amount is specified, zero.

"Interest Amount" means, with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on the principal amount of the portion of the Credit Support Balance comprised of cash in such currency, determined by the Valuation Agent for each such day as follows:

- (x) the amount of cash in such currency on that day; multiplied by
- (y) the relevant Interest Rate in effect for that day; divided by
- (z) 360 (or, in the case of pounds sterling, 365).

"Interest Period" means the period from (and including) the last Local Business Day on which an Interest Amount was transferred (or, if no Interest Amount has yet been transferred, the Local Business Day on which Eligible Credit Support or Equivalent Credit Support in the form of cash was transferred to or received by the Transferee) to (but excluding) the Local Business Day on which the current Interest Amount is transferred.

"Interest Rate" means, with respect to an Eligible Currency, the rate specified in Paragraph 11(f)(i) for that currency.

"Local Business Day", unless otherwise specified in Paragraph 11(h), means:

- (i) in relation to a transfer of cash or other property (other than securities) under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment;
- (ii) in relation to a transfer of securities under this Annex, a day on which the clearance system agreed between the parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the parties for this purpose;

(iii) in relation to a valuation under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of location of the Valuation Agent and in the place(s) agreed between the parties for this purpose; and

(iv) in relation to any notice or other communication under this Annex, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

"Minimum Transfer Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 11(b)(iii)(C); if no amount is specified, zero.

"New Credit Support" has the meaning specified in Paragraph 3(c)(i).

"Notification Time" has the meaning specified in Paragraph 11(c)(iv).

"Recalculation Date" means the Valuation Date that gives rise to the dispute under Paragraph 4; provided, however, that if a subsequent Valuation Date occurs under Paragraph 2 prior to the resolution of the dispute, then the *"Recalculation Date"* means the most recent Valuation Date under Paragraph 2.

"Resolution Time" has the meaning specified in Paragraph 11(c)(i).

"Return Amount" has the meaning specified in Paragraph 2(b).

"Settlement Day" means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Local Business Day and (ii) with respect to a transfer of securities, the first Local Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Local Business Day after such date on which it is reasonably practicable to deliver such securities).

"Threshold" means, with respect to a party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 11(b)(iii)(B); if no amount is specified, zero.

"Transferee" means, in relation to each Valuation Date, the party in respect of which Exposure is a positive number and, in relation to a Credit Support Balance, the party which, subject to this Annex, owes such Credit Support Balance or, as the case may be, the Value of such Credit Support Balance to the other party.

"Transferor" means, in relation to a Transferee, the other party.

"Valuation Agent" has the meaning specified in Paragraph 11(c)(i).

"Valuation Date" means each date specified in or otherwise determined pursuant to Paragraph 11(c)(ii).

"Valuation Percentage" means, for any item of Eligible Credit Support, the percentage specified in Paragraph 11(b)(ii).

"Valuation Time" has the meaning specified in Paragraph 11(c)(iii).

"Value" means, for any Valuation Date or other date for which Value is calculated, and subject to Paragraph 4 in the case of a dispute, with respect to:

- (i) Eligible Credit Support comprised in a Credit Support Balance that is:
 - (A) an amount of cash, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage, if any; and
 - (B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any; and
- (ii) items that are comprised in a Credit Support Balance and are not Eligible Credit Support, zero.

Paragraph 11. Elections and Variables

(a) *Base Currency and Eligible currency.*

(i) "Base Currency" means United States Dollars unless otherwise specified here:

.....

(ii) "Eligible Currency" means the Base Currency and each other currency specified here:

.....

(b) *Credit Support Obligations.*

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

(A) "Delivery Amount" has the meaning specified in Paragraph 2(a), unless otherwise specified here:

(B) "Return Amount" has the meaning specified in Paragraph 2(b), unless otherwise specified here:

(C) "Credit Support Amount" has the meaning specified in Paragraph 10, unless otherwise specified here:

(ii) *Eligible Credit Support.* The following items will qualify as "Eligible Credit Support" for the party specified:

	Party A	Party B	Valuation Percentage
(A) cash in an Eligible Currency	[]	[]	[]%
(B) negotiable debt obligations issued by the Government of [] having an original maturity at issuance of not more than one year	[]	[]	[]%
(C) negotiable debt obligations issued by the Government of [] having an original maturity at issuance of more than one year but not more than 10 years	[]	[]	[]%

(D) negotiable debt obligation issued by the [] [] []%
Government of [] having an
original maturity at issuance of more than
10 years

(E) other: [] [] []%

(iii) *Thresholds.*

(A) "*Independent Amount*" means with respect to Party A:
"*Independent Amount*" means with respect to Party B:

(B) "*Threshold*" means with respect to Party A:
"*Threshold*" means with respect to Party B:

(C) "*Minimum Transfer Amount*" means with respect to Party A:
"*Minimum Transfer Amount*" means with respect to Party B:

(D) *Rounding.* The Delivery Amount and the Return Amount will be rounded [down to the
nearest integral multiple of /up and down to the nearest integral multiple of, respectively³].

(c) *Valuation and Timing.*

(i) "*Valuation Agent*" means, for purposes of Paragraphs 2 and 4, the party making the
demand under Paragraph 2, and, for purposes of Paragraph 5(c), the Transferee, as applicable,
unless otherwise specified here:

(ii) "*Valuation Date*" means:

(iii) "*Valuation Time*" means:

[] the close of business in the place of location of the Valuation Agent on the
Valuation Date or date of calculation, as applicable;

[] the close of business on the Local Business Day immediately preceding the
Valuation Date or date of calculation, as applicable;

provided that the calculations of Value and Exposure will, as far as practicable, be made as of
approximately the same time on the same date.

(iv) "*Notification Time*" means 1:00 p.m., London time, on a Local Business Day, unless
otherwise specified here:

³ Delete as applicable.

(d) *Exchange Date.* "Exchange Date" has the meaning specified in Paragraph 3(c)(ii), unless otherwise specified here:

(e) *Dispute Resolution.*

(i) *"Resolution Time"* means 1:00 p.m., London time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4, unless otherwise specified here:

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

(iii) *Alternative.* The provisions of Paragraph 4 will apply, unless an alternative dispute resolution procedure is specified here:

(f) *Distributions and Interest Amount.*

(i) *Interest Rate.* The "Interest Rate" in relation to each Eligible Currency specified below will be:

<i>Eligible Currency</i>	<i>Interest Rate</i>
.....
.....
.....

(ii) *Transfer of Interest Amount.* The transfer of the Interest Amount will be made on the last Local Business Day of each calendar month and on any Local Business Day that a Return Amount consisting wholly or partly of cash is transferred to the Transferor pursuant to Paragraph 2(b), unless otherwise specified here:

(iii) *Alternative to Interest Amount.* The provisions of Paragraph 5(c)(ii) will apply, unless otherwise specified here:

(g) *Addresses for Transfers.*

Party A:

Party B:

(h) *Other Provisions.*

- **TAB 8**
-

ISDA®

International Swaps and Derivatives Association, Inc.

CREDIT SUPPORT ANNEX

to the Schedule to the

.....

dated as of

between

..... and

("Party A")

("Party B")

This Annex supplements, forms part of, and is subject to, the above-referenced Agreement, is part of its Schedule and is a Credit Support Document under this Agreement with respect to each party.

Accordingly, the parties agree as follows:—

Paragraph 1. Interpretation

(a) **Definitions and Inconsistency.** Capitalized terms not otherwise defined herein or elsewhere in this Agreement have the meanings specified pursuant to Paragraph 12, and all references in this Annex to Paragraphs are to Paragraphs of this Annex. In the event of any inconsistency between this Annex and the other provisions of this Schedule, this Annex will prevail, and in the event of any inconsistency between Paragraph 13 and the other provisions of this Annex, Paragraph 13 will prevail.

(b) **Secured Party and Pledgor.** All references in this Annex to the "Secured Party" will be to either party when acting in that capacity and all corresponding references to the "Pledgor" will be to the other party when acting in that capacity; *provided, however,* that if Other Posted Support is held by a party to this Annex, all references herein to that party as the Secured Party with respect to that Other Posted Support will be to that party as the beneficiary thereof and will not subject that support or that party as the beneficiary thereof to provisions of law generally relating to security interests and secured parties.

Paragraph 2. Security Interest

Each party, as the Pledgor, hereby pledges to the other party, as the Secured Party, as security for its Obligations, and grants to the Secured Party a first priority continuing security interest in, lien on and right of Set-off against all Posted Collateral Transferred to or received by the Secured Party hereunder. Upon the Transfer by the Secured Party to the Pledgor of Posted Collateral, the security interest and lien granted hereunder on that Posted Collateral will be released immediately and, to the extent possible, without any further action by either party.

Paragraph 3. Credit Support Obligations

(a) **Delivery Amount.** Subject to Paragraphs 4 and 5, upon a demand made by the Secured Party on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Pledgor's Minimum Transfer Amount, then the Pledgor will Transfer to the Secured Party Eligible Credit Support having a Value as of the date of Transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "**Delivery Amount**" applicable to the Pledgor for any Valuation Date will equal the amount by which:

(i) the Credit Support Amount

exceeds

(ii) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party.

(b) **Return Amount.** Subject to Paragraphs 4 and 5, upon a demand made by the Pledgor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Secured Party's Minimum Transfer Amount, then the Secured Party will Transfer to the Pledgor Posted Credit Support specified by the Pledgor in that demand having a Value as of the date of Transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 13). Unless otherwise specified in Paragraph 13, the "**Return Amount**" applicable to the Secured Party for any Valuation Date will equal the amount by which:

(i) the Value as of that Valuation Date of all Posted Credit Support held by the Secured Party

exceeds

(ii) the Credit Support Amount.

"**Credit Support Amount**" means, unless otherwise specified in Paragraph 13, for any Valuation Date (i) the Secured Party's Exposure for that Valuation Date plus (ii) the aggregate of all Independent Amounts applicable to the Pledgor, if any, minus (iii) all Independent Amounts applicable to the Secured Party, if any, minus (iv) the Pledgor's Threshold; *provided, however*, that the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

Paragraph 4. Conditions Precedent, Transfer Timing, Calculations and Substitutions

(a) **Conditions Precedent.** Each Transfer obligation of the Pledgor under Paragraphs 3 and 5 and of the Secured Party under Paragraphs 3, 4(d)(ii), 5 and 6(d) is subject to the conditions precedent that:

(i) no Event of Default, Potential Event of Default or Specified Condition has occurred and is continuing with respect to the other party; and

(ii) no Early Termination Date for which any unsatisfied payment obligations exist has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the other party.

(b) **Transfer Timing.** Subject to Paragraphs 4(a) and 5 and unless otherwise specified, if a demand for the Transfer of Eligible Credit Support or Posted Credit Support is made by the Notification Time, then the relevant Transfer will be made not later than the close of business on the next Local Business Day; if a demand is made after the Notification Time, then the relevant Transfer will be made not later than the close of business on the second Local Business Day thereafter.

(c) **Calculations.** All calculations of Value and Exposure for purposes of Paragraphs 3 and 6(d) will be made by the Valuation Agent as of the Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date (or in the case of Paragraph 6(d), following the date of calculation).

(d) Substitutions.

(i) Unless otherwise specified in Paragraph 13, upon notice to the Secured Party specifying the items of Posted Credit Support to be exchanged, the Pledgor may, on any Local Business Day, Transfer to the Secured Party substitute Eligible Credit Support (the "Substitute Credit Support"); and

(ii) subject to Paragraph 4(a), the Secured Party will Transfer to the Pledgor the items of Posted Credit Support specified by the Pledgor in its notice not later than the Local Business Day following the date on which the Secured Party receives the Substitute Credit Support, unless otherwise specified in Paragraph 13 (the "Substitution Date"); *provided* that the Secured Party will only be obligated to Transfer Posted Credit Support with a Value as of the date of Transfer of that Posted Credit Support equal to the Value as of that date of the Substitute Credit Support.

Paragraph 5. Dispute Resolution

If a party (a "Disputing Party") disputes (I) the Valuation Agent's calculation of a Delivery Amount or a Return Amount or (II) the Value of any Transfer of Eligible Credit Support or Posted Credit Support, then (1) the Disputing Party will notify the other party and the Valuation Agent (if the Valuation Agent is not the other party) not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (2) subject to Paragraph 4(a), the appropriate party will Transfer the undisputed amount to the other party not later than the close of business on the Local Business Day following (X) the date that the demand is made under Paragraph 3 in the case of (I) above or (Y) the date of Transfer in the case of (II) above, (3) the parties will consult with each other in an attempt to resolve the dispute and (4) if they fail to resolve the dispute by the Resolution Time, then:

(i) In the case of a dispute involving a Delivery Amount or Return Amount, unless otherwise specified in Paragraph 13, the Valuation Agent will recalculate the Exposure and the Value as of the Recalculation Date by:

(A) utilizing any calculations of Exposure for the Transactions (or Swap Transactions) that the parties have agreed are not in dispute;

(B) calculating the Exposure for the Transactions (or Swap Transactions) in dispute by seeking four actual quotations at mid-market from Reference Market-makers for purposes of calculating Market Quotation, and taking the arithmetic average of those obtained; *provided* that if four quotations are not available for a particular Transaction (or Swap Transaction), then fewer than four quotations may be used for that Transaction (or Swap Transaction); and if no quotations are available for a particular Transaction (or Swap Transaction), then the Valuation Agent's original calculations will be used for that Transaction (or Swap Transaction); and

(C) utilizing the procedures specified in Paragraph 13 for calculating the Value, if disputed, of Posted Credit Support.

(ii) In the case of a dispute involving the Value of any Transfer of Eligible Credit Support or Posted Credit Support, the Valuation Agent will recalculate the Value as of the date of Transfer pursuant to Paragraph 13.

Following a recalculation pursuant to this Paragraph, the Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) not later than the Notification Time on the Local Business Day following the Resolution Time. The appropriate party will, upon demand following that notice by the Valuation Agent or a resolution pursuant to (3) above and subject to Paragraphs 4(a) and 4(b), make the appropriate Transfer.

Paragraph 6. Holding and Using Posted Collateral

(a) **Care of Posted Collateral.** Without limiting the Secured Party's rights under Paragraph 6(c), the Secured Party will exercise reasonable care to assure the safe custody of all Posted Collateral to the extent required by applicable law, and in any event the Secured Party will be deemed to have exercised reasonable care if it exercises at least the same degree of care as it would exercise with respect to its own property. Except as specified in the preceding sentence, the Secured Party will have no duty with respect to Posted Collateral, including, without limitation, any duty to collect any Distributions, or enforce or preserve any rights pertaining thereto.

(b) **Eligibility to Hold Posted Collateral; Custodians.**

(i) **General.** Subject to the satisfaction of any conditions specified in Paragraph 13 for holding Posted Collateral, the Secured Party will be entitled to hold Posted Collateral or to appoint an agent (a "Custodian") to hold Posted Collateral for the Secured Party. Upon notice by the Secured Party to the Pledgor of the appointment of a Custodian, the Pledgor's obligations to make any Transfer will be discharged by making the Transfer to that Custodian. The holding of Posted Collateral by a Custodian will be deemed to be the holding of that Posted Collateral by the Secured Party for which the Custodian is acting.

(ii) **Failure to Satisfy Conditions.** If the Secured Party or its Custodian fails to satisfy any conditions for holding Posted Collateral, then upon a demand made by the Pledgor, the Secured Party will, not later than five Local Business Days after the demand, Transfer or cause its Custodian to Transfer all Posted Collateral held by it to a Custodian that satisfies those conditions or to the Secured Party if it satisfies those conditions.

(iii) **Liability.** The Secured Party will be liable for the acts or omissions of its Custodian to the same extent that the Secured Party would be liable hereunder for its own acts or omissions.

(c) **Use of Posted Collateral.** Unless otherwise specified in Paragraph 13 and without limiting the rights and obligations of the parties under Paragraphs 3, 4(d)(ii), 5, 6(d) and 8, if the Secured Party is not a Defaulting Party or an Affected Party with respect to a Specified Condition and no Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then the Secured Party will, notwithstanding Section 9-207 of the New York Uniform Commercial Code, have the right to:

(i) sell, pledge, rehypothecate, assign, invest, use, commingle or otherwise dispose of, or otherwise use in its business any Posted Collateral it holds, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor; and

(ii) register any Posted Collateral in the name of the Secured Party, its Custodian or a nominee for either.

For purposes of the obligation to Transfer Eligible Credit Support or Posted Credit Support pursuant to Paragraphs 3 and 5 and any rights or remedies authorized under this Agreement, the Secured Party will be deemed to continue to hold all Posted Collateral and to receive Distributions made thereon, regardless of whether the Secured Party has exercised any rights with respect to any Posted Collateral pursuant to (i) or (ii) above.

(d) **Distributions and Interest Amount.**

(i) **Distributions.** Subject to Paragraph 4(a), if the Secured Party receives or is deemed to receive Distributions on a Local Business Day, it will Transfer to the Pledgor not later than the following Local Business Day any Distributions it receives or is deemed to receive to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose).

(ii) **Interest Amount.** Unless otherwise specified in Paragraph 13 and subject to Paragraph 4(a), in lieu of any interest, dividends or other amounts paid or deemed to have been paid with respect to Posted Collateral in the form of Cash (all of which may be retained by the Secured Party), the Secured Party will Transfer to the Pledgor at the times specified in Paragraph 13 the Interest Amount to the extent that a Delivery Amount would not be created or increased by that Transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed to be a Valuation Date for this purpose). The Interest Amount or portion thereof not Transferred pursuant to this Paragraph will constitute Posted Collateral in the form of Cash and will be subject to the security interest granted under Paragraph 2.

Paragraph 7. Events of Default

For purposes of Section 5(a)(iii)(1) of this Agreement, an Event of Default will exist with respect to a party if:

- (i) that party fails (or fails to cause its Custodian) to make, when due, any Transfer of Eligible Collateral, Posted Collateral or the Interest Amount, as applicable, required to be made by it and that failure continues for two Local Business Days after notice of that failure is given to that party;
- (ii) that party fails to comply with any restriction or prohibition specified in this Annex with respect to any of the rights specified in Paragraph 6(c) and that failure continues for five Local Business Days after notice of that failure is given to that party; or
- (iii) that party fails to comply with or perform any agreement or obligation other than those specified in Paragraphs 7(i) and 7(ii) and that failure continues for 30 days after notice of that failure is given to that party.

Paragraph 8. Certain Rights and Remedies

(a) **Secured Party's Rights and Remedies.** If at any time (1) an Event of Default or Specified Condition with respect to the Pledgor has occurred and is continuing or (2) an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Pledgor, then, unless the Pledgor has paid in full all of its Obligations that are then due, the Secured Party may exercise one or more of the following rights and remedies:

- (i) all rights and remedies available to a secured party under applicable law with respect to Posted Collateral held by the Secured Party;
- (ii) any other rights and remedies available to the Secured Party under the terms of Other Posted Support, if any;
- (iii) the right to Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and
- (iv) the right to liquidate any Posted Collateral held by the Secured Party through one or more public or private sales or other dispositions with such notice, if any, as may be required under applicable law, free from any claim or right of any nature whatsoever of the Pledgor, including any equity or right of redemption by the Pledgor (with the Secured Party having the right to purchase any or all of the Posted Collateral to be sold) and to apply the proceeds (or the Cash equivalent thereof) from the liquidation of the Posted Collateral to any amounts payable by the Pledgor with respect to any Obligations in that order as the Secured Party may elect.

Each party acknowledges and agrees that Posted Collateral in the form of securities may decline speedily in value and is of a type customarily sold on a recognized market, and, accordingly, the Pledgor is not entitled to prior notice of any sale of that Posted Collateral by the Secured Party, except any notice that is required under applicable law and cannot be waived.

(b) **Pledgor's Rights and Remedies.** If at any time an Early Termination Date has occurred or been designated as the result of an Event of Default or Specified Condition with respect to the Secured Party, then (except in the case of an Early Termination Date relating to less than all Transactions (or Swap Transactions) where the Secured Party has paid in full all of its obligations that are then due under Section 6(e) of this Agreement):

(i) the Pledgor may exercise all rights and remedies available to a pledgor under applicable law with respect to Posted Collateral held by the Secured Party;

(ii) the Pledgor may exercise any other rights and remedies available to the Pledgor under the terms of Other Posted Support, if any;

(iii) the Secured Party will be obligated immediately to Transfer all Posted Collateral and the Interest Amount to the Pledgor; and

(iv) to the extent that Posted Collateral or the Interest Amount is not so Transferred pursuant to (iii) above, the Pledgor may:

(A) Set-off any amounts payable by the Pledgor with respect to any Obligations against any Posted Collateral or the Cash equivalent of any Posted Collateral held by the Secured Party (or any obligation of the Secured Party to Transfer that Posted Collateral); and

(B) to the extent that the Pledgor does not Set-off under (iv)(A) above, withhold payment of any remaining amounts payable by the Pledgor with respect to any Obligations, up to the Value of any remaining Posted Collateral held by the Secured Party, until that Posted Collateral is Transferred to the Pledgor.

(c) **Deficiencies and Excess Proceeds.** The Secured Party will Transfer to the Pledgor any proceeds and Posted Credit Support remaining after liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b) after satisfaction in full of all amounts payable by the Pledgor with respect to any Obligations; the Pledgor in all events will remain liable for any amounts remaining unpaid after any liquidation, Set-off and/or application under Paragraphs 8(a) and 8(b).

(d) **Final Returns.** When no amounts are or thereafter may become payable by the Pledgor with respect to any Obligations (except for any potential liability under Section 2(d) of this Agreement), the Secured Party will Transfer to the Pledgor all Posted Credit Support and the Interest Amount, if any.

Paragraph 9. Representations

Each party represents to the other party (which representations will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i) it has the power to grant a security interest in and lien on any Eligible Collateral it Transfers as the Pledgor and has taken all necessary actions to authorize the granting of that security interest and lien;

(ii) it is the sole owner of or otherwise has the right to Transfer all Eligible Collateral it Transfers to the Secured Party hereunder, free and clear of any security interest, lien, encumbrance or other restrictions other than the security interest and lien granted under Paragraph 2;

(iii) upon the Transfer of any Eligible Collateral to the Secured Party under the terms of this Annex, the Secured Party will have a valid and perfected first priority security interest therein (assuming that any central clearing corporation or any third-party financial intermediary or other entity not within the control of the Pledgor involved in the Transfer of that Eligible Collateral gives the notices and takes the action required of it under applicable law for perfection of that interest); and

(iv) the performance by it of its obligations under this Annex will not result in the creation of any security interest, lien or other encumbrance on any Posted Collateral other than the security interest and lien granted under Paragraph 2.

Paragraph 10. Expenses

- (a) **General.** Except as otherwise provided in Paragraphs 10(b) and 10(c), each party will pay its own costs and expenses in connection with performing its obligations under this Annex and neither party will be liable for any costs and expenses incurred by the other party in connection herewith.
- (b) **Posted Credit Support.** The Pledgor will promptly pay when due all taxes, assessments or charges of any nature that are imposed with respect to Posted Credit Support held by the Secured Party upon becoming aware of the same, regardless of whether any portion of that Posted Credit Support is subsequently disposed of under Paragraph 6(e), except for those taxes, assessments and charges that result from the exercise of the Secured Party's rights under Paragraph 6(c).
- (c) **Liquidation/Application of Posted Credit Support.** All reasonable costs and expenses incurred by or on behalf of the Secured Party or the Pledgor in connection with the liquidation and/or application of any Posted Credit Support under Paragraph 8 will be payable, on demand and pursuant to the Expenses Section of this Agreement, by the Defaulting Party or, if there is no Defaulting Party, equally by the parties.

Paragraph 11. Miscellaneous

- (a) **Default Interest.** A Secured Party that fails to make, when due, any Transfer of Posted Collateral or the Interest Amount will be obligated to pay the Pledgor (to the extent permitted under applicable law) an amount equal to interest at the Default Rate multiplied by the Value of the items of property that were required to be Transferred, from (and including) the date that Posted Collateral or Interest Amount was required to be Transferred to (but excluding) the date of Transfer of that Posted Collateral or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.
- (b) **Further Assurances.** Promptly following a demand made by a party, the other party will execute, deliver, file and record any financing statement, specific assignment or other document and take any other action that may be necessary or desirable and reasonably requested by that party to create, preserve, perfect or validate any security interest or lien granted under Paragraph 2, to enable that party to exercise or enforce its rights under this Annex with respect to Posted Credit Support or an Interest Amount or to effect or document a release of a security interest on Posted Collateral or an Interest Amount.
- (c) **Further Protection.** The Pledgor will promptly give notice to the Secured Party of, and defend against, any suit, action, proceeding or lien that involves Posted Credit Support Transferred by the Pledgor or that could adversely affect the security interest and lien granted by it under Paragraph 2, unless that suit, action, proceeding or lien results from the exercise of the Secured Party's rights under Paragraph 6(c).
- (d) **Good Faith and Commercially Reasonable Manner.** Performance of all obligations under this Annex, including, but not limited to, all calculations, valuations and determinations made by either party, will be made in good faith and in a commercially reasonable manner.
- (e) **Demands and Notices.** All demands and notices made by a party under this Annex will be made as specified in the Notices Section of this Agreement, except as otherwise provided in Paragraph 13.
- (f) **Specifications of Certain Matters.** Anything referred to in this Annex as being specified in Paragraph 13 also may be specified in one or more Confirmations or other documents and this Annex will be construed accordingly.

Paragraph 12. Definitions

As used in this Annex:—

“**Cash**” means the lawful currency of the United States of America.

“**Credit Support Amount**” has the meaning specified in Paragraph 3.

“**Custodian**” has the meaning specified in Paragraphs 6(b)(i) and 13.

“**Delivery Amount**” has the meaning specified in Paragraph 3(a).

“**Disputing Party**” has the meaning specified in Paragraph 5.

“**Distributions**” means with respect to Posted Collateral other than Cash, all principal, interest and other payments and distributions of cash or other property with respect thereto, regardless of whether the Secured Party has disposed of that Posted Collateral under Paragraph 6(c). Distributions will not include any item of property acquired by the Secured Party upon any disposition or liquidation of Posted Collateral or, with respect to any Posted Collateral in the form of Cash, any distributions on that collateral, unless otherwise specified herein.

“**Eligible Collateral**” means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

“**Eligible Credit Support**” means Eligible Collateral and Other Eligible Support.

“**Exposure**” means for any Valuation Date or other date for which Exposure is calculated and subject to Paragraph 5 in the case of a dispute, the amount, if any, that would be payable to a party that is the Secured Party by the other party (expressed as a positive number) or by a party that is the Secured Party to the other party (expressed as a negative number) pursuant to Section 6(e)(ii)(2)(A) of this Agreement as if all Transactions (or Swap Transactions) were being terminated as of the relevant Valuation Time; *provided* that Market Quotation will be determined by the Valuation Agent using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of “Market Quotation”).

“**Independent Amount**” means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

“**Interest Amount**” means, with respect to an Interest Period, the aggregate sum of the amounts of interest calculated for each day in that Interest Period on the principal amount of Posted Collateral in the form of Cash held by the Secured Party on that day, determined by the Secured Party for each such day as follows:

- (x) the amount of that Cash on that day; multiplied by
- (y) the Interest Rate in effect for that day; divided by
- (z) 360.

“**Interest Period**” means the period from (and including) the last Local Business Day on which an Interest Amount was Transferred (or, if no Interest Amount has yet been Transferred, the Local Business Day on which Posted Collateral in the form of Cash was Transferred to or received by the Secured Party) to (but excluding) the Local Business Day on which the current Interest Amount is to be Transferred.

“**Interest Rate**” means the rate specified in Paragraph 13.

“**Local Business Day**”, unless otherwise specified in Paragraph 13, has the meaning specified in the Definitions Section of this Agreement, except that references to a payment in clause (b) thereof will be deemed to include a Transfer under this Annex.

"Minimum Transfer Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"Notification Time" has the meaning specified in Paragraph 13.

"Obligations" means, with respect to a party, all present and future obligations of that party under this Agreement and any additional obligations specified for that party in Paragraph 13.

"Other Eligible Support" means, with respect to a party, the items, if any, specified as such for that party in Paragraph 13.

"Other Posted Support" means all Other Eligible Support Transferred to the Secured Party that remains in effect for the benefit of that Secured Party.

"Pledgor" means either party, when that party (i) receives a demand for or is required to Transfer Eligible Credit Support under Paragraph 3(a) or (ii) has Transferred Eligible Credit Support under Paragraph 3(a).

"Posted Collateral" means all Eligible Collateral, other property, Distributions, and all proceeds thereof that have been Transferred to or received by the Secured Party under this Annex and not Transferred to the Pledgor pursuant to Paragraph 3(b), 4(d)(ii) or 6(d)(i) or released by the Secured Party under Paragraph 8. Any Interest Amount or portion thereof not Transferred pursuant to Paragraph 6(d)(ii) will constitute Posted Collateral in the form of Cash.

"Posted Credit Support" means Posted Collateral and Other Posted Support.

"Recalculation Date" means the Valuation Date that gives rise to the dispute under Paragraph 5; *provided, however,* that if a subsequent Valuation Date occurs under Paragraph 3 prior to the resolution of the dispute, then the "Recalculation Date" means the most recent Valuation Date under Paragraph 3.

"Resolution Time" has the meaning specified in Paragraph 13.

"Return Amount" has the meaning specified in Paragraph 3(b).

"Secured Party" means either party, when that party (i) makes a demand for or is entitled to receive Eligible Credit Support under Paragraph 3(a) or (ii) holds or is deemed to hold Posted Credit Support.

"Specified Condition" means, with respect to a party, any event specified as such for that party in Paragraph 13.

"Substitute Credit Support" has the meaning specified in Paragraph 4(d)(i).

"Substitution Date" has the meaning specified in Paragraph 4(d)(ii).

"Threshold" means, with respect to a party, the amount specified as such for that party in Paragraph 13; if no amount is specified, zero.

"Transfer" means, with respect to any Eligible Credit Support, Posted Credit Support or Interest Amount, and in accordance with the instructions of the Secured Party, Pledgor or Custodian, as applicable:

(i) in the case of Cash, payment or delivery by wire transfer into one or more bank accounts specified by the recipient;

(ii) in the case of certificated securities that cannot be paid or delivered by book-entry, payment or delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, assignments in blank, transfer tax stamps and any other documents necessary to constitute a legally valid transfer to the recipient;

(iii) in the case of securities that can be paid or delivered by book-entry, the giving of written instructions to the relevant depository institution or other entity specified by the recipient, together with a written copy thereof to the recipient, sufficient if complied with to result in a legally effective transfer of the relevant interest to the recipient; and

(iv) in the case of Other Eligible Support or Other Posted Support, as specified in Paragraph 13.

"Valuation Agent" has the meaning specified in Paragraph 13.

"Valuation Date" means each date specified in or otherwise determined pursuant to Paragraph 13.

"Valuation Percentage" means, for any item of Eligible Collateral, the percentage specified in Paragraph 13.

"Valuation Time" has the meaning specified in Paragraph 13.

"Value" means for any Valuation Date or other date for which Value is calculated and subject to Paragraph 5 in the case of a dispute, with respect to:

- (i) Eligible Collateral or Posted Collateral that is:
 - (A) Cash, the amount thereof; and
 - (B) a security, the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any;
- (ii) Posted Collateral that consists of items that are not specified as Eligible Collateral, zero; and
- (iii) Other Eligible Support and Other Posted Support, as specified in Paragraph 13.

Paragraph 13. Elections and Variables

(a) **Security Interest for "Obligations"**. The term "**Obligations**" as used in this Annex includes the following additional obligations:

With respect to Party A:

With respect to Party B:

(b) **Credit Support Obligations.**

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

(A) "**Delivery Amount**" has the meaning specified in Paragraph 3(a), unless otherwise specified here:

(B) "**Return Amount**" has the meaning specified in Paragraph 3(b), unless otherwise specified here:

(C) "**Credit Support Amount**" has the meaning specified in Paragraph 3, unless otherwise specified here:

(ii) **Eligible Collateral.** The following items will qualify as "**Eligible Collateral**" for the party specified:

	Party A	Party B	Valuation Percentage
(A) Cash	[]	[]	[]%
(B) negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of not more than one year ("Treasury Bills")	[]	[]	[]%
(C) negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of more than one year but not more than 10 years ("Treasury Notes")	[]	[]	[]%
(D) negotiable debt obligations issued by the U.S. Treasury Department having an original maturity at issuance of more than 10 years ("Treasury Bonds")	[]	[]	[]%
(E) other:	[]	[]	[]%

(iii) **Other Eligible Support.** The following items will qualify as "**Other Eligible Support**" for the party specified:

	Party A	Party B
(A)	[]	[]
(B)	[]	[]

(iv) **Thresholds.**

- (A) **"Independent Amount"** means with respect to Party A: \$
"Independent Amount" means with respect to Party B: \$
- (B) **"Threshold"** means with respect to Party A: \$
"Threshold" means with respect to Party B: \$
- (C) **"Minimum Transfer Amount"** means with respect to Party A: \$
"Minimum Transfer Amount" means with respect to Party B: \$
- (D) **Rounding.** The Delivery Amount and the Return Amount will be rounded [down to the nearest integral multiple of \$. . . /up and down to the nearest integral multiple of \$. . . , respectively*].

(c) **Valuation and Timing.**

(i) **"Valuation Agent"** means, for purposes of Paragraphs 3 and 5, the party making the demand under Paragraph 3, and, for purposes of Paragraph 6(d), the Secured Party receiving or deemed to receive the Distributions or the Interest Amount, as applicable, unless otherwise specified here:

(ii) **"Valuation Date"** means:

(iii) **"Valuation Time"** means:

- the close of business in the city of the Valuation Agent on the Valuation Date or date of calculation, as applicable;
- the close of business on the Local Business Day before the Valuation Date or date of calculation, as applicable;

provided that the calculations of Value and Exposure will be made as of approximately the same time on the same date.

(iv) **"Notification Time"** means 1:00 p.m., New York time, on a Local Business Day, unless otherwise specified here:

(d) **Conditions Precedent and Secured Party's Rights and Remedies.** The following Termination Event(s) will be a **"Specified Condition"** for the party specified (that party being the Affected Party if the Termination Event occurs with respect to that party):

	Party A	Party B
Illegality	<input type="checkbox"/>	<input type="checkbox"/>
Tax Event	<input type="checkbox"/>	<input type="checkbox"/>
Tax Event Upon Merger	<input type="checkbox"/>	<input type="checkbox"/>
Credit Event Upon Merger	<input type="checkbox"/>	<input type="checkbox"/>
Additional Termination Event(s): ¹		
.....	<input type="checkbox"/>	<input type="checkbox"/>
.....	<input type="checkbox"/>	<input type="checkbox"/>

* Delete as applicable.

¹ If the parties elect to designate an Additional Termination Event as a "Specified Condition", then they should only designate one or more Additional Termination Events that are designated as such in their Schedule.

(e) **Substitution.**

(i) "**Substitution Date**" has the meaning specified in Paragraph 4(d)(ii), unless otherwise specified here:

(ii) **Consent.** If specified here as applicable, then the Pledgor must obtain the Secured Party's consent for any substitution pursuant to Paragraph 4(d): [applicable/inapplicable *]²

(f) **Dispute Resolution.**

(i) "**Resolution Time**" means 1:00 p.m., New York time, on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 5, unless otherwise specified here:

(ii) **Value.** For the purpose of Paragraphs 5(i)(C) and 5(ii), the Value of Posted Credit Support will be calculated as follows:

(iii) **Alternative.** The provisions of Paragraph 5 will apply, unless an alternative dispute resolution procedure is specified here:

(g) **Holding and Using Posted Collateral.**

(i) **Eligibility to Hold Posted Collateral; Custodians.** Party A and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); *provided* that the following conditions applicable to it are satisfied:

(1) Party A is not a Defaulting Party.

(2) Posted Collateral may be held only in the following jurisdictions:

(3)

Initially, the **Custodian** for Party A is

Party B and its Custodian will be entitled to hold Posted Collateral pursuant to Paragraph 6(b); *provided* that the following conditions applicable to it are satisfied:

(1) Party B is not a Defaulting Party.

(2) Posted Collateral may be held only in the following jurisdictions:

(3)

Initially, the **Custodian** for Party B is

(ii) **Use of Posted Collateral.** The provisions of Paragraph 6(c) will not apply to the [party/parties *] specified here:

Party A

Party B

and [that party/those parties *] will not be permitted to:

* Delete as applicable.

² Parties should consider selecting "applicable" where substitution without consent could give rise to a registration requirement to perfect properly the security interest in Posted Collateral (e.g., where a party to the Annex is the New York branch of an English bank).

(h) **Distributions and Interest Amount.**

(i) **Interest Rate.** The "Interest Rate" will be:

(ii) **Transfer of Interest Amount.** The Transfer of the Interest Amount will be made on the last Local Business Day of each calendar month and on any Local Business Day that Posted Collateral in the form of Cash is Transferred to the Pledgor pursuant to Paragraph 3 (b), unless otherwise specified here: ...
.....

(iii) **Alternative to Interest Amount.** The provisions of Paragraph 6(d)(ii) will apply, unless otherwise specified here:

(i) **Additional Representation(s).**

[Party A/Party B*] represents to the other party (which representation(s) will be deemed to be repeated as of each date on which it, as the Pledgor, Transfers Eligible Collateral) that:

(i)

(ii)

(j) **Other Eligible Support and Other Posted Support.**

(i) "Value" with respect to Other Eligible Support and Other Posted Support means:.....

(ii) "Transfer" with respect to Other Eligible Support and Other Posted Support means:.....

(k) **Demands and Notices.**

All demands, specifications and notices under this Annex will be made pursuant to the Notices Section of this Agreement, unless otherwise specified here:

Party A:

.....

Party B:

.....

(l) **Addresses for Transfers.**

Party A:

.....

Party B:

.....

(m) **Other Provisions.**

* Delete as applicable.

- **TAB 9**
-

Dated as of 1 February 2006

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
("Party A")

and

[REDACTED]
("Party B")

CROSS-PRODUCT MASTER NETTING AND
CREDIT SUPPORT AGREEMENT

This Agreement dated as of 1 February 2006 is made between Lehman Brothers International (Europe) ("Party A") and [REDACTED] ("Party B").

Introduction

- (A) The parties have in place certain agreements, each governing different types of business which they conduct with each other.
- (B) The parties wish to provide for a single system of collateralising the net aggregation of their respective obligations under such agreements, together with providing for such collateral to be available in the event of a close out of such agreements in respect of the net sum owing by virtue of such aggregation.

It is agreed as follows:

1 Interpretation

1.1 Definitions

"**Agreement**" means this Cross-Product Master Netting and Credit Support Agreement and its Schedule. Unless otherwise specified, Section and Schedule references are to this Agreement and references to a Paragraph in the Schedule are to that numbered paragraph in the Part of the Schedule in which such reference appears.

"**Base Currency**" means the currency chosen as such in Part V of the Schedule.

"**Business Day**" means a day on which commercial banks effect deliveries of the Base Currency in accordance with the market practice of the principal foreign exchange market for the Base Currency or, where the Base Currency is euro, means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (or any successor thereto) is operating.

"**Close Out**" means, when used as a verb, to accelerate, liquidate, terminate, cancel, or otherwise determine the net value or net liquidated damages owing as a result of the early termination (including automatic early termination), of all (but not fewer than all) the transactions or obligations under a Principal Agreement; and means, when used as a noun, the act of closing out.

"**Close-Out Event**" means a Failure to Deliver or Return or any event on the basis of which a party has the contractual right to Close Out a Principal Agreement or which causes automatically the Close Out of a Principal Agreement and which is not specified in Part II of the Schedule, but including any additional event (an "**Additional Close-Out Event**") that may be specified in Part II of the Schedule.

"**Close-Out Notice**" has the meaning given to it in Section 2.2.

"**Closed-Out Agreement**" means a Principal Agreement which has been Closed Out.

"**Closed-Out Party**" means the Party that is not the Closing-Out Party.

"**Closing-Out Party**" means the Party that has the contractual right to Close Out a Principal Agreement or, in the case of a Close-Out under Section 2.2(b) (Automatic Close-Out), the Party other than the Party whose actions (whether through breach of

the relevant Principal Agreement or otherwise) have led to the relevant Principal Agreement being Closed Out.

"Failure to Deliver or Return" means a failure by one Party to satisfy a demand made upon such Party by the other Party pursuant to Paragraphs 2 and 3 of Part VI of the Schedule or to pay interest due under Paragraph 8.1 of Part VI of the Schedule;

"Final Settlement Amount" has the meaning given to it in Section 4.4(a).

"Final Settlement Amount Calculation Date" has the meaning given to it in Section 4.4(a).

"Final Settlement Date" has the meaning given to it in Section 4.4(b).

"Futures Agreement" means the Principal Agreement designated in Paragraph 5 of Part I of the Schedule.

"Master Custody Agreement" means the Principal Agreement designated in Paragraph 3 of Part I of the Schedule.

"Net Set-Off Amount" has the meaning given to it in Section 4.1.

"Principal Agreements" means the agreements (as from time to time amended or supplemented) between the Parties hereto, designated in Part I of the Schedule.

"Principal Agreement Valuation Percentage" means, in relation to an item offered by a Party as Eligible Credit Support under a Principal Agreement, the valuation percentage specified for such item under that Principal Agreement or, if no valuation percentage is specified, such percentage or calculation as Party A may acting in a commercially reasonable manner specify from time to time.

"Set-Off Date" has the meaning given to it in Section 4.1.

"Settlement Amount" means, in respect of any Closed-Out Agreement, the net amount which is due and payable by one Party to the other as a result of such Agreement having been Closed Out, which in the case of the Futures Agreement shall mean the balance provided by Section 2.4 to be a Settlement Amount (as reduced by the application, in accordance with the applicable agreements, laws, rules or regulations, of any margin, collateral or credit support (with the exception of any such margin, collateral or credit support which constitutes Eligible Credit Support by virtue of Paragraph 1 of Part VI of the Schedule), including any guarantee, delivered under or held in connection with such Closed-Out Agreement or with respect to which the Closing-Out Party is entitled to exercise remedies, including rights of set-off, provided by applicable agreements, laws, rules or regulations). For the avoidance of doubt, in calculating the Settlement Amount, all payments to be made by either party to the Closed-Out Agreement shall be calculated without (and free and clear of any deduction for) set-off or counterclaim except in so far as such set-off or counterclaim is permitted under or provided for in the Closed-Out Agreement.

"Settlement Date" means each Set-Off Date and the Final Settlement Date.

1.2 Other Definitional Provisions

The term **"Party"** means a party to this Agreement and a reference herein to either **"Party"** includes a reference to its successors and permitted assigns.

1.3 No Single Agreement

Except where expressly amended by the terms of this Agreement, each of the Principal Agreements shall be construed solely in accordance with their respective terms and shall not constitute a single agreement with this Agreement.

2 Close Out of all Principal Agreements

2.1 Close-Out Rights

The occurrence of a Close-Out Event entitles:

2.1.1 in the case of a Close-Out Event which occurs under the terms of a Principal Agreement, the Closing-Out Party for such Principal Agreement; and

2.1.2 in the case of a Close-Out Event which occurs as a result of a Failure to Deliver or Return, the Party which has made the relevant demand,

to Close Out all (but not fewer than all) the Principal Agreements by providing a Close-Out Notice under Section 2.2 hereof, except that no Close-Out Notice shall be required for the Close Out of any Principal Agreement which has previously Closed Out automatically by its terms. Each Principal Agreement is hereby amended accordingly.

2.2 Close-Out Notice and Automatic Close-Out

(a) Close-Out Notice

Except where a Principal Agreement is Closed Out automatically by its terms, the Closing-Out Party shall specify in a notice to the Closed-Out Party (the "Close-Out Notice") the date on which the Principal Agreements are Closed Out. The Close-Out Notice shall satisfy and supersede the notification requirements (if any) under each Principal Agreement for Closing Out such Principal Agreement. Each Principal Agreement is hereby amended accordingly.

(b) Automatic Close-Out

Where a Principal Agreement is automatically Closed Out in accordance with its terms, all other Principal Agreements shall simultaneously Close Out in accordance with their respective terms providing for automatic Close Out. Each Principal Agreement is hereby amended accordingly.

2.3 Impossibility; Impermissibility

If, in the good faith judgment of Party A, it becomes unlawful or impossible to Close Out, or complete the Close Out of, any Principal Agreement, such Agreement shall cease to be a Principal Agreement covered by this Agreement.

2.4 Futures Agreement

The Futures Agreement shall be Closed Out as follows. Upon the occurrence of a Close Out Event, all sums and other assets due from one party to the Futures Agreement to the other, following any exercise by Party A of any of its rights under Sections 4 and/or 5 of the Futures Agreement, shall become immediately due and payable (in the case of sums of money) or deliverable (in the case of other assets),

and LBIE may at its discretion determine in such manner as it deems fit the cash value of each such sum or other asset and any such payment or delivery obligation shall be replaced by an obligation to pay such cash value, provided that LBIE shall exercise its discretion in a reasonable manner. Upon such determination, LBIE shall set off the obligations to pay a cash value due from one party against the obligations to pay a cash value due from the other party and only the balance shall be payable. This balance shall constitute the "Settlement Amount" in respect of the Futures Agreement within the meaning of Section 1.1.

2.5 Master Custody Agreement

If on the occurrence of a Close-Out Event there is outstanding any obligation of LBIE to deliver Equivalent Securities (as defined in the Master Custody Agreement) under clause 13 of the Master Custody Agreement and the market value of such Equivalent Securities exceeds any amount payable by Party B to Party A under the Master Custody Agreement, Party A may declare that Equivalent Securities having a market value equal to the excess shall be immediately deliverable under that clause 13 and that the obligation of delivery shall be discharged (and it shall thereupon be discharged) by including it (on the basis that it is equal to the Default Market Value of such Equivalent Securities as defined in the Master Custody Agreement) in the calculation of the Settlement Amount relating to the Master Custody Agreement.

3 Determination and Settlement of Settlement Amounts

3.1 Determination of Settlement Amount

The Settlement Amount with respect to each Closed-Out Agreement shall be determined in accordance with the terms of such Closed-Out Agreement.

3.2 Determination of the Base Currency Equivalent of the Settlement Amount

If there is more than one Settlement Amount and a Settlement Amount is denominated in a currency other than the Base Currency (the "Other Currency"), the Closing Out Party shall determine the amount in the Base Currency (the "Base Currency Equivalent") that would result from the conversion of such Settlement Amount into the Base Currency at the spot exchange rate at which the Closing Out Party can buy the Base Currency with or against the Other Currency, as quoted by two or more recognised dealers in the principal foreign exchange market for the Base Currency for value on the relevant Settlement Date for the Settlement Amount under Section 4 hereof (or, if such exchange rate is not available, the Closing Out Party shall determine the Base Currency Equivalent of the Settlement Amount using any commercially reasonable method).

3.3 Settlement of Settlement Amounts in Accordance with this Agreement

All Settlement Amounts of Principal Agreements Closed Out pursuant to Section 2 (or Closed Out on or prior to that date automatically according to their terms) shall be settled at the times and in the manner set forth in Section 4 hereof, notwithstanding any provision to the contrary in any Closed-Out Agreement, and notwithstanding that Settlement Amounts may be payable at different locations or in different currencies pursuant to the terms of the relevant Principal Agreements. Accordingly, the date for settlement of any Settlement Amount specified in any Principal Agreement shall be deferred (with interest accruing at the rate specified in

Section 4.5(a) hereof) until the occurrence of a Settlement Date hereunder provided that for the purposes of Section 4.1 such amount shall be considered owing from the date for settlement specified in the Principal Agreement. Each Principal Agreement is hereby amended accordingly.

4 Netting and Set-Off of Settlement Amounts; Accrual of Interest

4.1 Netting and Set-Off

On the first date and any subsequent date on which both Parties, by the terms of the Closed-Out Agreements, would be required to pay one or more Settlement Amounts under two or more Closed-Out Agreements (a "**Set-Off Date**"), the Closing-Out Party shall aggregate and set off all Settlement Amounts and interest accrued thereon pursuant to Section 4.5(a) owed by Party A to Party B against the aggregate of the Settlement Amounts and interest accrued thereon pursuant to Section 4.5(a) owed by Party B to Party A, and only the difference between the aggregate amounts (a "**Net Set-Off Amount**") shall be due and payable on such Set-Off Date by the Party with the larger aggregate obligation. The obligation of a Party to settle a Net Set-Off Amount on the Set-Off Date shall be deferred (with interest accruing at the rate specified in Section 4.5(b) hereof) until the occurrence of the first subsequent Settlement Date if any Settlement Amount is still to be determined.

4.2 Discharge of Settlement Amount

To the extent that a Settlement Amount has been set off in whole or in part on a Set-Off Date, such Settlement Amount shall to that extent be deemed to have been discharged and no longer due under the relevant Closed-Out Agreement.

4.3 Further Set-Offs

Subject to Section 4.4 hereof, each unpaid and undischarged Net Set-Off Amount shall be treated as if it were a Settlement Amount for purposes of Section 4.1 hereof and shall, with the interest accrued thereon, be included in the netting and set-off on the first subsequent Set-Off Date.

4.4 Final Settlement Amount

(a) Final Settlement Amount for Closed-Out Agreements

On the first date on which the Settlement Amounts in respect of all Closed-Out Agreements have been determined (the "**Final Settlement Amount Calculation Date**"), the Closing-Out Party shall, taking into account any additional amount which is deemed to be a Settlement Amount pursuant to Paragraph 5 of Part VI of the Schedule, determine the single amount (if any) payable by one Party hereunder (the "**Final Settlement Amount**") and provide to the Closed-Out Party a statement showing, in reasonable detail, the calculation of the Final Settlement Amount (which may be provided at the same time and as part of the Close-Out Notice).

(b) Final Settlement Date; Place of Payment

The Final Settlement Amount shall be payable by the Party from whom such payment is due on the same Business Day on which the statement is provided under Section 4.4(a) hereof, if such statement is effective by 10:00 a.m. on a Business Day; otherwise payment shall be made on the

following Business Day (the "Final Settlement Date"). However, the obligation to pay the Final Settlement Amount is subject to the condition precedent that no sum remains due, or asset remains deliverable, by the Party to whom payment of the Final Settlement Amount would otherwise be owed, under any agreement which has ceased to be a Principal Agreement by virtue of Section 2.3. The Final Settlement Amount shall be paid in the Base Currency, together with interest thereon, from (and including) the Final Settlement Date to (but excluding) the date such amount is paid, at the rate specified in Section 4.5(c) hereof. If the Party owing the Final Settlement Amount has more than one branch, there shall be no limitation as to the place of payment of the obligation unless otherwise specified by the Parties hereto.

4.5 Interest

(a) **Interest on Settlement Amounts**

Each Settlement Amount shall bear interest at the relevant rate specified in the relevant Principal Agreement from (and including) the date on which it falls due under the Principal Agreement to (but excluding) the relevant Settlement Date for such Settlement Amount.

(b) *Interest on Net Set-Off Amounts*

Each Net Set-Off Amount shall bear interest (computed on the basis of daily compounding and the actual number of days elapsed over a year of such number of days as is customary for transactions involving the Base Currency in the principal foreign exchange market in which transactions in the Base Currency are settled) at a rate per annum equal to the average rate at which overnight deposits in the Base Currency are offered by two major banks (selected by the Closing-Out Party) in the London interbank market at or about 11:00 a.m. (London time) on the Set-Off Date and each day for which such amount remains unpaid, or, if no such rate is available, at such rate as the Closing-Out Party may reasonably select, from (and including) the Set-Off Date therefor to (but excluding) the next subsequent Set-Off Date or Final Settlement Date, whichever is earlier.

(c) *Interest on the Final Settlement Amount*

The Final Settlement Amount shall bear interest at the rate specified in Section 4.5(b) hereof plus 1 per cent per annum, from (and including) the Final Settlement Date to (but excluding) the date of actual payment.

5 Representations and Warranties

Each Party represents and warrants to the other that (a) it is duly authorised to execute and deliver this Agreement and to perform its obligations hereunder and has taken all necessary actions to authorise such execution, delivery and performance, (b) the person signing this Agreement on its behalf is duly authorised to do so on its behalf, (c) this Agreement constitutes a legal, valid and binding obligation, enforceable against it in accordance with its terms (subject to applicable bankruptcy, reorganisation, insolvency, conservatorship, receivership, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether

enforcement is sought in a proceeding in equity or at law)) and (d) it has not assigned, declared a trust over, transferred, given security over or otherwise disposed of or purported to assign, declare a trust over, transfer, give any security over or dispose of any of its rights to any amounts that may be owed to it under this Agreement or any Principal Agreement to any third party.

6 Additional Amendments to Principal Agreements

In addition and without prejudice to the terms of this Agreement, each Principal Agreement specified in Part I of the Schedule hereto is hereby amended as specified in the Schedule.

7 Governing Law and Jurisdiction; Waivers; Gross-up for Taxes

The rights of the Parties under this Agreement shall be in addition to, and not in limitation or exclusion of, any other rights which they may have (whether by agreement, operation of law or otherwise). This Agreement shall be governed by, and construed in accordance with, the laws of the jurisdiction specified in Part III of the Schedule. The provisions regarding jurisdiction, waiver of immunities, waiver of trial by jury, process agent and gross-up for taxes contained in the Principal Agreement specified in Part III of the Schedule shall apply to this Agreement in the same manner and to the same extent as if such references were contained in this Agreement. The gross-up provision for taxes specified in Part III of the Schedule shall apply to payments under this Agreement and shall not amend or supersede any similar provision in a Principal Agreement with respect to payments made under such Principal Agreement that are not made pursuant to this Agreement.

8 Transfer/Assignment

Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) or assigned by either Party without the prior written consent of the other Party, except that a Party may make such a transfer or assignment of this Agreement as a whole to another entity pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, such other entity (but without prejudice to any right or remedy under this Agreement or any Principal Agreement). Any purported transfer or assignment that is not in compliance with this Section 8 shall be void.

9 Notices and Other Communications

Any and all notices, statements, demands or other communications hereunder may be given by a Party to the other by telephone, mail, facsimile, electronic message, telegraph, messenger or otherwise to the individuals and at the telephone and facsimile numbers and addresses specified with respect to it in Part IV of the Schedule, or sent to such Party at any other place specified in a notice of change of number or address hereafter received by the other Party. Any notice, statement, demand or other communication hereunder will be deemed effective on the day (which is a business day in the location of the recipient) and at the time on which it is delivered.

10 Counterparts

This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By: 



**SCHEDULE TO THE CROSS-PRODUCT MASTER NETTING AND CREDIT
SUPPORT AGREEMENT**

Part I. The Principal Agreements

- 1 Fixed Income Prime Broker Master Agreement dated on or about 30 January 2006.
- 2 ISDA Master Agreement dated on or about 1 February 2006.
- 3 Master Custody Agreement dated on or about 1 February 2006.
- 4 TBMA/ISMA Global Master Repurchase Agreement dated on or about 25 January 2006.
- 5 Master Institutional Futures Customer Agreement dated on or about 1 February 2006.
- 6 Contracts for Difference Master Agreement dated 31 January 2006; and
- 7 International Prime Brokerage Agreement dated 30 January 2006

Part II. Events Excluded from the Definition of "Close-Out Event"

The following event(s) shall be excluded from the definition of "Close-Out Event" for purposes of this Agreement:

- 1 The following Termination Events under the terms of the ISDA Master Agreement designated in Paragraph 2 of Part I or any similar event under any Principal Agreement: Illegality, Tax Event, Tax Event Upon Merger.
- 2 Any Close-Out Event under a Principal Agreement which is an event which prevents, hinders or delays a Party from performing its obligations when due thereunder, including any act of war, insurrection, or other act of political violence or action by a de facto or de jure government or any similar event.

The following event(s) will constitute "Additional Close-Out-Events" for the purposes of this Agreement:

[None]

Part III. Governing Law and Jurisdiction; Waiver of Jury Trial; Tax Gross-Up

Governing Law: England and Wales

Jurisdiction, Waiver of Immunities and Jury Trials, Process Agent, and Gross-Up for Taxes: The provisions contained in Clauses 6.6, 18 and 19 of the Principal Agreement designated in Paragraph 1 of Part I shall apply as provided in Section 7.

Part IV. Addresses for Communications Between Parties

For the purposes of Section 9:

Address for notices or communications to Party A:
Address: 25 Bank Street, London E14 5LE, England
Attention: [REDACTED]

[REDACTED]

Electronic Messaging System Details:

Address for notices or communications to Party B:

[REDACTED]

with a copy to

[REDACTED]

and

[REDACTED]

Part V. Base Currency; Payment Instructions

The Base Currency is: The Currency agreed as the "base currency" pursuant to the Principal Agreement designated in Paragraph 1 of Part I of this Schedule, or, in the absence of such agreement, U.S. Dollars.

Payments due under this Agreement in the Base Currency shall be made to the following accounts:

Name of Bank and Office, Account Number and Reference for Party A: To be advised in writing

Name of Bank and Office, Account Number and Reference for Party B: To be advised in writing

Part VI. Credit Support

1 Existing Principal Agreement Security Interests

1.1 In addition and without prejudice to the credit support arrangements provided for in this Part VI below, with respect to all of the Principal Agreements in Part I, the Parties agree that any collateral provided by a Party to secure obligations owed by it to the other Party under a Principal Agreement (including without limitation any cash or securities delivered by Party B to Party A in respect of a Margin Deficit pursuant to clause 5 of the Principal Agreement designated in Paragraph 1 of Part I) is hereby:

- 1.1.1 deemed to constitute Eligible Credit Support forming part of the Credit Support Balance as of the date of this Agreement and securing obligations owed under this Agreement;
- 1.1.2 for the purposes of this Agreement deemed to cease to constitute collateral securing obligations owed under the relevant Principal Agreement; and
- 1.1.3 for the purposes of this Agreement, henceforth, any obligation to provide further collateral pursuant to any Principal Agreement or Credit Support Document related thereto, and any obligation under any Principal Agreement or Credit Support Document related thereto to return collateral, shall not apply for so long as this Agreement remains in full force and effect.

Each Principal Agreement and Credit Support Document related thereto is hereby amended accordingly.

1.2 "Credit Support Document" means any agreement, registration, filing or comparable document creating or perfecting:

- (a) a security interest; or
- (b) margin, collateral or credit support taken by outright transfer of title,

in financial assets, general intangibles, contract rights, securities account entitlements or other property to secure the performance of the obligations of a Party under a Principal Agreement, excluding any guarantee by a third party of a Party's obligations.

2 Credit Support Obligations

2.1 Delivery Amount

Subject to Paragraph 3, upon a demand made by the Transferee on or promptly following a Valuation Date, if the Delivery Amount for that Valuation Date equals or exceeds the Transferor's Minimum Transfer Amount, then the Transferor will transfer to the Transferee Eligible Credit Support having a Value as of the date of transfer at least equal to the applicable Delivery Amount (rounded pursuant to Paragraph 10.2(iv)). The "Delivery Amount" applicable to the Transferor for any Valuation Date will equal the amount by which:

- (i) the Credit Support Amount
exceeds
- (ii) the Value as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount, the transfer of which, in either case, has not yet been

completed and for which the relevant Settlement Day falls on or after such Valuation Date).

2.2 Return Amount

Subject to Paragraph 3, upon a demand made by the Transferor on or promptly following a Valuation Date, if the Return Amount for that Valuation Date equals or exceeds the Transferee's Minimum Transfer Amount, the Transferee will transfer to the Transferor Equivalent Credit Support specified by the Transferor in that demand having a Value as of the date of transfer as close as practicable to the applicable Return Amount (rounded pursuant to Paragraph 10.2(iv)) and the Credit Support Balance will, upon such transfer, be reduced accordingly. The "Return Amount" applicable to the Transferee for any Valuation Date will equal the amount by which:

2.2.1 the Value as of that Valuation Date of the Transferor's Credit Support Balance (adjusted to include any prior Delivery Amount and to exclude any prior Return Amount the transfer of which, in either case, has not yet been completed and for which the relevant Settlement Day falls on or after such Valuation Date)

exceeds

2.2.2 the Credit Support Amount.

3 Transfers, Calculations and Exchanges

3.1 Transfers

All transfers under this Agreement of any Eligible Credit Support, Equivalent Credit Support, Interest Amount or Equivalent Distributions shall be made in accordance with the instructions of the Transferee or Transferor, as applicable, and shall be made:

3.1.1 in the case of cash by transfer into one or more bank accounts specified by the recipient;

3.1.2 in the case of certificated securities which cannot or which the parties have agreed will not be delivered by book-entry, by delivery in appropriate physical form to the recipient or its account accompanied by any duly executed instruments of transfer, transfer tax stamps and any other documents necessary to constitute a legally valid transfer of the transferring party's legal and beneficial title to the recipient; and

3.1.3 in the case of securities which the parties have agreed will be delivered by book-entry, by the giving of written instructions (including, for the avoidance of doubt, instructions given by telex, facsimile transmission or electronic messaging system) to the relevant depository institution or other entity specified by the recipient, together with a written copy of the instructions to the recipient, sufficient, if complied with, to result in a legally effective transfer of the transferring party's legal and beneficial title to the recipient,

or, at the discretion of the party making such a transfer, otherwise in such manner and upon such terms as are specified in a Principal Agreement selected by it.

Alternatively, a transfer of securities which upon their transfer would constitute Other Eligible Credit Support may be made on such other terms as may be agreed by the Parties separately in writing, including without limitation pursuant to the Principal Agreement designated in Paragraph 1 of Part I.

Unless otherwise specified, if a demand for the transfer of Eligible Credit Support or Equivalent Credit Support is received by the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the date such demand is received; if a demand is received after the Notification Time, then the relevant transfer will be made not later than the close of business on the Settlement Day relating to the day after the date such demand is received. For the avoidance of doubt, references to "transfer" in this Part VI mean, in relation to cash, payment and, in relation to other assets, delivery.

3.2 Calculations

All calculations of Value and Exposure for the purposes of Paragraph 2 will be made by the relevant Valuation Agent as of the relevant Valuation Time. The Valuation Agent will notify each party (or the other party, if the Valuation Agent is a party) of its calculations not later than the Notification Time on the Local Business Day following the applicable Valuation Date.

3.3 Exchanges

3.3.1 The Transferor may on any Local Business Day by notice inform the Transferee that it wishes to transfer to the Transferee Eligible Credit Support specified in that notice (the "New Credit Support") in exchange for certain Eligible Credit Support (the "Original Credit Support") specified in that notice comprised in the Transferor's Credit Support Balance.

3.3.2 If the Transferee notifies the Transferor that it has consented to the proposed exchange, (A) the Transferor will be obliged to transfer the New Credit Support to the Transferee on the first Settlement Day following the date on which it receives notice (which may be oral telephonic notice) from the Transferee of its consent and (B) the Transferee will be obliged to transfer to the Transferor Equivalent Credit Support in respect of the Original Credit Support, not later than the Settlement Day following the date on which the Transferee receives the New Credit Support, (the "Exchange Date"). However, the Transferee will only be obliged to transfer Equivalent Credit Support with a Value as of the date of transfer as close as practicable to, but in any event not more than the Value of the New Credit Support as of that date.

4 Transfer of Title, No Security Interest, Distributions and Interest Amount

4.1 Transfer of Title

Each party agrees that all right, title and interest in and to any Eligible Credit Support, Equivalent Credit Support, Equivalent Distributions or Interest Amount which it transfers to the other party under the terms of this Part VI shall vest in the recipient free and clear of any liens, claims, charges or encumbrances or any other interest of the transferring party or of any third person (other than a lien routinely imposed on all securities in a relevant clearance system).

4.2 No Security Interest

Nothing in this Part VI is intended to create or does create in favour of either Party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one Party to the other Party under the terms of this Part VI.

4.3 Distributions and Interest Amount

4.3.1 Distributions: Save to the extent that such transfer would conflict with the treatment of such Distributions in any Principal Agreement the Transferee will transfer to the Transferor not later than the Settlement Day following each Distributions Date cash, securities or other property of the same type, nominal value, description and amount as the relevant Distributions ("Equivalent Distributions") to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

4.3.2 Interest Amount: The Transferee will transfer to the Transferor at the times specified in Paragraph 10.3.2 the relevant Interest Amount to the extent that a Delivery Amount would not be created or increased by the transfer, as calculated by the Valuation Agent (and the date of calculation will be deemed a Valuation Date for this purpose).

5 Default

Upon the Final Settlement Amount Calculation Date no further payments or deliveries under Paragraphs 2, 3 or 8.1 will be required to be made. Where a Closing-Out Party is to determine the Final Settlement Amount pursuant to Section 4.4(a), an amount equal to the Value of the Credit Support Balance, determined as though the Final Settlement Amount Calculation Date were a Valuation Date, will be deemed to be a Settlement Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 4.4(a).

6 Representations

Each Party represents to the other Party (which representation will be deemed to be repeated as of each date on which it transfers Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions) that it is the sole owner of or otherwise has the right to transfer all Eligible Credit Support, Equivalent Credit Support or Equivalent Distributions it transfers to the other Party under this Part VI free and clear of any security interest, lien, encumbrance or other restriction (other than a lien routinely imposed on all securities in a relevant clearance system).

7 Expenses

Each Party will pay its own costs and expenses (including any stamp, transfer or similar transaction tax or duty payable on any transfer it is required to make under this Part VI) in connection with performing its obligations under this Part VI and neither Party will be liable for any such costs and expenses incurred by the other Party except Party B shall pay any stamp, transfer or similar transaction tax or duty payable on any transfer of securities it is

required to make under this Part VI where, upon their transfer, such securities constitute Other Eligible Credit Support.

8 Miscellaneous

8.1 Default Interest

If a Transferee fails to make, when due, any transfer of Equivalent Credit Support, Equivalent Distributions or the Interest Amount, it will be obliged to pay the Transferor (to the extent permitted under applicable law) an amount equal to interest at the rate specified in Section 4.5(c) multiplied by the Value on the relevant Valuation Date of the items of property that were required to be transferred, from (and including) the date that the Equivalent Credit Support, Equivalent Distributions or Interest Amount were required to be transferred to (but excluding) the date of transfer of the Equivalent Credit Support, Equivalent Distributions or Interest Amount. This interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

8.2 Good Faith and Commercially Reasonable Manner

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

9 Definitions

In addition to the definitions contained elsewhere in this Agreement, as used in this Part VI:

"Adjusted Exposure" means, with respect to a Party, the aggregate of:

- (i) that Party's Exposure;
- (ii) the other Party's Independent Amount,

less that Party's Independent Amount

"Base Currency Equivalent" means, with respect to an amount on a Valuation Date in the case of an amount denominated in the Base Currency, such Base Currency amount and, in the case of an amount denominated in a currency other than the Base Currency (the **"Other Currency"**), the amount of Base Currency required to purchase such amount of the Other Currency at the spot exchange rate determined by the Valuation Agent for value on such Valuation Date.

"Credit Support Amount" means, with respect to a Transfer or on a Valuation Date, (i) the Transferee's Adjusted Exposure minus the Transferor's Threshold, but the Credit Support Amount will be deemed to be zero whenever the calculation of Credit Support Amount yields a number less than zero.

"Credit Support Balance" means, with respect to a Transferor on a Valuation Date, the aggregate of all Eligible Credit Support that has been transferred to or received by the Transferee under this Agreement together with any Distributions and all processes of any such Eligible Credit Support or Distributions, as reduced pursuant to Paragraphs 2.2, 3.3.2 or 5. Any Equivalent Distributions or Interest Amount (or portion of either) not transferred pursuant to Paragraphs 4.3.1 or 4.3.2 will form part of the Credit Support Balance.

"Delivery Amount" has the meaning specified in Paragraph 2.1.

"Distributions" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance consisting of securities, all principal interest and other payments and distributions of cash or other property to which a holder of securities of the same type, nominal value, description and amount as such Eligible Credit Support would be entitled.

"Distributions Date" means, with respect to any Eligible Credit Support comprised in the Credit Support Balance other than cash, each date on which a holder of such Eligible Credit Support is entitled to receive Distributions or, if that date is not a Local Business Day, the next following Local Business Day.

"Eligible Credit Support" means, with respect to a Party, the items, if any, specified as such for that Party in Paragraph 10.1 including, in relation to any securities, if applicable, the proceeds of any redemption in whole or in part of such securities by the relevant issuer.

"Eligible Currency" means the Base Currency and USD, if such Base Currency is not freely available.

"Equivalent Credit Support" means, in relation to any Eligible Credit Support comprised in the Credit Support Balance, Eligible Credit Support of the same type, nominal value, description and amount as that Eligible Credit Support.

"Equivalent Distributions" has the meaning specified in Paragraph 4.3.1.

"Exchange Date" has the meaning specified in Paragraph 3.3.2.

"Exposure" means with respect to a Party on a Valuation Date, the Final Settlement Amount that the Valuation Agent estimates would be payable to that Party by the other Party (expressed as a positive number) or by that Party to the other Party (expressed as a negative number) pursuant to Section 4.4(a) if all Principal Agreements were Closed-Out Agreements and the relevant Valuation Date were the date for determination of the Final Settlement Amount pursuant to Section 4.4(a). However for the purposes of calculating Exposure, Paragraph 5 shall be ignored.

"Independent Amount" means with respect to a Party, the Base Currency Equivalent of the amount specified as such for Party in Paragraph 10.2, or, if no such amount is specified, zero.

"Interest Amount" means, with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on the principal amount of the portion of the Credit Support Balance comprised of cash in such currency, determined by the Valuation Agent for each such day as follows:

- (a) the amount of cash in such currency on that day; multiplied by
- (b) the relevant Interest Rate or other applicable rate of interest offered by Party A for that day; divided by
- (c) 360 (or, in the case of pounds sterling, 365).

"Interest Period" means the period from (and including) the last Local Business Day on which an Interest Amount was transferred (or, if no Interest Amount has yet been transferred, the Local Business Day on which Eligible Credit Support or Equivalent Credit

Support in the form of cash was transferred to or received by the Transferee) to (but excluding) the Local Business Day on which the current Interest Amount is transferred.

"Interest Rate" means, with respect to an Eligible Currency, the rate specified in Paragraph 10.3.1 for that currency (or, in the absence of a specified rate, the aggregate interest rate or rates determined by Party A by reference to the Principal Agreements).

"Local Business Day" means:

- (i) in relation to a transfer of cash or other property (other than securities) under this Part VI, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment;
- (ii) in relation to a transfer of securities under this Part VI, a day on which the clearance system agreed between the Parties for delivery of the securities is open for the acceptance and execution of settlement instructions or, if delivery of the securities is contemplated by other means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place(s) agreed between the Parties for this purpose.
- (iii) in relation to a valuation under this Part VI a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of location of the Valuation Agent and in the place(s) agreed between the Parties for this purpose; and
- (iv) in relation to any notice or other communication under this Part VI a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place specified in the address for notice most recently provided by the recipient.

"Market Quotation" has the meaning specified in the Principal Agreement designated in Paragraph 2 of Part I.

"Minimum Transfer Amount" means, with respect to a party, the amount specified as such for that party in Paragraph 10.2; if no amount is specified, zero.

"New Credit Support" has the meaning specified in Paragraph 3.3.1.

"Notification Time" means close of business, London time, on a Local Business Day.

"Other Eligible Credit Support" means Eligible Credit Support within Paragraph 10.1(v).

"Party A Valuation Percentage" means such percentage as Party A may specify from time to time in respect of any particular securities offered by Party B as Other Eligible Credit Support.

"Principal Agreement Valuation Percentage" means, in relation to an item offered by a Party as Eligible Credit Support under a Principal Agreement, the valuation percentage calculated by Party A by reference to the valuation percentage specified for such item under that Principal Agreement or, if no valuation percentage is specified, such percentage or calculation as Party A may acting in a commercially reasonable manner specify from time to time.

"Reference Market-makers" has the meaning specified in the Principal Agreement designated in Paragraph 2 of Part I.

"Return Amount" has the meaning specified in Paragraph 2.2.

"Settlement Day" means, in relation to a date, (i) with respect to a transfer of cash or other property (other than securities), the next Local Business Day and (ii) with respect to a transfer of securities, the first Local Business Day after such date on which settlement of a trade in the relevant securities, if effected on such date, would have been settled in accordance with customary practice when settling through the clearance system agreed between the parties for delivery of such securities or, otherwise, on the market in which such securities are principally traded (or, in either case, if there is no such customary practice, on the first Local Business Day after such date on which it is reasonably practicable to deliver such securities).

"Threshold" means, with respect to a Party, the Base Currency Equivalent of the amount specified as such for that party in Paragraph 10.2 (ii). If no amount is specified, zero.

"Transferee" means, in relation to each Valuation Date, the Party whose Adjusted Exposure is a positive number and, in relation to a Credit Support Balance, the Party which, subject to this Part VI, owes such Credit Support Balance or, as the case may be, the Value of such Credit Support Balance to the other Party.

"Transferor" means, in relation to a Transferee, the other Party.

"Valuation Agent" means Party A.

"Valuation Date" means any local Business Day.

"Valuation Percentage" means, for any item of Eligible Credit Support, the percentage specified in Paragraph 10.1.

"Valuation Time" means: the close of business on the Local Business Day immediately preceding the Valuation Date or date of calculation as applicable:

provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

"Value" means, for any Valuation Date or other date for which Value is calculated, with respect to:

- (i) Eligible Credit Support comprised in a Credit Support Balance that is:
 - (A) an amount of cash, the Base Currency Equivalent of such amount multiplied by the applicable Valuation Percentage if any; and
 - (B) a security, the Base Currency Equivalent of the bid price obtained by the Valuation Agent multiplied by the applicable Valuation Percentage, if any; and
- (ii) items that are comprised in a Credit Support Balance and are not Eligible Credit Support, zero.

"Variable Margin" means, for any Valuation Date, the amount specified for that Valuation Date by Party A in its sole discretion, being the amount that Party A determines is necessary to protect against potential exposures that it may incur to Party B in connection with transactions under the Principal Agreements, taking account of the correlations in the transactions outstanding under the Principal Agreements on that Valuation Date.

10 Elections and Variables

10.1 Eligible Credit Support

The following items will qualify as "Eligible Credit Support" for the party specified:

	Party A	Party B	Valuation Percentage
(i) cash in an Eligible Currency	[X]	[X]	Principal Agreement Valuation Percentage
(ii) Negotiable debt obligations issued by the Government of the United States of America having an original maturity at issuance of not more than one year	[X]	[X]	Principal Agreement Valuation Percentage
(iii) Negotiable debt obligations issued by the Government of the United States of America having an original maturity at issuance of more than one year but not more than 10 years	[X]	[X]	Principal Agreement Valuation Percentage
(iv) Negotiable debt obligations issued by the Government of the United States of America having an original maturity at issuance of more than 10 years	[X]	[X]	Principal Agreement Valuation Percentage
(v) such other instruments as may be agreed by Party A and Party B as Eligible Credit Support	[X]	[X]	Party A Valuation Percentage

10.2 Thresholds

- (i) **"Independent Amount"** means with respect to Party A: On any Valuation Date, the sum of (1) any amount specified as an Independent Amount with respect to Party A in, or any amount required to be posted by Party A as collateral pursuant to the Principal Agreement or any confirmation entered into under, the Principal Agreement designated in Paragraph 2 of Part I of this Schedule and (2) the Margin Requirement (as defined in the Principal Agreement designated in Paragraph 3 of Part I of this Schedule) on that date if that Margin Requirement is payable by Party A and (3) the value of any Net Exposure (as defined in the Principal Agreement designated in Paragraph 4 of Part 1 of this Schedule) which Party B has in respect of Party A on that date.

"Independent Amount" means with respect to Party B: On any Valuation Date, the greater of (1) the Variable Margin specified by Party A for that Valuation Date, and the sum of items (2) to (7) as follows; (2) the Margin Requirement (as defined in the Principal

Agreement designated in Paragraph 1 of Part I of this Schedule) on that date and (3) any amount specified as an Independent Amount with respect to Party B in, or any amount required to be posted by Party B as collateral pursuant to the Principal Agreement or any confirmation entered into under, the Principal Agreement designated in Paragraph 2 of Part I of this Schedule and (4) the Margin Requirement (as defined in the Principal Agreement designated in Paragraph 3 of Part I of this Schedule on that date if that Margin Requirement is payable by Party B and (5) the value of any Net Exposure (as defined in the Principal Agreement designated in Paragraph 4 of Part 1 to this Schedule) which Party A has in respect of Party B on that date and (6) the Margin (as defined in the Principal Agreement designated in Paragraph 5 of Part I of this Schedule) on that date and (7) the Margin Requirement (as defined in the Principal Agreement designated in Paragraph 6 of Part I of this Schedule) on that date.

- (ii) "Threshold" means with respect to Party A: US\$0 (zero)
"Threshold" means with respect to Party B: US\$0 (zero)
- (iii) "Minimum Transfer Amount" means with respect to Party A: US\$0 (zero)
"Minimum Transfer Amount" means with respect to Party B: US\$250,000
- (iv) **Rounding:** The Delivery Amount and the Return Amount will be rounded up and down respectively to the nearest integral multiple of \$1,000.

10.3 Distributions and Interest Amount

10.3.1 Interest Rate: The "Interest Rate" in relation to each Eligible Currency specified below will be:

Eligible Currency	Interest Rate
_____	_____
_____	_____
_____	_____
_____	_____

10.3.2 Transfer of Interest Amount: The transfer of the Interest Amount will be made on the last Local Business Day of each calendar month and on any Local Business Day that a Return Amount consisting wholly or partly of cash is transferred to the Transferor pursuant to Paragraph 2.2, unless otherwise specified here:

.....

10.4 Addresses for Transfers

Party A To be advised in writing

Party B To be advised in writing

- **TAB 10**

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TEMPLATE

FIXED INCOME AND FOREIGN EXCHANGE PRIME BROKER AGREEMENT

AGREEMENT, dated as of _____, between [_____],
whose registered office is at [_____] (the
"Client"), and Lehman Brothers International (Europe) ("Lehman"), whose registered office is at
25 Bank Street, London E14 5LE.

WHEREAS, Client is in the business of trading debt securities, foreign exchange
and fixed income derivatives on its own behalf and engaging in financing transactions with
respect thereto; and

WHEREAS, Client requires assistance in processing, clearing and settling certain
debt securities trades and fixed income derivatives transactions; and

WHEREAS, Client wishes to engage Lehman as a service provider and thereby
access Lehman's capabilities to process, clear, and settle certain debt securities trades and
fixed income derivatives transactions which Client has entered into as principal with others.

NOW, THEREFORE, Client and Lehman hereby agree as follows:

I. DEFINITIONS

1. Definitions. As used in this Agreement, the following capitalised terms shall
have the meanings respectively assigned to them below:

"Account" shall mean Client's account maintained by Lehman in its books and
records to record the Client's positions in the Transactions. The Account will be opened
for purposes of preparing a consolidated statement of Client's positions. The Client will
not be entitled to the value of any Security or Transaction reflected in the Account. The
Client's interests in Securities and Transactions will be held in separate accounts
maintained by Lehman affiliates in accordance with Applicable Laws and the terms and
conditions on which those accounts are opened.

"Applicable Rules" mean, as to any entity, the applicable constitution, rules, by-
laws, regulations and customs of any securities market, association, exchange or
Clearing Organisation where Transactions are effected or of which Client or Lehman is a
member, and also all applicable laws and regulations ("Applicable Laws"), in each
instance as the same may be applicable to such entity.

"Counterparty or Counterparties" shall mean those firms with which Client
engages in Transactions.

"Business Day" shall mean any day on which commercial banks and foreign exchange markets settle payments in London.

"Clearing Deposit Requirement" shall mean the amount of Clearing Deposit that Lehman requires the Client to transfer to and maintain with Lehman as security for the performance of Client's obligations to Lehman, as determined by Lehman in its commercially reasonable discretion.

"Clearing Organisation" shall mean Cedelbank, Euroclear, Clearstream, the Federal Reserve Bank book-entry system, The Depository Trust Company, The Participants Trust Company, or any other central depository or clearing agency, system or arrangement which it is, or may become, standard market practice to employ for the comparison and/or settlement of Transactions.

"Cost" shall mean any loss, liability, damage, claim, cost or expense, including but not limited to reasonable fees of legal counsel.

"Securities" shall mean debt securities with respect to which Lehman agrees to provide clearance services hereunder.

"Settlement Date" shall mean the date designated by the parties to a Transaction for the payment of funds and the delivery of Securities.

"Trade Date" shall mean the date on which a Transaction subject to this Agreement is entered into by the parties thereto.

"Transaction(s)" shall mean trades and/or transactions involving Securities, including purchases or sales for regular way, skip or forward settlement, repurchase and reverse repurchase transactions, dollar-rolls and securities lending transactions; or any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions, any of which Lehman agrees to process, clear and settle for Client).

II. GENERAL SERVICES AND REQUIREMENTS

1. Services Description. Client hereby appoints Lehman as its clearing agent for Transactions and engages Lehman to assist Client in clearing, settling and processing its Transactions with Counterparties. In connection with such Transactions, Lehman or, if appropriate or required by Applicable Law, an affiliate of Lehman will use commercially reasonable efforts to receive, deliver and transfer Securities and funds for Client. Except as otherwise provided herein, Client will be and will for all purposes be treated as the principal in all such Transactions. In accordance with the times and procedures set forth below, Client shall provide Lehman with written details and instructions concerning the Transactions.

2. General Transaction Requirements. Each Transaction shall satisfy the conditions set forth in this Agreement and such additional conditions as Client and Lehman may agree upon in writing from time to time; provided, however, that changes to any conditions which Lehman makes generally for operating its business shall become effective upon reasonable notice to Client except that, if any such change affects conditions previously agreed upon by Client and Lehman, it shall become effective only upon 30 days' prior notice (unless Applicable Rules require such change to become effective in less than 30 days, in which case they shall become effective as required by the Applicable Rules) and provided further that:

- (i) each Transaction must be subject only to such terms and conditions as are customary in the market for Transactions of the same type;
- (ii) each Transaction must be capable of comparison and settlement through a Clearing Organisation in the same manner as transactions of the same type which are undertaken for the account of Lehman at the approximate time of such Transaction; and
- (iii) settlement for Transactions must occur only on days on which commercial banks are open for business in the country in which settlement is to occur.

3. Counterparty Information. Prior to engaging for the first time in a Transaction with an intended Counterparty, Client shall give Lehman the name of the intended Counterparty and such other information common to all Transactions with such Counterparty as is required to permit the clearance and settlement of such Transactions. Lehman shall have no obligation to inquire into or to monitor compliance with any aggregate exposure limits Client may establish from time to time for any such Counterparty.

III. PROCESSING OF TRANSACTIONS

1. Deadlines for Receipt of Instructions. (a) Promptly after a Transaction is arranged, Client shall communicate instructions with respect to that Transaction to Lehman. Lehman must receive instructions for Transactions by the deadlines set forth below:

- (i) "cash" or same day Transactions (including financing transactions) – by no later than 12:00 noon GMT on the Trade Date;
- (ii) all other Transactions – by no later than 4:00 p.m. GMT on the Trade Date.

Such instructions shall be furnished to Lehman in such form and manner as Lehman and Client may agree.

(b) Lehman shall have no obligation to process a "cash" or same day Transaction for which it receives instructions from Client after the deadline therefor which is set forth in Section III 1(a) above; however, Lehman shall nevertheless use commercially diligent

efforts to process such Transaction for settlement. Lehman shall be without liability for any cost or delay which arises from its failure to use commercially diligent efforts unless such failure is willful.

(c) Lehman shall have no obligation to process a Transaction which is not a "cash" or same day Transaction for which it receives instructions from Client after the deadline therefor which is set forth in Section III.1(a) above; however, Lehman shall nevertheless use commercially diligent efforts to process such Transaction for settlement. Lehman shall be without liability for any cost or delay which arises from its failure to use commercially diligent efforts unless such failure is willful.

2. Instructions and Verification.

(a) Provided that the instructions for a Transaction which is not a "cash" or same day Transaction have been received by the deadline set forth in Section III.1(a) above, Lehman shall promptly, on the same day as such instructions are received, verify that such instructions set forth all the types of information required to permit clearance and settlement of such Transaction. If such instructions are insufficient in any respect, Lehman shall promptly, on the same day as such instructions are received, notify Client of such insufficiency. Unless Client, promptly after it receives such notice of insufficiency from Lehman but in no event more than 15 minutes after the deadline set forth in Section III.1(a) above, communicates corrected instructions to Lehman, Lehman shall have no further responsibility for processing such Transaction.

(b) Provided that the instructions for a "cash" or same day Transaction have been received by the deadline set forth in Section III.1(a) above, Lehman shall take steps with respect to such Transaction which are substantially similar to those set forth in Section III.2(a) above, taking into account, however, the exigencies of time and recognising that the sole obligation of Lehman is to attempt in good faith and in a commercially reasonable manner to process such Transaction.

(c) Upon verification of a Transaction in accordance with this Section, Lehman shall enter such Transaction in its end-of-day records.

3. Comparisons, Confirmations Review, Etc. (a) Client shall receive and review all confirmations, comparisons, statements, commitment letters, notices and related documentation with respect to all Transactions and shall be the one to contact the Counterparties in such Transactions to resolve any non-recognition thereof or any other differences disclosed by such review.

(b) If Lehman, with respect to any Transaction, receives any confirmations, comparisons, statements, commitment letters, notices and related documentation from the Counterparty in such Transaction, Lehman shall promptly, on the same day as received, transmit any such documents to Client.

(c) Lehman shall have no obligation to inquire of Client or of any other person whether a Transaction is compared or not. Lehman shall proceed with the processing under this Agreement of each such Transaction until such time, if any, as it is informed by Client that such Transaction is uncomparated, and Lehman shall not resume such processing until such

time, if any, as Client informs it that all differences with respect to such Transaction have been resolved and such Transaction has been compared.

(d) Lehman shall not be responsible for any failure to settle Transactions, or any failure to allocate Securities or any other irregularities that may arise because Client or an Counterparty has failed to resolve any non-recognition or other differences disclosed during the comparison process. Unless otherwise instructed by Client, Lehman shall not contact the Counterparty in any uncomparing Transaction to resolve any non-recognition thereof or any other difference disclosed during the comparison and confirmation process.

(e) Any comparisons, statements, notices or other documents which, pursuant to this Agreement or at Client's request, may be prepared by Lehman and sent to Counterparties, or by which Client may be bound, shall be prepared on forms which display Client's name in front (and not that of Lehman) and which have been approved by Client in writing. Lehman shall execute any such comparisons, statements, notices and other documents as Client's agent.

4. Settlement Date Exception Report. Subject to the terms and conditions set forth above, Lehman will use its best efforts to process, clear and settle each Transaction for Client on the Settlement Date for the same. On the business day following each Settlement Date, Lehman shall provide Client with a list of any Transactions which were scheduled to settle on such Settlement Date but did not.

IV. AUTHORISED PERSONS

1. Authorised Persons. Lehman may rely upon or act in accordance with any notice, confirmation, instruction or other communication received by it from Client which is reasonably believed by Lehman to be genuine and to have been given, transmitted or signed on behalf of Client in the manner and by the persons specified by Client in Schedule I hereto, as such Schedule may from time to time be revised. Client may revise Schedule I at any time by notice in writing to Lehman given in accordance with this Section IV.1, but no revision of Schedule I shall be effective until Lehman actually receives such notice.

2. Oral Instructions. (a) In exceptional circumstances Lehman may accept instructions orally communicated provided that such oral instructions are reasonably believed by it to have been given on behalf of Client in the manner and by the persons specified by Client in Schedule I hereto. If a written instruction confirming an oral instruction is not received by Lehman prior to a Transaction, it shall in no way affect the validity of the Transaction authorised by such oral instruction or Client's authorisation to process such Transaction. Lehman shall incur no liability to Client in acting upon any oral instruction reasonably believed by Lehman to be genuine and to have been properly made on behalf of Client as hereinabove set forth. To the extent such oral instruction varies from any written confirming instruction, Lehman shall advise Client of such variance, and the confirming written instruction will govern.

(b) Notwithstanding anything in this Agreement to the contrary, Lehman shall have the right to refuse to take any action to clear, settle or process any Transaction if Lehman is in doubt as to the authority of the individual reporting such Transaction or the authenticity of his or her instructions.

V. ACCOUNT AND CREDIT MATTERS

1. Lehman Account. (a) In order for Lehman to provide the services contemplated hereby, Lehman will open the Account on its books and records. All Securities and funds received by Lehman or an affiliate of Lehman on Client's behalf in connection with Transactions will be credited to the Account and all Securities and funds to be transferred by Client in connection with Transactions will be transferred from and debited to the Account, in accordance with Client's written instructions to Lehman, as set forth above; and Lehman may hold in the Account all such Securities and funds as are incidental to the clearing of Transactions.

(b) Lehman or its affiliates shall make deliveries of Securities credited to the Account in accordance with Client's instructions, provided, however, that Lehman shall not be obligated to make any such delivery: (i) if Lehman or an affiliate does not hold sufficient amounts and types of the pertinent Securities to the credit of the Client in order for Lehman to make such delivery in accordance with Client's instructions; or (ii) if after the making of such delivery, Client would be in violation of the margin and other requirements (including the requirement for Clearing Deposit) referred to in Section V.4. below. Lehman shall make payments from the Account in accordance with Client's instructions, provided that: (i) there are sufficient funds standing to the credit of the Client in the Account, whether belonging to Client or advanced by Lehman in its sole and absolute discretion, as set forth in Section V.2. below; and (ii) after the making of such payment, Client would not be in violation of the margin and other requirements (including the requirement for Clearing Deposit) referred to in Section V.4. below.

(c) Not later than 2:00 p.m. London time on each date for the settlement of Transactions, Client shall remit to Lehman immediately available funds in an amount representing Client's reasonable, good faith estimate of the settlement amount to be paid by it on such date. Client agrees to take all necessary actions to ensure that all Securities needed to clear, settle and process Transactions will be in Lehman's or an affiliate's possession and control in good deliverable form by 2:00 p.m. London time (or such earlier time as may be required to settle Transactions outside of London) on the Settlement Date therefor. Lehman will have no responsibility to clear, settle or process Transactions if the Securities or funds needed to complete the same have not been received by Lehman or an affiliate by the time periods specified above subject to the provision of Section V(1)(b).

2. Clearing Credit. Lehman is under no obligation whatsoever to allow overdrafts to the Client, but Lehman may, in its sole and absolute discretion and from time to time, advance funds to Client to facilitate the settlement of Transactions. Any such advance: (i) shall be repayable immediately upon demand made by Lehman; (ii) shall be fully secured by collateral as specified in Schedule II, and (iii) shall bear interest at such rate as Client and Lehman may otherwise agree, provided that if such an agreement cannot be reached, Lehman shall determine such rate in a commercially reasonable manner.

3. Delivery and Payment Conditions for Securities. (a) Any other provision in this Agreement notwithstanding, Lehman shall make and receive all deliveries of Securities in accordance with the delivery practices then prevailing in the market for the relevant Security and shall make and receive all payments for Securities in accordance with such practices as to manner of payment as are then prevailing in the market for the relevant Security.

(b) Lehman shall apply such procedures and time frames as it uses when acting for its own account or on behalf of its affiliates to ascertain whether the Securities tendered to Lehman to settle a transaction in such Securities conform to the good delivery practices then prevailing in the market for the relevant Securities. If Lehman concludes that such Securities do not conform to such good delivery practices, Lehman shall either refuse to accept delivery or take such other steps as it would take when acting on its own behalf or on behalf of its affiliates.

4. Transactions with Clearing Deposit. (a) As security for the performance of Client's obligations to Lehman, Client agrees to transfer to and maintain with Lehman, at all times during the term of this Agreement, funds and/or securities, in such form as Lehman and Client may agree (the "Clearing Deposit"). The amount of such initial Clearing Deposit shall be equivalent to [TBA], the value of each item of Clearing Deposit being determined by Lehman.

(b) Where the value of Clearing Deposit held by Lehman is less than the Client's Clearing Deposit Requirement, Lehman may (but is not obliged to) make a demand for further Clearing Deposit (which will be in writing) and the Client will deliver or pay to Lehman such further Clearing Deposit within the period reasonably specified for payment or delivery.

5. Clearing Deposit and Title. (a) Client shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in such funds and/or securities constituting the Clearing Deposit at any time shall pass to Lehman upon transfer or payment to Lehman, free from all liens, claims, charges and encumbrances.

(b) Lehman shall be under an obligation to transfer to Client funds and/or securities equivalent to those constituting the Clearing Deposit then held by Lehman on termination of this Agreement, provided that Lehman may determine the value of such funds and/or securities constituting Clearing Deposit held by Lehman on termination of this Agreement and apply such value, after conversion to the appropriate currency if required, to reduce by set off the obligations then payable and unpaid by Client to Lehman.

VI. RECORDS AND REPORTS, ETC.

1. Principal and Interest. Lehman shall assist Client in enforcing any rights to payment of principal, interest or other amounts which Client may have against any issuer or guarantor of Securities, subject to the receipt of such indemnification as Lehman, in its sole discretion, may request and Client's agreement to reimburse all costs.

2. Maintenance of Transaction Records. As agent of Client, Lehman shall maintain duplicates or original copies of all confirmations, comparisons, statements, notices or similar documents sent, received or prepared by Lehman or its agents hereunder and shall make such documents available to Client upon reasonable notice.

3. Reports. Lehman shall prepare and provide Client with copies of such reports concerning Client's Securities activities as Lehman and Client shall agree upon in writing.

4. Valuations. Lehman's only obligation with respect to any valuations of Transactions that it uses in preparing any reports pursuant to Section VI.3. above shall be to

use the same valuations for such Transactions that it uses or would use if valuing such Transactions for its own account or for its own reports of similar nature. Lehman makes no warranties or representations to Client or to any third party as to the accuracy or completeness of any such valuations or as to the reasonableness or consistency of the methodology employed and shall have no liability for or with respect to any such valuation, or any uses to which this information is put, unless such valuation was the result of willful misconduct. No warranties or representations are hereby made by LBIE as to the reliability of the valuations and client agrees to rely on its own independent sources for valuations.

5. Use of Clearing Organisations. In the performance of its obligations hereunder with respect to any Transactions, Lehman may use any such Clearing Organisation as is available for the comparison and/or settlement of such Transactions, unless Client shall have given Lehman express, written instructions to not use such Clearing Organisation.

6. Books and Records. Except as otherwise provided in Section III.3. above, Lehman shall maintain all records, materials and documentation belonging to Client, (collectively "Client Records"), which have been prepared or received by Lehman pursuant to this Agreement for such periods of time as Client and Lehman may agree upon or, failing such agreement, for such periods of time as are required under Applicable Rules. Lehman, at Client's expense, shall surrender any or all of such records, materials and documentation to Client, subject to compliance with Applicable Rules: (i) promptly upon Client's request; and (ii) in any event, upon termination of this Agreement. So long as Lehman is required to maintain them under this Agreement, all such records, materials and documentation shall be open to inspection and audit at all reasonable times and upon reasonable prior notice by any person designated by Client. The obligations set forth in this VI.6. shall survive the termination of this Agreement. Lehman agrees to keep the Client Records (and the contents thereof) confidential as provided in Section X(2).

7. Fees and Charges. For the services of Lehman as clearing agent under this Agreement, Client shall pay to Lehman the fees and transaction charges set forth in Schedule III. hereto, as such Schedule may from time to time be amended by Lehman upon 30 days' prior written notice to Client.

VII. REPRESENTATIONS AND WARRANTIES

1. Representations, Warranties and Covenants of Client. (a) Client hereby represents, warrants and covenants to Lehman on the date hereof and continuously during the term of this Agreement that:

(i) Client is duly organised and validly existing and is in good standing under the laws of the jurisdiction of its organisation, with full power and authority to execute and deliver this Agreement and to perform hereunder. Client has all necessary governmental licences and approvals to carry on the business now conducted by it and contemplated by this Agreement.

(ii) The execution and delivery by Client of this Agreement and the performance by it hereunder have been duly authorised by Client in accordance with all requisite corporate action. This Agreement constitutes the valid, legal and binding obligations of Client enforceable in accordance with its terms, except as enforceability

(iv) Client will ensure that Lehman shall not be prevented by the terms of this Agreement from complying in all respects with its duties under the Applicable Rules. Specifically, Lehman reserves the right not to provide clearing services pursuant to this Agreement and/or to obtain such further information from the Client as Lehman, in its sole discretion, thinks necessary if Lehman has concerns or suspects money laundering with respect to any Transaction.

2. Representations, Warranties and Covenants of Lehman. (a) Lehman hereby represents, warrants and covenants to Client on the date hereof and continuously during the term of this Agreement that:

(i) Lehman is duly organised and validly existing and is in good standing under the laws of the jurisdiction of its organisation, with full power and authority to execute and deliver this Agreement and to perform hereunder. Lehman has all necessary governmental licences and approvals to carry on the business now conducted by it.

(ii) The execution and delivery by Lehman of this Agreement and the performance by it hereunder have been duly authorised by Lehman in accordance with all requisite corporate action. This Agreement constitutes the valid, legal and binding obligation of Lehman enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganisation and other laws affecting creditors' rights generally and by general equitable principles.

(iii) The execution and delivery of this Agreement and the performance of Lehman hereunder does not and will not conflict with or violate or result in a breach of or a default under any provision of its certificate of incorporation, memorandum and articles of association or other constituent documents, or any agreement, indenture or instrument binding upon it or affecting its properties or any laws, rules, regulations, judgments or orders applicable to it.

(b) Lehman covenants with Client as follows:

Lehman and its affiliates shall process each Transaction in accordance with the provisions of this Agreement and all Applicable Rules.

VIII. STANDARD OF CARE, INDEMNIFICATION, ETC.

1. No Guarantee by Lehman. Client acknowledges that Lehman is not guaranteeing performance hereunder, or assuming any liability with respect to performance of Transactions. No representation or warranty of any kind whether express or implied is made by Lehman except for those set forth in Section VI.2. above. Lehman shall have no duties or responsibilities to provide any services other than those expressly set forth herein. Lehman shall have no responsibility for taking any actions or filing any documents in connection with calculating or reporting any tax liabilities on behalf of Client.

2. Standard of Care and Limitation of Lehman Liability. (a) Save where otherwise provided in this Agreement, Lehman shall be held to the exercise of the same standard of care in carrying out its obligations under this Agreement as it generally employs (or would employ) in performing the same activities for its own account and in any event, except as

may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganisation and other laws affecting creditors' rights generally and by general equitable principles.

(iii) The execution and delivery of this Agreement and the performance of Client hereunder do not and will not conflict with or violate or result in a breach of or a default under any provision of Client's certificate of incorporation, memorandum and articles of association or other constituent documents, or any agreement, indenture or instrument binding upon it or affecting its properties, or any laws, rules, regulations, judgments or orders applicable to it.

(iv) Client is in compliance with all the Applicable Rules and has in place all regulatory procedures required by the Applicable Rules to deter and detect money laundering.

(v) All Securities and other securities and property delivered to Lehman or its affiliates by, for or on behalf of Client will be delivered free and clear of and unencumbered by any rights, claims or interests of any third party, except for the security interest and charge granted to Lehman under this Agreement.

(vi) Any financial statements of Client and any other information regarding Client which are or have been or will be furnished by Client to Lehman are accurate and complete in all material respects.

(b) Client covenants with Lehman as follows:

(i) Except as otherwise provided herein, Client will be a principal in all Transactions and will conduct each Transaction in accordance with all Applicable Rules.

(ii) Lehman's obligations to Client are strictly limited to the provision of clearing, settling and processing services under this Agreement.

(iii) Client will not view Lehman as an investment advisor and Client will make its own independent decisions to enter into each Transaction and as to whether a Transaction is appropriate or proper for it, based upon its own judgment and upon advice from its professional advisers. Both Client and its advisers are capable of assessing the merits of, understanding and accepting the terms and conditions of each Transaction. Client is not and will not be relying on any communication (written or oral) of Lehman as investment advice, tax advice or as a recommendation to enter into any Transaction, it being understood by Client that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice, tax advice or a recommendation to enter into a Transaction. Specifically, Client acknowledges that nothing in this Agreement nor any act, communication or course of conduct of Lehman or its affiliates pursuant to this Agreement shall constitute the giving of advice on the merits of purchasing, selling, subscribing for, underwriting or otherwise exercising any right in respect of any investment or any other manner of investment advice under the Financial Services and Markets Act 2000 or any other applicable law or regulation.

may be elsewhere in this Agreement expressly provided otherwise, shall be without liability for any Cost or delay which does not arise from willful misconduct on its part in the performance of such obligations.

(b) In no event shall Lehman be liable to Client or any third party for:

- (i) any Cost or delay caused by war, riots, civil commotion, strikes, labour disputes, governmental acts, laws or regulations, embargoes, natural disasters, electrical failures, telephone communication line failures, computer failures or any other cause or contingency beyond its control which may prevent or delay the performance of its obligations under this Agreement, provided that Lehman (A) has taken measures to prepare for any such event which are substantially in accordance with those it is industry practice to take, and (B) has made such measures available for Transactions to the same extent and in the same manner as for Transactions by Lehman for its own account;
- (ii) special, incidental or consequential loss suffered by the Client as a result of any actual or alleged breach by Lehman;
- (iii) any action taken or omitted by Lehman upon instructions from Client which Lehman reasonably believes to be genuine and to have been given, transmitted or signed on behalf of Client by one or more of the persons designated by Client in Schedule I as it may from time to time be revised; and
- (iv) any Cost which Client may incur as a result of any actions or omissions by an Clearing Organisation employed by Lehman pursuant to Section VI.5. above. (Specifically, in no event shall Lehman be liable to Client or any third party for the acts and/or omissions of any clearing house or custodian.)

3. Security Interest. To secure Client's obligations to pay to Lehman any amounts due to Lehman by Client under this Agreement or otherwise, Client hereby grants to Lehman a continuing security interest in, lien upon and right of set off as to all securities, cash and other property of Client now or hereafter held by, deposited with or otherwise within the possession and control of Lehman (the "Collateral") or any of its affiliates. With respect to the Collateral, Lehman shall have all of the rights and remedies of a secured party under English law.

4. Indemnification. Client shall indemnify and hold harmless Lehman from and against any Cost (other than any operating or overhead expense or any similar costs arising from the performance by Lehman of its obligations under this Agreement) arising, directly or indirectly: (i) from any action taken or omitted by Lehman upon instructions from Client which Lehman reasonably believes to be genuine and to have been given, sent, delivered, transmitted or signed on behalf of Client by one or more of the persons designated by Client in Schedule I as it may from time to time be revised; or (ii) generally, from the performance by Lehman, either directly or through agents, of its obligations under this Agreement; provided, however, that Lehman shall not be indemnified and held harmless from and against any Cost arising from willful misconduct on the part of Lehman or any of its agents. The indemnification obligations set forth in this Section VIII.3 shall survive termination of this Agreement.

5. Controversies With Counterparties. Errors, misunderstandings or controversies, except those specifically otherwise covered in this Agreement, between a Counterparty and Client or any of Client's officers, employees or agents, which arise out of the acts or omissions of Client or any such officers, employees or agents (including, without limiting the foregoing, Client's failure to deliver promptly to Lehman any instructions received by Client from a Counterparty with respect to a Transaction) shall be Client's sole and exclusive responsibility. If by reason of any such error, misunderstanding or controversy, Client in its

discretion deems it advisable to commence an action or proceeding against a Counterparty, Client shall indemnify and hold harmless Lehman from any Cost which Lehman may incur or sustain directly or indirectly in connection therewith or under any settlement thereof; provided that Lehman shall not be so indemnified and held harmless from any Cost arising from willful misconduct. If any such error, misunderstanding or controversy shall result in the bringing of any action or proceeding against Lehman, Client shall indemnify and hold harmless Lehman from any Cost which it may incur or sustain directly or indirectly in connection therewith or under any settlement thereof; provided that Lehman shall not be so indemnified and held harmless from any such Cost arising from its willful misconduct. The indemnification obligations set forth in this Section VIII.4. shall survive the termination of this Agreement.

6. Liabilities to Clearing Organisations. If, after the date hereof, Lehman incurs, directly or indirectly, any additional liability, obligation, interest or other charge, charge-back, assessment or collateralisation requirement pursuant to the rules, regulations, procedures or other binding terms of any Clearing Organisation used by Lehman pursuant to Section V.5. above, Client shall promptly, upon demand by Lehman, transfer immediately available funds or collateral sufficient to satisfy Client's pro rata share of such liability, obligation, interest or other charge, charge-back, or assessment or collateralisation requirement, such pro rata share to be determined between Client and Lehman on a basis similar to that employed by such Clearing Organisation in determining the amount of any such liability, obligation, interest or other charge, charge-back, assessment payable by, or collateralisation requirement imposed upon Lehman. Lehman shall promptly send to Client any written materials it receives from the Clearing Organisation describing any such liability, obligation, interest or other charge, charge-back or assessment or collateralisation requirement.

IX. TERMINATION

1. Occurrence of Termination. This Agreement will terminate on the earliest to occur of the following:

(a) the date specified in a notice given by one party to the other party of its intention to terminate this Agreement, which specified date shall be not less than 30 days after the date of receipt of such notice; or

(b) the occurrence of a Termination Event involving either party, if the party not involved in the Termination Event elects, at its option, to terminate this Agreement, and such termination shall be effective as of the date such notice has been communicated to the other party, provided that no such notice shall be required if the Termination Event is the commencement of a bankruptcy, insolvency or receivership proceeding by or against a party.

2. Survival of Rights and Liabilities. Termination shall not affect any of the rights or liabilities of the parties hereto incurred before the date of termination, including rights to payments and indemnity, and any provisions herein which expressly survive termination.

3. Continuation of Support Services. Lehman shall continue to provide support services at its then current fees and charges for any Transactions pending on the date of termination of this Agreement, unless Client shall direct it not to provide such services.

4. Termination Events. The following events or occurrences shall constitute a Termination Event under this Agreement:

(a) either party hereto fails to perform or observe any material provision hereof and such failure continues unremedied for a period of 10 days after written notice from the other party specifying the failure and demanding that the same be remedied; or

(b) any representation or warranty made by a party hereto proves to be incorrect at the time made in any material respect; or

(c) either party to this Agreement: (i) makes a general assignment for the benefit of, or enters into a reorganisation, arrangement, or composition with, creditors; or (ii) admits in writing that it is unable to pay its debts as they become due; or (iii) seeks, consents to or acquiesces in, the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or (iv) presents or files in any jurisdiction a petition in respect of it in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeks any reorganisation, arrangement, composition, readjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition or winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or offer all or any material part of such party's property; or (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding); or (vii) any act preparatory to any of (i) to (vi) above; or

(d) Client admits to Lehman that it is unable to, or intends not to, perform any of its obligations under this Agreement; or

(e) Client is suspended or expelled from membership or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of Client or the assets of an investor held by or to the order of, Client are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation.

X. CONFIDENTIAL INFORMATION

1. Confidential Treatment of Lehman Information. (a) Except for the disclosure of information (i) to any officer or employee of Client or of any of its affiliates or agents who need to know such information to permit Client to obtain the benefits of this Agreement, and (ii) as required by applicable law, regulation or judicial or regulatory process, Client shall keep confidential any Confidential Information (as defined below) it may acquire as a result of this Agreement (provided that, in the event Client is requested or required by law, regulation or judicial or regulatory process to disclose any such Confidential Information, Client shall promptly give Lehman written notice of such request or requirement so that Lehman may seek a protective order or other appropriate remedy, and Lehman shall indemnify and hold Client

harmless for and against any Costs arising out of actions by Lehman to seek such protective order or other remedy). The obligations of Client under this Section X.1(a) shall survive the termination of this Agreement.

(b) Confidential Information as used in Section X.1(a) above means any non-public information Client may acquire by reason of this Agreement regarding the business, affairs and procedures of Lehman or any of Lehman's affiliates, but shall not include any such Confidential Information which: (i) is in or enters the public domain other than due to breach of Section X.1(a) above by Client or disclosure by any of its affiliates or agents; (ii) is in the possession of Client or that of any of its affiliates or agents prior to receipt under this Agreement; (iii) through no fault of Client or of any of its affiliates or agents, is now or hereafter becomes generally known by persons engaged in the business of Lehman and/or the business of Client or of any of its affiliates or agents; (iv) is obtained by Client or any of its affiliates or agents from a third party through no breach of any agreement (known to Client or such affiliate or agent) between such third party and Lehman or any of its affiliates to keep such information confidential; or (v) is developed independently by Client or any of its affiliates or agents.

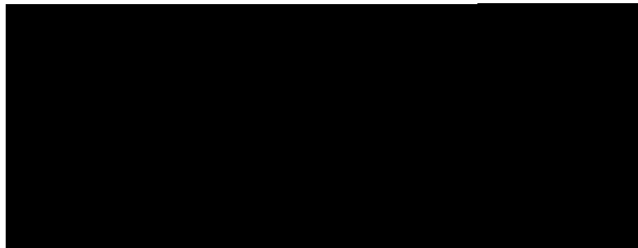
2. Confidential Treatment of Client Information. (a) Except for the disclosure of information (i) to any officer or employee of Lehman or of any of its affiliates or agents who need to know such information to permit Lehman to perform its obligations under this Agreement, and (ii) as required by applicable law, regulation or judicial or regulatory process, Lehman shall (i) keep confidential any Confidential Information (as defined below) it may acquire as a result of this Agreement and (ii) use such Confidential Information solely for performing its obligations under this Agreement (provided that, in the event Lehman is requested or required by law, regulation or judicial or regulatory process to disclose any such Confidential Information, Lehman shall promptly give Client written notice of such request or requirement so that Client may seek a protective order or other appropriate remedy, and Client shall indemnify and hold Lehman harmless for and against any Costs arising out of actions by Client to seek such protective order or other remedy). The obligations of Lehman under this Section X.2(a) shall survive the termination of this Agreement.

(b) Confidential Information as used in Section X.2(a) above means the identity of Counterparties, Customer's trading with Counterparties, Customer's positions in Securities, the size and volume of Transactions and any interest rates and margin requirements related thereto, and any other non-public information concerning Client which Lehman obtains by reason of Lehman's performance of services under this Agreement, but shall not include any such Confidential Information which: (i) is in or enters the public domain other than due to breach of Section X.2(a) above by Lehman or disclosure by any of its affiliates or agents; (ii) is in the possession of Lehman or that of any of its affiliates or agents prior to receipt under this Agreement; (iii) through no fault of Lehman or of any of its affiliates or agents, is now or hereafter becomes generally known by persons engaged in the business of Client and/or the business of Lehman or of any of its affiliates or agents; (iv) is obtained by Lehman or any of its affiliates or agents from a third party through no breach of any agreement (known to Lehman or such affiliate or agent) between such third party and Customer to keep such information confidential; or (v) is developed independently by Lehman or any of its affiliates or agents.

XI. MISCELLANEOUS

1. Addresses. Unless otherwise expressly provided herein, all demands, notices, instructions, and other communications to be given hereunder shall be given, sent, delivered or transmitted to the recipient at the address or telephone numbers set forth after its name herein below:

If to Lehman, to:



If to Client, to:

[•]
Email: [•]
[Address]

Telephone: []
Fax: []

Telephone:
Facsimile:

DUPLICATES:

or to such other address or telephone numbers with respect to any party as such party shall have provided to the other by notice given in accordance with this Section XI.1. Writing shall include transmission by or through teletype, facsimile, central processing unit connection, on-line terminal or magnetic tape.

2. Further Assurances. Client hereby agrees to take all such actions and execute and deliver all such documents and instruments as Lehman may reasonably request to enable Lehman to process, claim and settle all Transactions in accordance herewith, and to otherwise perform as required hereunder.

3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of England.

4. Submission to Jurisdiction; Agent for Service of Process. In relation to any legal action or proceedings to enforce this Agreement or arising out of or in connection with this Agreement ("proceedings") each of the parties irrevocably submits to the non-exclusive jurisdiction of the English Courts, and irrevocably waives any objection to proceedings in such Courts on the grounds of venue or on the grounds that proceedings have been brought in an inappropriate forum.

5. Agreement Subject to Applicable Rules. This Agreement and all Transactions shall be subject to all Applicable Rules, and if, in the reasonable opinion of the party which is to take such action, any action proposed to be taken pursuant to this Agreement would violate an Applicable Rule, such party shall notify the other party of such opinion and shall not be required to take such action.

6. Support Services; No Agency. (a) Lehman shall limit its services pursuant to this Agreement to the services expressly set forth herein. Lehman shall not hold itself out as or represent that it is an agent of Client's or of any subsidiary or company controlled directly or indirectly by or affiliated with Client other than under this Agreement or except as otherwise authorised by Client in writing.

(b) Client shall not hold itself out as, or represent that it is, an agent of Lehman or of any other company controlled directly or indirectly by or affiliated with Lehman.

(c) Neither party shall make any public advertisement (whether in sales literature, by general mailing or otherwise) or any public announcement regarding this Agreement or the relationship between the parties unless such advertisement or announcement has first been approved by the other party.

7. Relationship of the Parties. Neither this Agreement nor any operation hereunder shall create a general or limited partnership association or joint venture between Client and Lehman and Lehman shall not be a fiduciary with respect to Client.

8. Exclusion of Third Party Rights. This Agreement is between Client and Lehman and in no circumstances shall any other person (other than an affiliate of Lehman that may be providing services to Client) have any right under this Agreement. The parties expressly contract out of the Contracts (Rights of Third Parties) Act 1999 which Act shall not apply to this Agreement.

9. Availability to Regulators. Each of the parties is authorised to make this Agreement, and the books and records relating to this Agreement, and any Transactions hereunder available to any regulatory agency or self-regulatory organisation, if required by such agency or organisation to do so and provided that such party has given the other party prompt

written notice of such requirement or demand so that such other party may seek a protective order or other appropriate remedy (and such other party shall indemnify and hold such party harmless for and against any Costs arising out of actions by such other party to seek such protective order or other remedy).

10. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by either party hereto without the written consent of the other party hereto. Any purported assignment in violation of this Section XI.10 shall be void.

11. Severability. If any provision of this Agreement is invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

12. Headings. The Section headings used herein are for reference and convenience only, and shall not affect the meaning or construction of any provision of this Agreement.

13. Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto on separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

14. Time References. All time references in this Agreement are to London time.

15. Entire Agreement. This Agreement and any Exhibits and Schedules hereto set forth the entire agreement between Client and Lehman with respect to the subject matter hereof and supersede all prior agreements between them, written or oral, with respect thereto.

16. Amendments. This Agreement cannot be changed orally and no amendment to this Agreement, or waiver of any provision thereof, shall be effective unless evidenced by an instrument in writing executed by the parties hereto.

17. No Waiver. No failure by either party hereto to exercise, and no delay by such party in exercising, any right hereunder shall operate as a waiver thereof. The exercise by either party hereto of any right hereunder shall not preclude the exercise of any other right, and the remedies provided herein are cumulative and not exclusive of any remedies provided at law or in equity.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its representative thereunto duly authorised, as of the day and year first above written.

[Client]

By: _____
Authorised Signatory

Lehman Brothers International (Europe)

By: _____
Authorised Signatory

Schedule I

Authorised Persons

The individuals listed below are the only people Authorised to trade for the account with your firm.

[]

Method of giving instructions is limited to any of the following:

1. using Lehman's SmartTicket® trade capture system,
2. using Lehman's SmartConnect electronic order execution system,
3. fax,
4. email, and

as may be agreed in writing between the parties from time to time.

Schedule II

Acceptable Collateral

- Negotiable debt obligations issued by the U.S. Treasury Department
- Cash
- Any other type of collateral as the parties may from time to time agree in writing to be acceptable collateral

Schedule III

Lehman fees and charges

as may be agreed between the parties from time to time

EXHIBIT C

CWTNYLIB1409689.6

- **TAB 11**
-

PSA

Public Securities Association
40 Broad Street, New York, NY 10004-2373



ISMA

INTERNATIONAL SECURITIES MARKET ASSOCIATION

Rigistrasse 60, P.O. Box, CH-8033 Zurich

VERSION 1

GROSS PAYING SECURITIES

GLOBAL MASTER REPURCHASE AGREEMENT

This agreement is to be used for repos or reverse repos and buy/sell backs of securities other than equities, U.S. Treasury instruments and Net Paying Securities

Dated as of _____

Between:

_____ ("Party A")

and

_____ ("Party B")

1. Applicability

(a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, ("Seller") agrees to sell to the other, acting through a Designated Office, ("Buyer") securities and financial instruments ("Securities") (other than equities, U.S. Treasury instruments and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the purchase price by Seller to Buyer.

(b) Each such transaction (which may be a repurchase transaction ("*Repurchase Transaction*") or a buy and sell back transaction ("*Buy/Sell Back Transaction*") shall be referred to herein as a "*Transaction*" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing. If this Agreement may be applied to Buy/Sell Back Transactions, this shall be specified in Annex I, and the provisions of Annex III shall apply to such Buy/Sell Back Transactions. If Transactions are to be effected under this Agreement by either party as an agent, this shall be specified in Annex I, and the provisions of Annex IV shall apply to such Agency Transactions.

2. Definitions

(a) "*Act of Insolvency*" shall occur with respect to any party hereto upon:

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (ii) its admitting in writing that it is unable to pay its debts as they become due; or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or

before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or

- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);
- (b) *"Agency Transaction"*, the meaning specified in paragraph 1 of Annex IV hereto;
- (c) *"Base Currency"*, the currency indicated in Annex I hereto;
- (d) *"Business Day"*:
- (i) in relation to the settlement of any Transaction which is to be settled through Cedel or Euroclear, a day on which Cedel or, as the case may be, Euroclear is open to settle business in the currency in which the Purchase Price and the Repurchase Price are denominated;
 - (ii) in relation to the settlement of any Transaction which is to be settled through a settlement system other than Cedel or Euroclear, a day on which that settlement system is open to settle such Transaction;
 - (iii) in relation to any delivery of Securities not falling within (i) or (ii) above, a day on which banks are open for business in the place where delivery of the relevant Securities is to be effected; and
 - (iv) in relation to any obligation to make a payment not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of ECU, a day on which ECU clearing operates);
- (e) *"Cash Margin"*, a cash sum paid to Buyer or Seller in accordance with paragraph 4;
- (f) *"Cede"*, Cedel Bank, societe anonyme;
- (g) *"Confirmation"*, the meaning specified in paragraph 3(b);
- (h) *"Contractual Currency"*, the meaning specified in paragraph 7(a);
- (i) *"Defaulting Party"*, the meaning specified in paragraph 10;
- (j) *"Default Market Value"* with respect to any Securities on any date:
- (i) in the case of Securities to be delivered to the Defaulting Party,
 - (aa) if the non-Defaulting Party has between the occurrence of the relevant Event of Default and the Default Valuation Time (as defined below) sold Securities forming part of the same issue and being of an identical type and description to those Securities and in substantially the same amount as those Securities, the net proceeds of sale (after deducting all reasonable costs, fees and expenses incurred in connection therewith) and
 - (bb) failing such sale before the Default Valuation Time, the Market Value of such Securities at the Default Valuation Time;
 - (ii) in the case of Securities to be delivered by the Defaulting Party,
 - (aa) if the non-Defaulting Party has between the occurrence of the relevant Event of Default and the Default Valuation Time purchased Securities forming part of the

same issue and being of an identical type and description to those Securities and in substantially the same amount as those Securities, the cost of such purchase (including all reasonable costs, fees and expenses incurred in connection therewith) and

- (bb) failing such purchase before the Default Valuation Time, the amount it would cost to buy such Securities at the Default Valuation Time at the best available offer price (and where different offer prices are available for different delivery dates, such offer price in respect of the earliest available such delivery date) on the most appropriate market, together with all reasonable costs, fees and expenses that would be incurred in connection therewith (calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the Transaction),

in each case as determined by the non-Defaulting Party; and for this purpose the "Default Valuation Time" means, with respect to any Securities

- (A) if the relevant Event of Default occurs during normal business hours on a day which is a dealing day in the most appropriate market for Securities of the relevant description (as determined by the non-Defaulting Party), the close of business in that market on the following dealing day;
- (B) in any other case, the close of business on the second dealing day in that market after the day on which the relevant Event of Default occurs;

Where the amount of any Securities sold or purchased as mentioned in (i)(aa) or (ii)(aa) above is not identical to that of the Securities to be valued for the purposes of this definition, the Default Market Value of those Securities shall be ascertained by dividing the net proceeds of sale or cost of purchase by the amount of the Securities sold or purchased so as to obtain a net unit price and multiplying that net unit price by the amount of the Securities to be valued;

(k) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;

(l) "Designated Office", with respect to a party, a branch or office of that party which is specified as such in Annex I hereto or such other branch or office as may be agreed to by the Parties;

(m) "Distributions", the meaning specified in sub-paragraph (s) below;

(n) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;

(o) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed the expression shall mean a sum of money equivalent to the proceeds of the redemption;

(p) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities;

(q) "Euroclear", Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System;

(r) "Event of Default", the meaning specified in paragraph 10 hereof;

(s) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon ("Distributions");

(t) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities, or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;

(u) "LIBOR", in relation to any sum in any currency, the one-month London Inter Bank Offered Rate in respect of that currency as quoted on Page 3750 on the Telerate Service (or such other page

as may replace Page 3750 on that service) as of 11:00 a.m., London time, on the date on which it is to be determined;

(v) "*Margin Ratio*", with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;

(w) "*Margin Securities*", in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer;

(x) "*Margin Transfer*", any, or any combination, of the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;

(y) "*Market Value*", with respect to any Securities as of any time on any date, the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (provided that the price of Securities that are suspended shall (for the purposes of paragraph 4) be nil unless the parties otherwise agree and (for all other purposes) shall be the price of those Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) plus the aggregate amount of Income which, as of such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the relevant time;

(z) "*Net Exposure*", the meaning specified in paragraph 4(c);

(aa) the "*Net Margin*" provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time;

(bb) "*Net Paying Securities*", Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller would or might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;

(cc) "*New Purchased Securities*", the meaning specified in paragraph B(a) of this Agreement;

(dd) "*Price Differential*", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;

(ee) "*Pricing Rate*", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;

(ff) "*Purchase Date*", with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;

(gg) "*Purchase Price*", on the Purchase Date, the price at which Purchased Securities are sold or are to be sold by Seller to Buyer;

(hh) "*Purchased Securities*", with respect to any Transaction, the Securities sold or to be sold by Seller to Buyer under that Transaction, and any New Purchased Securities transferred by Seller to Buyer under paragraph 8 of this Agreement in respect of that Transaction;

(ii) "*Repurchase Date*", with respect to any Transaction, the date on which Buyer is to sell Equivalent Securities to Seller in relation to that Transaction;

(jj) "*Repurchase Price*", with respect to any Transaction and as of any date, the sum of the Purchase Price and the Price Differential as of such date;

(kk) "*Spot Rate*", where an amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree, the spot rate of exchange quoted by Barclays Bank PLC in the London inter bank market for the sale by it of such second currency against a purchase by it of such first currency;

(ll) "*Term*", with respect to any Transaction, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;

(mm) "*Termination*", with respect to any Transaction, refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with paragraph 3(f), and references to a Transaction having a "*fixed term*" or being "*terminable upon demand*" shall be construed accordingly;

(nn) "*Transaction Exposure*", with respect to any Transaction at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(3) or 10(f)), the difference between (i) the Repurchase Price at such time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (ii) the Market Value of Equivalent Securities at such time. If (i) is greater than (ii), Buyer has a Transaction Exposure for that Transaction equal to that excess. If (ii) is greater than (i), Seller has a Transaction Exposure for that Transaction equal to that excess; and

(oo) except in paragraphs 14(b)(i) and 18, references in this Agreement to "*written*" communications and communications "*in writing*" include communications made through any electronic system agreed between the parties which is capable of reproducing such communications in hard copy form.

3. Initiation; Confirmation; Termination

(a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller.

(b) Upon agreeing to enter into a Transaction hereunder Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party written confirmation of such Transaction (a "*Confirmation*").

The Confirmation shall describe the Purchased Securities (including CUSIP or CINS or other identifying number or numbers, if any), identify Buyer and Seller and set forth-

- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation will state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;

- (v) in respect of each party the details of the bank account[s] to which payments to be made hereunder are to be credited;
- (vi) where Annex III applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where Annex IV applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

and may be in the form of Annex II hereto or may be in any other form which the parties agree.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.

(c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer.

(d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.

(e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.

(f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

(a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.

(b) A notice under sub-paragraph (a) above may be given orally or in writing.

(c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.

(d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.

(e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.

(f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.

(g) Where Seller or Buyer becomes obliged under sub-paragraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.

(h) The parties may agree that, with respect to any Transaction, the provisions of sub-paragraphs (a) to (g) above shall not apply but instead that margin may be provided separately in respect of that Transaction in which case -

- (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
- (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
- (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of sub-paragraphs (a) to (g) above.

(i) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under sub-paragraph (j) below, the adjustment of Transactions under sub-paragraph (k) below or a combination of both these methods.

(j) Where the parties agree that a Transaction is to be repriced under this sub-paragraph, such repricing shall be effected as follows -

- (i) the Repurchase Date under the relevant Transaction (the "Original Transaction") shall be deemed to occur on the date on which the repricing is to be effected (the "Repricing Date");
- (ii) the parties shall be deemed to have entered into a new Transaction (the "Repriced Transaction") on the terms set out in (iii) to (vi) below;
- (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
- (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
- (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;
- (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as aforesaid, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
- (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the period specified in sub-paragraph (g) above.

(k) The adjustment of a Transaction (the "Original Transaction") under this sub-paragraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the "Adjustment Date") the Original Transaction shall be terminated and they shall enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions -

- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
- (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
- (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;

- (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
- (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in subparagraph (g) above.

5. Income Payments

Unless otherwise agreed -

- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (ii) where Margin Securities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer;

and for the avoidance of doubt references in this paragraph to the amount of any income paid by the issuer of any Securities shall be to an amount paid without any withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction.

6. Payment and Transfer

(a) Unless otherwise agreed, all money paid hereunder shall be in immediately available, freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through the book entry system of Euroclear or Cedel, or (iii) shall be transferred through any other agreed securities clearance system, or (iv) shall be transferred by any other method mutually acceptable to Seller and Buyer.

(b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.

(c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.

(d) Subject to and without prejudice to the provisions of sub-paragraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.

(e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any

Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.

(f) Notwithstanding the use of expressions such as "Repurchase Date", "Repurchase Price", "margin", "Net Margin", "Margin Ratio" and "substitution" which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.

(g) Time shall be of the essence in this Agreement.

(h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.

(i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.

7. Contractual Currency

(a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "Contractual Currency") save as provided in paragraph 10(c)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.

(b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or order expressed in a currency other than the Contractual Currency, falls short of the amount in the Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.

(c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. Substitution

(a) A Transaction may at any time between the Purchase Date and the Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("New Purchased Securities") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).

(b) Any variation under sub-paragraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.

(c) A Transaction which is varied under sub-paragraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New

Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.

(d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time of transfer at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this sub-paragraph does not give rise to any net payment of cash by either party to the other.

9. Representations

Each party represents and warrants to the other that -

(a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;

(b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;

(c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;

(d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;

(e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, bye-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;

(f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;

(g) in connection with this Agreement and each Transaction:

(i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;

(ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;

(iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks;

(h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance; and

(i) the paying and collecting arrangements applied in relation to any Securities prior to their transfer from that party to the other under this Agreement will not have resulted in the payment of any income in respect of such Securities to the party transferring such Securities under deduction or withholding for or on account of UK tax.

On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

(a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer-

- (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (ii) Seller or Buyer fails to comply with paragraph 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (iii) Seller or Buyer fails to comply with paragraph 5 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (iv) an Act of Insolvency occurs with respect to Seller or Buyer and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (v) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vi) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vii) Seller or Buyer is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (viii) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then sub-paragraphs (b) to (d) below shall apply.

(b) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Cash Margin (including interest accrued) shall be immediately repayable and Equivalent Margin Securities shall be immediately deliverable (and so that, where this sub-paragraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities and the repayment of any Cash Margin shall be effected only in accordance with the provisions of sub-paragraph (c) below).

- (c) (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Repurchase Date; and
- (ii) on the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis

that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency on the relevant date at the Spot Rate prevailing at the relevant time.

(d) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at LIBOR or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than LIBOR.

(e) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may -

- (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
- (ii) If Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
- (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.

(f) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may -

- (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
- (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;
- (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction (but only that Transaction) shall be terminated immediately in accordance with sub-paragraph (c) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin and delivery of Equivalent Margin Securities).

(g) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.

(h) Neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.

(i) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it.

11. Tax Event

(a) This paragraph shall apply if either party notifies the other that-

- (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
- (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax)

has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.

(b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in sub-paragraph (a)(i) or (ii) above has occurred and affects the notifying party.

(c) Where this paragraph applies, the party giving the notice referred to in sub-paragraph (a) may, subject to sub-paragraph (d) below, terminate the Transaction with effect from a date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.

(d) If the party receiving the notice referred to in sub-paragraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in sub-paragraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.

(e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.

(f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.

12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, interest shall accrue on such unpaid sum as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction) and LIBOR on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment.

13. Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that, all Transactions hereunder constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each party agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and (ii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder.

14. Notices and Other Communications

(a) Any notice or other communication to be given under this Agreement-

- (i) shall be in the English language and, except where expressly otherwise provided in this Agreement, shall be in writing;
- (ii) may be given in any manner described in sub-paragraph (b) below;
- (iii) shall be sent to the party to whom it is to be given at the address or number, or in accordance with the electronic messaging details, set out in Annex V.

(b) Any such notice or other communication shall be effective-

- (i) if in writing and delivered in person or by courier, at the time when it is delivered;

- (ii) if sent by telex, at the time when the recipient's answerback is received;
- (iii) if sent by facsimile transmission, at the time when the transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when that mail is delivered or its delivery is attempted;
- (v) if sent by electronic messaging system, at the time that electronic message is received;

except that any notice or communication which is received, or delivery of which is attempted, after close of business on the date of receipt or attempted delivery or on a day which is not a day on which commercial banks are open for business in the place where that notice or other communication is to be given shall be treated as given at the opening of business on the next following day which is such a day.

(c) Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

15. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for Transactions. Each provision and agreement herein shall be treated as separate from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

16. Non-assignability; Termination

(a) Subject to sub-paragraph (b) below, the rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned, charged or otherwise dealt with by either party without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.

(b) Sub-paragraph (a) above shall not preclude a party from assigning, charging, or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (d) above.

(c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.

(d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of England. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction to the jurisdiction of the Courts of England.

Party A hereby appoints the person identified in Annex VI hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party A shall promptly appoint, and notify Party B of the identity of, a new agent in England.

Party B hereby appoints the person identified in Annex VII hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party B shall promptly appoint, and notify Party A of the identity of, a new agent in England.

Nothing in this paragraph shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction.

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a

waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or consent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to sub-paragraph 4(a) hereof will not constitute a waiver of any right to do so at a later date.

19. Waiver of Immunity

Each party hereto hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any action or proceeding in the Courts of England or of any other country or jurisdiction, relating in any way to this Agreement or any Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

20. Recording

The parties agree that each may electronically record all telephone conversations between them.

[Name of Party]

[Name of Party]

BY _____

By _____

Title _____

Title _____

Date _____

Date _____

ANNEX I

Supplemental Terms or Conditions

Paragraph references are to paragraphs in the Agreement.

1. The following elections shall apply:
 - [(a) paragraph 1. Buy/Sell Back Transactions may be effected under this Agreement, and accordingly Annex III will apply.]*
 - [(b) paragraph 1. Agency Transactions may be effected under this Agreement, and accordingly Annex IV will apply.]*
 - (c) paragraph 2(c). The Base Currency shall be _____;
 - (d) paragraph 2(l). [list Buyer's and Seller's Designated Offices]
 - [(e) paragraph 2(s). For the avoidance of doubt, if Securities in any Transaction include Italian government bonds, the Income in respect of such Italian government bonds shall exclude any amount deducted for or on account of tax at source and any tax credits or refunds in respect of Distributions (if any) on such Italian government bonds.]*
 - (f) paragraph 2(y). The pricing source for calculation of Market Value shall be: _____
 - (g) paragraph 2(kk). Spot Rate to be: _____
 - (h) paragraph 3(b). [Seller/Buyer/both Seller and Buyer]* to deliver Confirmation.
 - (i) paragraph 4(f). interest rate on Cash Margin to be []% for _____ currency
[]% for _____ currency

Interest to be payable [payment intervals and dates]
 - (j) paragraph 4(g). Delivery period for margin calls to be: _____
2. The following Supplemental Terms and Conditions shall apply

*Delete as appropriate.

ANNEX II
Form of Confirmation

To: _____

From: _____

Date: _____

Subject: [Repurchase] [Buy/Sell]* Transaction
(Reference Number: _____)

Dear Sirs,

The purpose of this [letter]/[facsimile]/[telex] is to set forth the terms and conditions of the above repurchase transaction entered into between us on the Contract Date referred to below.

This confirmation supplements and forms part of, and is subject to, the Global Master Repurchase Agreement as entered into between us as of [] as the same may be amended from time to time (the Agreement). All provisions contained in the Agreement govern this confirmation except as expressly modified below. Words and phrases defined in the Agreement and used in this confirmation shall have the same meaning herein as in the Agreement.

1. Contract Date:
2. Purchased Securities [state type[s] and nominal value[s]]:
3. CUSIP, CINS or other identifying number[s]:
4. Buyer:
5. Seller:
6. Purchase Date:
7. Purchase Price:
8. Contractual Currency:
- [9. Repurchase Date]:*
- [10. Terminable on demand]*
11. Pricing Rate:
- [12. Sell Back Price:]
13. Buyer's Bank Account[s] Details:
14. Seller's Bank Account[s] Details:
- [15. The Transaction is an Agency Transaction. [Name of Agent] is acting as agent for [name or identifier of Principal]]*
- [16. Additional Terms]:

Yours faithfully,

*Delete as appropriate.

ANNEX III

Buy/Sell Back Transactions

1. In the event of any conflict between the terms of this Annex III and any other term of the Agreement, the terms in this Annex shall prevail.
2. Each Transaction shall be identified at the time it is entered into and in the Confirmation relating to it as either a Repurchase Transaction or a Buy/Sell Back Transaction.
3. In the case of a Buy/Sell Back Transaction the Confirmation delivered in accordance with paragraph 3 of the Agreement may consist of a single document in respect of both of the transactions which together form the Buy/Sell Back Transaction or separate Confirmations may be delivered in respect of each such transaction. Such Confirmations may be in the form of Annex II to the Agreement except that, subject to paragraph 5 below, such Confirmations shall not include the item specified in paragraph 10 of Annex II.
4. The following definitions shall apply to Buy/Sell Back Transactions:
 - (i). **"Accrued Interest"**, with respect to any Purchased Securities subject to a Buy/Sell Back Transaction, unpaid Income that has accrued during the period from (and including) the Issue date or the last Income Payment Date (whichever is the later) in respect of such Purchased Securities to (but excluding) the date of calculation. For these purposes unpaid Income shall be deemed to accrue on a daily basis from (and including) the issue date or the last Income Payment Date (as the case may be) to (but excluding) the next Income Payment Date or the maturity date (whichever is the earlier);
 - (ii) **"Sell Back Differential"**, with respect to any Buy/Sell Back Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction) to the sum of (a) the Purchase Price and (b) Accrued Interest paid on the Purchase Date for such Transaction for the actual number of days during the period commencing on (and including) the Purchase Date for such Buy/Sell Back Transaction and ending on (but excluding) the date of calculation;
 - (iii) **"Sell Back Price"**, with respect to any Buy/Sell Back Transaction, means:
 - (x) in relation to the date originally specified by the parties as the Repurchase Date pursuant to paragraph 3(b)(iii) of the Agreement, the price agreed by the Parties in relation to that Buy/Sell Back Transaction, and
 - (y) in any other case (including for the purposes of the application of paragraph 4 (margin maintenance) or paragraph 10 (Events of Default)) of the Agreement, the product of the formula $(P + AI + D) - (IR + C)$, where -
 - P = the Purchase Price
 - AI = the amount, equal to Accrued Interest at the Purchase Date, paid under paragraph 8 of this Annex
 - D = the Sell Back Differential
 - IR = the amount of any Income in respect of the Purchased Securities payable by the issuer on or, in the case of registered Securities, by reference to, any date falling between the Purchase Date and the Repurchase Date
 - C = the aggregate amount obtained by daily application of the Pricing Rate for such Buy/Sell Back Transaction to any such Income from (and including) the date of payment by the issuer to (but excluding) the date of calculation
5. When entering into a Buy/Sell Back Transaction the parties shall also agree the Sell Back Price and the Pricing Rate to apply in relation to that Transaction on the scheduled Repurchase Date. The parties shall record the Pricing Rate in at least one Confirmation applicable to that Buy/Sell Back Transaction.

6. Buy/Sell Back Transactions shall not be terminable on demand.
7. In the case of a Buy/Sell Back Transaction, the Purchase Price shall be quoted exclusive of Accrued Interest to the Purchase Date on the Purchased Securities and the Sell Back Price shall be quoted exclusive of Accrued Interest.
8. For the purposes of paragraph 3(c) of the Agreement, in the case of a Buy/Sell Back Transaction, the Purchased Securities shall be transferred to Buyer or its agent against the payment of the Purchase Price plus an amount equal to Accrued Interest to the Purchase Date on such Purchased Securities.
9. In the case of a Buy/Sell Back Transaction, paragraph 3(f) of the Agreement shall not apply. Termination of such a Transaction will be effected on the Repurchase Date by transfer to Seller or its agent of Equivalent Securities against the payment by Seller of (i) in a case where the Repurchase Date is the date originally scheduled by the parties pursuant to paragraph 3(b)(iii) of the Agreement, the Sell Back Price referred to in paragraph 4(iii)(x) of this Annex plus an amount equal to Accrued Interest to the Repurchase Date; and (ii) in any other case, the Sell Back Price referred to in paragraph 4(iii)(y) of this Annex.
10. If the parties agree that a Buy/Sell Back Transaction is to be repriced in accordance with paragraph 4(i) of the Agreement, they shall at the time of such repricing agree the Purchase Price, the Sell Back Price and the Pricing Rate applicable to the Repriced Transaction.
11. Paragraph 5 of the Agreement (relating to Income payments) shall not apply to Buy/Sell Back Transactions.
12. References to "Repurchase Price" throughout the Agreement shall be construed as references to "Repurchase Price or the Sell Back Price, as the case may be".
13. In Paragraph 10(c)(i) of the Agreement (relating to Events of Default), the reference to the "Repurchase Prices" shall be construed as a reference to "Repurchase Prices and Sell Back Prices".

ANNEX IV

Transactions entered into as agent

1. Subject to the following provisions of this Annex, either party may enter into Transactions as agent for a third person (a "Principal"), whether as custodian or investment manager or otherwise (a Transaction so entered into being an "Agency Transaction"). In this Annex the party entering into an Agency Transaction as agent is referred to as the "Agent" and the other party is referred to as the "other party".

2. A party may enter into an Agency Transaction if, but only if-

(a) it specifies that Transaction as an Agency Transaction at the time when it enters into it and in the Confirmation;

(b) it enters into that Transaction on behalf of a single Principal whose identity is disclosed to the other party (whether by name or by reference to a code or identifier which the parties have agreed will be used to refer to a specified Principal) at the time when it enters into the Transaction; and

(c) it has at the time when the Transaction is entered into actual authority to enter into the Transaction on behalf of that Principal and to perform on behalf of that Principal all of that Principal's obligations under the Agreement.

3. A transaction shall not be entered into under the Agreement and this Annex if both parties specify that they propose to enter into that transaction as an agent.

4. Each party undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware-

(a) of any event which constitutes an Act of insolvency with respect to the relevant Principal; or

(b) of any breach of any of the warranties given in paragraph 8 below or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the current facts;

it will inform the other party of that fact and will, if so required by the other party, furnish the other party with such additional information as the other party may reasonably request.

5. (a) Each Agency Transaction shall be a transaction between the relevant Principal and the other party and no person other than the relevant Principal and the other party shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, the Agent shall not be liable as principal for the performance of an Agency Transaction, but this is without prejudice to any liability of the Agent under any other provision of this Annex.

(b) All the provisions of the Agreement shall apply separately as between the other party and each Principal for whom the Agent has entered into an Agency Transaction or Agency Transactions as if each such Principal were a party to a separate agreement with the other party in all respects identical with the Agreement as supplemented by the provisions of this Annex other than this paragraph, but with the following additions and modifications-

(i) If there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if the other party served a Default Notice or other written notice under any sub-paragraph of paragraph 10 of the Agreement, the other party shall be entitled by giving written notice to the Principal (which notice shall be validly given if given to the Agent in accordance with paragraph 14 of the Agreement) to declare that by reason of that event an Event of Default is to be treated as occurring in relation to the Principal. If the other party gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given in accordance with paragraph 14 of the Agreement;

(ii) if the Principal is neither incorporated nor has established a place of business in Great Britain, the Principal shall for the purposes of paragraph 17 of the Agreement as so applicable be deemed to have appointed as its agent to receive on its behalf service of process in the Courts of England the Agent, or if the Agent is neither incorporated nor has established a place of business in the United Kingdom, the person appointed by the Agent under paragraph 17 of the Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other party.

(c) The Agent shall do all such things and provide the other party with all such information as may be necessary to identify any Transaction Exposure which may arise in respect of any Principal.

(d) The foregoing provisions do not affect the operation of the Agreement as between the other party and the Agent in respect of any Transactions into which the Agent may enter on its own account as a principal.

6. Paragraph 9(b) of the Agreement shall be deleted and replaced by the following-

“(b) it will engage in this Agreement and the Transactions contemplated hereunder as principal or, subject to and in accordance with of Annex IV, as agent and the conditions referred to in Annex IV will be fulfilled in respect of each Transaction into which it enters as an agent;”.

7. At the beginning of the last sentence of paragraph 9 of the Agreement there shall be added the words “Subject to Annex IV,”.

8. Each party warrants to the other that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, be duly authorised to enter into that transaction on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the Agreement.

ANNEX V

Names, Addresses and other details for Communication Between Parties

1. Part A

2. Party B

ANNEX VI

Name and Address of Party A's Agent for Service of process

ANNEX VII

Name and Address of Patty B's Agent for Service of Process

- **TAB 12**

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VERSION: MAY 2000



GLOBAL MASTER SECURITIES LENDING AGREEMENT

CLIFFORD CHANCE

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SCHEDULE 26

AGREEMENT

BETWEEN:

of ("Party A") a company incorporated under the laws of acting through a Designated Office; and

of ("Party B") a company incorporated under the laws of acting through a Designated Office.

1. APPLICABILITY

- 1.1 From time to time the parties may enter into transactions in which one party ("Lender") will transfer to the other ("Borrower") securities and financial instruments ("Securities") against the transfer of Collateral (as defined in paragraph 2) with a simultaneous agreement by Borrower to transfer to Lender Securities equivalent to such Securities on a fixed date or on demand against the transfer to Borrower by Lender of assets equivalent to such Collateral.
- 1.2 Each such transaction shall be referred to in this Agreement as a "Loan" and shall be governed by the terms of this Agreement, including the supplemental terms and conditions contained in the Schedule and any Addenda or Annexures attached hereto, unless otherwise agreed in writing.
- 1.3 Either party may perform its obligations under this Agreement either directly or through a Nominee.

2. INTERPRETATION

- 2.1 In this Agreement:-

"Act of Insolvency" means in relation to either Party

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (ii) its stating in writing that it is unable to pay its debts as they become due; or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (iv) the presentation or filing of a petition in respect of it (other than by the other Party to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such Party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition

not having been stayed or dismissed within 30 days of its filing (except in the case of a petition for winding-up or any analogous proceeding in respect of which no such 30 day period shall apply); or

- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such Party over all or any material part of such Party's property; or
- (vi) the convening of any meeting of its creditors for the purpose of considering a voluntary arrangement as referred to in Section 3 of the Insolvency Act 1986 (or any analogous proceeding);

"Alternative Collateral" means Collateral having a Market Value equal to the Collateral delivered pursuant to paragraph 5 and provided by way of substitution in accordance with the provisions of paragraph 5.3;

"Base Currency" means the currency indicated in paragraph 2 of the Schedule;

"Business Day" means a day other than a Saturday or a Sunday on which banks and securities markets are open for business generally in each place stated in paragraph 3 of the Schedule and, in relation to the delivery or redelivery of any of the following in relation to any Loan, in the place(s) where the relevant Securities, Equivalent Securities, Collateral or Equivalent Collateral are to be delivered;

"Cash Collateral" means Collateral that takes the form of a transfer of currency;

"Close of Business" means the time at which the relevant banks, securities exchanges or depositaries close in the business centre in which payment is to be made or Securities or Collateral is to be delivered;

"Collateral" means such securities or financial instruments or transfers of currency as are referred to in the table set out under paragraph 1 of the Schedule as being acceptable or any combination thereof as agreed between the Parties in relation to any particular Loan and which are delivered by Borrower to Lender in accordance with this Agreement and shall include Alternative Collateral;

"Defaulting Party" shall have the meaning given in paragraph 14;

"Designated Office" means the branch or office of a Party which is specified as such in paragraph 4 of the Schedule or such other branch or office as may be agreed to in writing by the Parties;

"Equivalent " or **"equivalent to"** in relation to any Securities or Collateral provided under this Agreement means securities, together with cash or other property (in the case of Collateral) as the case may be, of an identical type, nominal value, description and amount to particular Securities or Collateral, as the case may be, so provided. If and to the extent that such Securities or Collateral, as the case may be, consists of securities that are partly paid or have been converted, subdivided, consolidated, made the subject of a takeover, rights of pre-emption, rights to receive securities or a certificate which may at a future date be exchanged for securities, the expression shall include such securities or other assets to which Lender or Borrower as the case may be, is entitled following the

occurrence of the relevant event, and, if appropriate, the giving of the relevant notice in accordance with paragraph 6.4 and provided that Lender or Borrower, as the case may be, has paid to the other Party all and any sums due in respect thereof. In the event that such Securities or Collateral, as the case may be, have been redeemed, are partly paid, are the subject of a capitalisation issue or are subject to an event similar to any of the foregoing events described in this paragraph, the expression shall have the following meanings:-

- (a) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
- (b) in the case of a call on partly paid securities, securities equivalent to the relevant Loaned Securities or Collateral, as the case may be, provided that Lender shall have paid Borrower, in respect of Loaned Securities, and Borrower shall have paid to Lender, in respect of Collateral, an amount of money equal to the sum due in respect of the call;
- (c) in the case of a capitalisation issue, securities equivalent to the relevant Loaned Securities or Collateral, as the case may be, together with the securities allotted by way of bonus thereon;
- (d) in the case of any event similar to any of the foregoing events described in this paragraph, securities equivalent to the Loaned Securities or the relevant Collateral, as the case may be, together with or replaced by a sum of money or securities or other property equivalent to that received in respect of such Loaned Securities or Collateral, as the case may be, resulting from such event;

"Income" means any interest, dividends or other distributions of any kind whatsoever with respect to any Securities or Collateral;

"Income Payment Date", with respect to any Securities or Collateral means the date on which Income is paid in respect of such Securities or Collateral, or, in the case of registered Securities or Collateral, the date by reference to which particular registered holders are identified as being entitled to payment of Income;

"Letter of Credit" means an irrevocable, non-negotiable letter of credit in a form, and from a bank, acceptable to Lender;

"Loaned Securities" means Securities which are the subject of an outstanding Loan;

"Margin" shall have the meaning specified in paragraph I of the Schedule with reference to the table set out therein;

"Market Value" means:

- (a) in relation to the valuation of Securities, Equivalent Securities, Collateral or Equivalent Collateral (other than Cash Collateral or a Letter of Credit):
 - (i) such price as is equal to the market quotation for the bid price of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral

as derived from a reputable pricing information service reasonably chosen in good faith by Lender; or

- (ii) if unavailable the market value thereof as derived from the prices or rates bid by a reputable dealer for the relevant instrument reasonably chosen in good faith by Lender,

in each case at Close of Business on the previous Business Day or, at the option of either Party where in its reasonable opinion there has been an exceptional movement in the price of the asset in question since such time, the latest available price; plus (in each case)

- (iii) the aggregate amount of Income which has accrued but not yet been paid in respect of the Securities, Equivalent Securities, Collateral or Equivalent Collateral concerned to the extent not included in such price,

(provided that the price of Securities, Equivalent Securities, Collateral or Equivalent Collateral that are suspended shall (for the purposes of paragraph 5) be nil unless the Parties otherwise agree and (for all other purposes) shall be the price of such Securities, Equivalent Securities, Collateral or Equivalent Collateral, as the case may be, as of Close of Business on the dealing day in the relevant market last preceding the date of suspension or a commercially reasonable price agreed between the Parties;

- (b) in relation to a Letter of Credit the face or stated amount of such Letter of Credit; and
- (c) in relation to Cash Collateral the amount of the currency concerned;

"**Nominee**" means an agent or a nominee appointed by either Party to accept delivery of, hold or deliver Securities, Equivalent Securities, Collateral and/or Equivalent Collateral or to receive or make payments on its behalf;

"**Non-Defaulting Party**" shall have the meaning given in paragraph 14;

"**Parties**" means Lender and Borrower and "Party" shall be construed accordingly;

"**Posted Collateral**" has the meaning given in paragraph 5.4;

"**Required Collateral Value**" shall have the meaning given in paragraph 5.4;

"**Settlement Date**" means the date upon which Securities are transferred to Borrower in accordance with this Agreement.

2.2 **Headings**

All headings appear for convenience only and shall not affect the interpretation of this Agreement.

2.3 **Market terminology**

Notwithstanding the use of expressions such as "borrow", "lend", "Collateral", "Margin", "redeliver" etc. which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, title to Securities "borrowed" or "lent" and "Collateral" provided in accordance with this Agreement shall pass from one Party to another as provided for in this Agreement, the Party obtaining such title being obliged to redeliver Equivalent Securities or Equivalent Collateral as the case may be.

2.4 Currency conversions

For the purposes of determining any prices, sums or values (including Market Value, Required Collateral Value, Relevant Value, Bid Value and Offer Value for the purposes of paragraphs 5 and 10 of this Agreement) prices, sums or values stated in currencies other than the Base Currency shall be converted into the Base Currency at the latest available spot rate of exchange quoted by a bank selected by Lender (or if an Event of Default has occurred in relation to Lender, by Borrower) in the London interbank market for the purchase of the Base Currency with the currency concerned on the day on which the calculation is to be made or, if that day is not a Business Day the spot rate of exchange quoted at Close of Business on the immediately preceding Business Day.

2.5 The parties confirm that introduction of and/or substitution (in place of an existing currency) of a new currency as the lawful currency of a country shall not have the effect of altering, or discharging, or excusing performance under, any term of the Agreement or any Loan thereunder, nor give a party the right unilaterally to alter or terminate the Agreement or any Loan thereunder. Securities will for the purposes of this Agreement be regarded as equivalent to other securities notwithstanding that as a result of such introduction and/or substitution those securities have been redenominated into the new currency or the nominal value of the securities has changed in connection with such redenomination.

2.6 Modifications etc to legislation

Any reference in this Agreement to an act, regulation or other legislation shall include a reference to any statutory modification or re-enactment thereof for the time being in force.

3. LOANS OF SECURITIES

Lender will lend Securities to Borrower, and Borrower will borrow Securities from Lender in accordance with the terms and conditions of this Agreement. The terms of each Loan shall be agreed prior to the commencement of the relevant Loan either orally or in writing (including any agreed form of electronic communication) and confirmed in such form and on such basis as shall be agreed between the Parties. Any confirmation produced by a Party shall not supersede or prevail over the prior oral, written or electronic communication (as the case may be).

4. DELIVERY

4.1 Delivery of Securities on commencement of Loan

Lender shall procure the delivery of Securities to Borrower or deliver such Securities in accordance with this Agreement and the terms of the relevant Loan. Such Securities shall be deemed to have been delivered by Lender to Borrower on delivery to Borrower or as it shall direct of the relevant instruments of transfer, or in the case of Securities held by an agent or within a clearing or settlement system on the effective instructions to such agent or the operator of such system which result in such Securities being held by the operator of the clearing system for the account of the Borrower or as it shall direct, or by such other means as may be agreed.

4.2 **Requirements to effect delivery**

The Parties shall execute and deliver all necessary documents and give all necessary instructions to procure that all right, title and interest in:

- (a) any Securities borrowed pursuant to paragraph 3;
- (b) any Equivalent Securities redelivered pursuant to paragraph 8;
- (c) any Collateral delivered pursuant to paragraph 5;
- (d) any Equivalent Collateral redelivered pursuant to paragraphs 5 or 8;

shall pass from one Party to the other subject to the terms and conditions set out in this Agreement, on delivery or redelivery of the same in accordance with this Agreement with full title guarantee, free from all liens, charges and encumbrances. In the case of Securities, Collateral, Equivalent Securities or Equivalent Collateral title to which is registered in a computer based system which provides for the recording and transfer of title to the same by way of book entries, delivery and transfer of title shall take place in accordance with the rules and procedures of such system as in force from time to time. The Party acquiring such right, title and interest shall have no obligation to return or redeliver any of the assets so acquired but, in so far as any Securities are borrowed or any Collateral is delivered to such Party, such Party shall be obliged, subject to the terms of this Agreement, to redeliver Equivalent Securities or Equivalent Collateral as appropriate.

4.3 **Deliveries to be simultaneous unless otherwise agreed**

Where under the terms of this Agreement a Party is not obliged to make a delivery unless simultaneously a delivery is made to it, subject to and without prejudice to its rights under paragraph 8.6 such Party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities, Collateral and cash transfers waive its right under this Agreement in respect of simultaneous delivery and/or payment provided that no such waiver (whether by course of conduct or otherwise) in respect of one transaction shall bind it in respect of any other transaction.

4.4 **Deliveries of Income**

In respect of Income being paid in relation to any Loaned Securities or Collateral, Borrower in the case of Income being paid in respect of Loaned Securities and Lender in

the case of Income being paid in respect of Collateral shall provide to the other Party, as the case may be, any endorsements or assignments as shall be customary and appropriate to effect the delivery of money or property equivalent to the type and amount of such Income to Lender, irrespective of whether Borrower received the same in respect of any Loaned Securities or to Borrower, irrespective of whether Lender received the same in respect of any Collateral.

5. COLLATERAL

5.1 Delivery of Collateral on commencement of Loan

Subject to the other provisions of this paragraph 5, Borrower undertakes to deliver to or deposit with Lender (or in accordance with Lender's instructions) Collateral simultaneously with delivery of the Securities to which the Loan relates and in any event no later than Close of Business on the Settlement Date. In respect of Collateral comprising securities, such Collateral shall be deemed to have been delivered by Borrower to Lender on delivery to Lender or as it shall direct of the relevant instruments of transfer, or in the case of such securities being held by an agent or within a clearing or settlement system, on the effective instructions to such agent or the operator of such system, which result in such securities being held by the operator of the clearing system for the account of the Lender or as it shall direct, or by such other means as may be agreed.

5.2 Deliveries through payment systems generating automatic payments

Unless otherwise agreed between the Parties, where any Securities, Equivalent Securities, Collateral or Equivalent Collateral (in the form of securities) are transferred through a book entry transfer or settlement system which automatically generates a payment or delivery, or obligation to pay or deliver, against the transfer of such securities, then:-

- (i) such automatically generated payment, delivery or obligation shall be treated as a payment or delivery by the transferee to the transferor, and except to the extent that it is applied to discharge an obligation of the transferee to effect payment or delivery, such payment or delivery, or obligation to pay or deliver, shall be deemed to be a transfer of Collateral or redelivery of Equivalent Collateral, as the case may be, made by the transferee until such time as the Collateral or Equivalent Collateral is substituted with other Collateral or Equivalent Collateral if an obligation to deliver other Collateral or redeliver Equivalent Collateral existed immediately prior to the transfer of Securities, Equivalent Securities, Collateral or Equivalent Collateral; and
- (ii) the party receiving such substituted Collateral or Equivalent Collateral, or if no obligation to deliver other Collateral or redeliver Equivalent Collateral existed immediately prior to the transfer of Securities, Equivalent Securities, Collateral or Equivalent Collateral, the party receiving the deemed transfer of Collateral or redelivery of Equivalent Collateral, as the case may be, shall cause to be made to the other party for value the same day either, where such transfer is a payment, an irrevocable payment in the amount of such transfer or, where such transfer is a

delivery, an irrevocable delivery of securities (or other property, as the case may be) equivalent to such property.

5.3 Substitutions of Collateral

Borrower may from time to time call for the repayment of Cash Collateral or the redelivery of Collateral equivalent to any Collateral delivered to Lender prior to the date on which the same would otherwise have been repayable or redeliverable provided that at the time of such repayment or redelivery Borrower shall have delivered or delivers Alternative Collateral acceptable to Lender and Borrower is in compliance with paragraph 5.4 or paragraph 5.5, as applicable.

5.4 Marking to Market of Collateral during the currency of a Loan on aggregated basis

Unless paragraph 1.3 of the Schedule indicates that paragraph 5.5 shall apply in lieu of this paragraph 5.4, or unless otherwise agreed between the Parties:-

- (i) the aggregate Market Value of the Collateral delivered to or deposited with Lender (excluding any Equivalent Collateral repaid or redelivered under Paragraphs 5.4(ii) or 5.5(ii) (as the case may be)) ("**Posted Collateral**") in respect of all Loans outstanding under this Agreement shall equal the aggregate of the Market Value of the Loaned Securities and the applicable Margin (the "**Required Collateral Value**") in respect of such Loans;
- (ii) if at any time on any Business Day the aggregate Market Value of the Posted Collateral in respect of all Loans outstanding under this Agreement exceeds the aggregate of the Required Collateral Values in respect of such Loans, Lender shall (on demand) repay and/or redeliver, as the case may be, to Borrower such Equivalent Collateral as will eliminate the excess;
- (iii) if at any time on any Business Day the aggregate Market Value of the Posted Collateral in respect of all Loans outstanding under this Agreement falls below the aggregate of Required Collateral Values in respect of all such Loans, Borrower shall (on demand) provide such further Collateral to Lender as will eliminate the deficiency.

5.5 Marking to Market of Collateral during the currency of a Loan on a Loan by Loan basis

If paragraph 1.3 of the Schedule indicates this paragraph 5.5 shall apply in lieu of paragraph 5.4, the Posted Collateral in respect of any Loan shall bear from day to day and at any time the same proportion to the Market Value of the Loaned Securities as the Posted Collateral bore at the commencement of such Loan. Accordingly:

- (i) the Market Value of the Posted Collateral to be delivered or deposited while the Loan continues shall be equal to the Required Collateral Value;
- (ii) if at any time on any Business Day the Market Value of the Posted Collateral in respect of any Loan exceeds the Required Collateral Value in respect of such Loan,

Lender shall (on demand) repay and/or redeliver, as the case may be, to Borrower such Equivalent Collateral as will eliminate the excess; and

- (iii) if at any time on any Business Day the Market Value of the Posted Collateral falls below the Required Collateral Value, Borrower shall (on demand) provide such further Collateral to Lender as will eliminate the deficiency.

5.6 Requirements to redeliver excess Collateral

Where paragraph 5.4 applies, unless paragraph 1.4 of the Schedule indicates that this paragraph 5.6 does not apply, if a Party (the "first Party") would, but for this paragraph 5.6, be required under paragraph 5.4 to provide further Collateral or redeliver Equivalent Collateral in circumstances where the other Party (the "second Party") would, but for this paragraph 5.6, also be required to or provide Collateral or redeliver Equivalent Collateral under paragraph 5.4, then the Market Value of the Collateral or Equivalent Collateral deliverable by the first Party ("X") shall be set-off against the Market Value of the Collateral or Equivalent Collateral deliverable by the second Party ("Y") and the only obligation of the Parties under paragraph 5.4 shall be, where X exceeds Y, an obligation of the first Party, or where Y exceeds X, an obligation of the second Party to repay and/or (as the case may be) redeliver Equivalent Collateral or to deliver further Collateral having a Market Value equal to the difference between X and Y.

- 5.7 Where Equivalent Collateral is repaid or redelivered (as the case may be) or further Collateral is provided by a Party under paragraph 5.6, the Parties shall agree to which Loan or Loans such repayment, redelivery or further provision is to be attributed and failing agreement it shall be attributed, as determined by the Party making such repayment, redelivery or further provision to the earliest outstanding Loan and, in the case of a repayment or redelivery up to the point at which the Market Value of Collateral in respect of such Loan equals the Required Collateral Value in respect of such Loan, and then to the next earliest outstanding Loan up to the similar point and so on.

5.8 Timing of repayments of excess Collateral or deliveries of further Collateral

Where any Equivalent Collateral falls to be repaid or redelivered (as the case may be) or further Collateral is to be provided under this paragraph 5, unless otherwise agreed between the Parties, it shall be delivered on the same Business Day as the relevant demand. Equivalent Collateral comprising securities shall be deemed to have been delivered by Lender to Borrower on delivery to Borrower or as it shall direct of the relevant instruments of transfer, or in the case of such securities being held by an agent or within a clearing or settlement system on the effective instructions to such agent or the operator of such system which result in such securities being held by the operator of the clearing system for the account of the Borrower or as it shall direct or by such other means as may be agreed.

5.9 Substitutions and extensions of Letters of Credit

Where Collateral is a Letter of Credit, Lender may by notice to Borrower require that Borrower, on the Business Day following the date of delivery of such notice, substitute

Collateral consisting of cash or other Collateral acceptable to Lender for the Letter of Credit. Prior to the expiration of any Letter of Credit supporting Borrower's obligations hereunder, Borrower shall, no later than 10.30a.m. UK time on the second Business Day prior to the date such Letter of Credit expires, obtain an extension of the expiration of such Letter of Credit or replace such Letter of Credit by providing Lender with a substitute Letter of Credit in an amount at least equal to the amount of the Letter of Credit for which it is substituted.

6. DISTRIBUTIONS AND CORPORATE ACTIONS

6.1 Manufactured Payments

Where Income is paid in relation to any Loaned Securities or Collateral (other than Cash Collateral) on or by reference to an Income Payment Date Borrower, in the case of Loaned Securities, and Lender, in the case of Collateral, shall, on the date of the payment of such Income, or on such other date as the Parties may from time to time agree, (the "Relevant Payment Date") pay and deliver a sum of money or property equivalent to the type and amount of such Income that, in the case of Loaned Securities, Lender would have been entitled to receive had such Securities not been loaned to Borrower and had been retained by Lender on the Income Payment Date, and, in the case of Collateral, Borrower would have been entitled to receive had such Collateral not been provided to Lender and had been retained by Borrower on the Income Payment Date unless a different sum is agreed between the Parties.

6.2 Income in the form of Securities

Where Income, in the form of securities, is paid in relation to any Loaned Securities or Collateral, such securities shall be added to such Loaned Securities or Collateral (and shall constitute Loaned Securities or Collateral, as the case may be, and be part of the relevant Loan) and will not be delivered to Lender, in the case of Loaned Securities, or to Borrower, in the case of Collateral, until the end of the relevant Loan, provided that the Lender or Borrower (as the case may be) fulfils their obligations under paragraph 5.4 or 5.5 (as applicable) with respect to the additional Loaned Securities or Collateral, as the case may be.

6.3 Exercise of voting rights

Where any voting rights fall to be exercised in relation to any Loaned Securities or Collateral, neither Borrower, in the case of Equivalent Securities, nor Lender, in the case of Equivalent Collateral, shall have any obligation to arrange for voting rights of that kind to be exercised in accordance with the instructions of the other Party in relation to the Securities borrowed by it or transferred to it by way of Collateral, as the case may be, unless otherwise agreed between the Parties.

6.4 Corporate actions

Where, in respect of any Loaned Securities or any Collateral, any rights relating to conversion, sub-division, consolidation, pre-emption, rights arising under a takeover offer, rights to receive securities or a certificate which may at a future date be exchanged for securities or other rights, including those requiring election by the holder for the time

being of such Securities or Collateral, become exercisable prior to the redelivery of Equivalent Securities or Equivalent Collateral, then Lender or Borrower, as the case may be, may, within a reasonable time before the latest time for the exercise of the right or option give written notice to the other Party that on redelivery of Equivalent Securities or Equivalent Collateral, as the case may be, it wishes to receive Equivalent Securities or Equivalent Collateral in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice.

7. RATES APPLICABLE TO LOANED SECURITIES AND CASH COLLATERAL

7.1 Rates in respect of Loaned Securities

In respect of each Loan, Borrower shall pay to Lender, in the manner prescribed in subparagraph 7.3, sums calculated by applying such rate as shall be agreed between the Parties from time to time to the daily Market Value of the Loaned Securities.

7.2 Rates in respect of Cash Collateral

Where Cash Collateral is deposited with Lender in respect of any Loan, Lender shall pay to Borrower, in the manner prescribed in paragraph 7.3, sums calculated by applying such rates as shall be agreed between the Parties from time to time to the amount of such Cash Collateral. Any such payment due to Borrower may be set-off against any payment due to Lender pursuant to paragraph 7.1.

7.3 Payment of rates

In respect of each Loan, the payments referred to in paragraph 7.1 and 7.2 shall accrue daily in respect of the period commencing on and inclusive of the Settlement Date and terminating on and exclusive of the Business Day upon which Equivalent Securities are redelivered or Cash Collateral is repaid. Unless otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrear by the relevant Party not later than the Business Day which is one week after the last Business Day of the calendar month to which such payments relate or such other date as the Parties shall from time to time agree.

8. REDELIVERY OF EQUIVALENT SECURITIES

8.1 Delivery of Equivalent Securities on termination of a Loan

Borrower shall procure the redelivery of Equivalent Securities to Lender or redeliver Equivalent Securities in accordance with this Agreement and the terms of the relevant Loan on termination of the Loan. Such Equivalent Securities shall be deemed to have been delivered by Borrower to Lender on delivery to Lender or as it shall direct of the relevant instruments of transfer, or in the case of Equivalent Securities held by an agent or within a clearing or settlement system on the effective instructions to such agent or the operator of such system which result in such Equivalent Securities being held by the operator of the clearing system for the account of the Lender or as it shall direct, or by such other means as may be agreed. For the avoidance of doubt any reference in this Agreement or in any other agreement or communication between the Parties (howsoever

expressed) to an obligation to redeliver or account for or act in relation to Loaned Securities shall accordingly be construed as a reference to an obligation to redeliver or account for or act in relation to Equivalent Securities.

8.2 Lender's right to terminate a Loan

Subject to paragraph 10 and the terms of the relevant Loan, Lender shall be entitled to terminate a Loan and to call for the redelivery of all or any Equivalent Securities at any time by giving notice on any Business Day of not less than the standard settlement time for such Equivalent Securities on the exchange or in the clearing organisation through which the Loaned Securities were originally delivered. Borrower shall redeliver such Equivalent Securities not later than the expiry of such notice in accordance with Lender's instructions.

8.3 Borrower's right to terminate a Loan

Subject to the terms of the relevant Loan, Borrower shall be entitled at any time to terminate a Loan and to redeliver all and any Equivalent Securities due and outstanding to Lender in accordance with Lender's instructions and Lender shall accept such redelivery.

8.4 Redelivery of Equivalent Collateral on termination of a Loan

On the date and time that Equivalent Securities are required to be redelivered by Borrower on the termination of a Loan, Lender shall simultaneously (subject to paragraph 5.4 if applicable) repay to Borrower any Cash Collateral or, as the case may be, redeliver Collateral equivalent to the Collateral provided by Borrower pursuant to paragraph 5 in respect of such Loan. For the avoidance of doubt any reference in this Agreement or in any other agreement or communication between the Parties (however expressed) to an obligation to redeliver or account for or act in relation to Collateral shall accordingly be construed as a reference to an obligation to redeliver or account for or act in relation to Equivalent Collateral.

8.5 Redelivery of Letters of Credit

Where a Letter of Credit is provided by way of Collateral, the obligation to redeliver Equivalent Collateral is satisfied by Lender redelivering for cancellation the Letter of Credit so provided, or where the Letter of Credit is provided in respect of more than one Loan, by Lender consenting to a reduction in the value of the Letter of Credit.

8.6 Redelivery obligations to be reciprocal

Neither Party shall be obliged to make delivery (or make a payment as the case may be) to the other unless it is satisfied that the other Party will make such delivery (or make an appropriate payment as the case may be) to it. If it is not so satisfied (whether because an Event of Default has occurred in respect of the other Party or otherwise) it shall notify the other party and unless that other Party has made arrangements which are sufficient to assure full delivery (or the appropriate payment as the case may be) to the notifying Party, the notifying Party shall (provided it is itself in a position, and willing, to perform

its own obligations) be entitled to withhold delivery (or payment, as the case may be) to the other Party.

9. FAILURE TO REDELIVER

9.1 Borrower's failure to redeliver Equivalent Securities

- (i) If Borrower does not redeliver Equivalent Securities in accordance with paragraph 8.1 or 8.2, Lender may elect to continue the Loan (which Loan, for the avoidance of doubt, shall continue to be taken into account for the purposes of paragraph 5.4 or 5.5 as applicable) provided that if Lender does not elect to continue the Loan, Lender may either by written notice to Borrower terminate the Loan forthwith and the Parties' delivery and payment obligations in respect thereof (in which case sub-paragraph (ii) below shall apply) or serve a notice of an Event of Default in accordance with paragraph 14.
- (ii) Upon service of a notice to terminate the relevant Loan pursuant to paragraph 9.1(i):-
 - (a) there shall be set-off against the Market Value of the Equivalent Securities concerned such amount of Posted Collateral chosen by Lender (calculated at its Market Value) as is equal thereto;
 - (b) the Parties delivery and payment obligations in relation to such assets which are set-off shall terminate;
 - (c) in the event that the Market Value of the Posted Collateral set-off is less than the Market Value of the Equivalent Securities concerned Borrower shall account to Lender for the shortfall; and
 - (d) Borrower shall account to Lender for the total costs and expenses incurred by Lender as a result thereof as set out in paragraphs 9.3 and 9.4 from the time the notice is effective.

9.2 Lender's failure to Redeliver Equivalent Collateral

- (i) If Lender does not redeliver Equivalent Collateral in accordance with paragraph 8.4 or 8.5, Borrower may either by written notice to Lender terminate the Loan forthwith and the Parties' delivery and payment obligations in respect thereof (in which case sub-paragraph (ii) below shall apply) or serve a notice of an Event of Default in accordance with paragraph 14.
- (ii) Upon service of a notice to terminate the relevant Loan pursuant to paragraph 9.2(i):-
 - (a) there shall be set-off against the Market Value of the Equivalent Collateral concerned the Market Value of the Loaned Securities;
 - (b) the Parties delivery and payment obligations in relation to such assets which are set-off shall terminate;

- (c) in the event that the Market Value of the Loaned Securities held by Borrower is less than the Market Value of the Equivalent Collateral concerned Lender shall account to Borrower for the shortfall; and
- (d) Lender shall account to Borrower for the total costs and expenses incurred by Borrower as a result thereof as set out in paragraphs 9.3 and 9.4 from the time the notice is effective.

9.3 Failure by either Party to redeliver

This provision applies in the event that a Party (the "**Transferor**") fails to meet a redelivery obligation within the standard settlement time for the asset concerned on the exchange or in the clearing organisation through which the asset equivalent to the asset concerned was originally delivered or within such other period as may be agreed between the Parties. In such situation, in addition to the Parties' rights under the general law and this Agreement where the other Party (the "**Transferee**") incurs interest, overdraft or similar costs and expenses the Transferor agrees to pay on demand and hold harmless the Transferee with respect to all such costs and expenses which arise directly from such failure excluding (i) such costs and expenses which arise from the negligence or wilful default of the Transferee and (ii) any indirect or consequential losses. It is agreed by the Parties that any costs reasonably and properly incurred by a Party arising in respect of the failure of a Party to meet its obligations under a transaction to sell or deliver securities resulting from the failure of the Transferor to fulfil its redelivery obligations is to be treated as a direct cost or expense for the purposes of this paragraph.

9.4 Exercise of buy-in on failure to redeliver

In the event that as a result of the failure of the Transferor to fulfil its redelivery obligations a "buy-in" is exercised against the Transferee, then the Transferor shall account to the Transferee for the total costs and expenses reasonably incurred by the Transferee as a result of such "buy-in".

10. SET-OFF ETC

10.1 Definitions for paragraph 10

In this paragraph 10:

"**Bid Price**" in relation to Equivalent Securities or Equivalent Collateral means the best available bid price on the most appropriate market in a standard size;

"**Bid Value**" subject to paragraph 10.5 means:-

- (a) in relation to Collateral equivalent to Collateral in the form of a Letter of Credit zero and in relation to Cash Collateral the amount of the currency concerned; and
- (b) in relation to Equivalent Securities or Collateral equivalent to all other types of Collateral the amount which would be received on a sale of such Equivalent Securities or Equivalent Collateral at the Bid Price at Close of Business on the relevant Business Day less all costs, fees and expenses that would be incurred in

connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out such sale or realisation and adding thereto the amount of any interest, dividends, distributions or other amounts, in the case of Equivalent Securities, paid to Borrower and in respect of which equivalent amounts have not been paid to Lender and in the case of Equivalent Collateral, paid to Lender and in respect of which equivalent amounts have not been paid to Borrower, in accordance with paragraph 6.1 prior to such time in respect of such Equivalent Securities, Equivalent Collateral or the original Securities or Collateral held, gross of all and any tax deducted or paid in respect thereof;

"Offer Price" in relation to Equivalent Securities or Equivalent Collateral means the best available offer price on the most appropriate market in a standard size;

"Offer Value" subject to paragraph 10.5 means:-

- (a) in relation to Collateral equivalent to Collateral in the form of a Letter of Credit zero and in relation to Cash Collateral the amount of the currency concerned; and
- (b) in relation to Equivalent Securities or Collateral equivalent to all other types of Collateral the amount it would cost to buy such Equivalent Securities or Equivalent Collateral at the Offer Price at Close of Business on the relevant Business Day together with all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction and adding thereto the amount of any interest, dividends, distributions or other amounts, in the case of Equivalent Securities, paid to Borrower and in respect of which equivalent amounts have not been paid to Lender and in the case of Equivalent Collateral, paid to Lender and in respect of which equivalent amounts have not been paid to Borrower, in accordance with paragraph 6.1 prior to such time in respect of such Equivalent Securities, Equivalent Collateral or the original Securities or Collateral held, gross of all and any tax deducted or paid in respect thereof;

10.2 **Termination of delivery obligations upon Event of Default**

Subject to paragraph 9, if an Event of Default occurs in relation to either Party, the Parties' delivery and payment obligations (and any other obligations they have under this Agreement) shall be accelerated so as to require performance thereof at the time such Event of Default occurs (the date of which shall be the **"Termination Date"** for the purposes of this clause) so that performance of such delivery and payment obligations shall be effected only in accordance with the following provisions:

- (i) the Relevant Value of the securities which would have been required to be delivered but for such termination (or payment to be made, as the case may be) by each Party shall be established in accordance with paragraph 10.3; and

- (ii) on the basis of the Relevant Values so established, an account shall be taken (as at the Termination Date) of what is due from each Party to the other and (on the basis that each Party's claim against the other in respect of delivery of Equivalent Securities or Equivalent Collateral or any cash payment equals the Relevant Value thereof) the sums due from one Party shall be set-off against the sums due from the other and only the balance of the account shall be payable (by the Party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be payable on the Termination Date.

If the Bid Value is greater than the Offer Value, and the Non-Defaulting Party had delivered to the Defaulting Party a Letter of Credit, the Defaulting Party shall draw on the Letter of Credit to the extent of the balance due and shall subsequently redeliver for cancellation the Letter of Credit so provided.

If the Offer Value is greater than the Bid Value, and the Defaulting Party had delivered to the Non-Defaulting Party a Letter of Credit, the Non-Defaulting Party shall draw on the Letter of Credit to the extent of the balance due and shall subsequently redeliver for cancellation the Letter of Credit so provided.

In all other circumstances, where a Letter of Credit has been provided to a Party, such Party shall redeliver for cancellation the Letter of Credit so provided.

10.3 **Determination of delivery values upon Event of Default**

For the purposes of paragraph 10.2 the "**Relevant Value**":-

- (i) of any securities to be delivered by the Defaulting Party shall, subject to paragraph 10.5 below, equal the Offer Value of such securities; and
- (ii) of any securities to be delivered to the Defaulting Party shall, subject to paragraph 10.5 below, equal the Bid Value of such securities.

10.4 For the purposes of paragraph 10.3, but subject to paragraph 10.5, the Bid Value and Offer Value of any securities shall be calculated for securities of the relevant description (as determined by the Non-Defaulting Party) as of the first Business Day following the Termination Date, or if the relevant Event of Default occurs outside the normal business hours of such market, on the second Business Day following the Termination Date (the "**Default Valuation Time**");

10.5 Where the Non-Defaulting Party has following the occurrence of an Event of Default but prior to the close of business on the fifth Business Day following the Termination Date purchased securities forming part of the same issue and being of an identical type and description to those to be delivered by the Defaulting Party or sold securities forming part of the same issue and being of an identical type and description to those to be delivered by him to the Defaulting Party, the cost of such purchase or the proceeds of such sale, as the case may be, (taking into account all reasonable costs, fees and expenses that would be incurred in connection therewith) shall (together with any amounts owing pursuant to paragraph 6.1) be treated as the Offer Value or Bid Value, as the case may be, of the amount of securities to be delivered which is equivalent to the amount of the securities so bought or sold, as the case may be, for the purposes of this paragraph 10, so

that where the amount of securities to be delivered is more than the amount so bought or sold as the case may be, the Offer Value or Bid Value as the case may be, of the balance shall be valued in accordance with paragraph 10.4.

10.6 Any reference in this paragraph 10 to securities shall include any asset other than cash provided by way of Collateral.

10.7 Other costs, expenses and interest payable in consequence of an Event of Default

The Defaulting Party shall be liable to the Non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the Non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at the one-month London Inter Bank Offered Rate as quoted on a reputable financial information service ("LIBOR") as of 11.00 am, London Time, on the date on which it is to be determined or, in the case of an expense attributable to a particular transaction and where the parties have previously agreed a rate of interest for the transaction, that rate of interest if it is greater than LIBOR. The rate of LIBOR applicable to each month or part thereof that any sum payable pursuant to this paragraph 10.7 remains outstanding is the rate of LIBOR determined on the first Business Day of any such period of one month or any part thereof. Interest will accrue daily on a compound basis and will be calculated according to the actual number of days elapsed.

11. TRANSFER TAXES

Borrower hereby undertakes promptly to pay and account for any transfer or similar duties or taxes chargeable in connection with any transaction effected pursuant to or contemplated by this Agreement, and shall indemnify and keep indemnified Lender against any liability arising as a result of Borrower's failure to do so.

12. LENDER'S WARRANTIES

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Lender:

- (a) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
- (b) it is not restricted under the terms of its constitution or in any other manner from lending Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;
- (c) it is absolutely entitled to pass full legal and beneficial ownership of all Securities provided by it hereunder to Borrower free from all liens, charges and encumbrances; and
- (d) it is acting as principal in respect of this Agreement or, subject to paragraph 16, as agent and the conditions referred to in paragraph 16.2 will be fulfilled in respect of any Loan which it makes as agent.

13. **BORROWER'S WARRANTIES**

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Borrower:

- (a) it has all necessary licenses and approvals, and is duly authorised and empowered, to perform its duties and obligations under this Agreement and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;
- (b) it is not restricted under the terms of its constitution or in any other manner from borrowing Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;
- (c) it is absolutely entitled to pass full legal and beneficial ownership of all Collateral provided by it hereunder to Lender free from all liens, charges and encumbrances; and
- (d) it is acting as principal in respect of this Agreement.

14. **EVENTS OF DEFAULT**

14.1 Each of the following events occurring in relation to either Party (the "**Defaulting Party**", the other Party being the "**Non-Defaulting Party**") shall be an Event of Default for the purpose of paragraph 10 but only (subject to sub-paragraph (v) below) where the Non-Defaulting Party serves written notice on the Defaulting Party:-

- (i) Borrower or Lender failing to pay or repay Cash Collateral or deliver Collateral or redeliver Equivalent Collateral or Lender failing to deliver Securities upon the due date;
- (ii) Lender or Borrower failing to comply with its obligations under paragraph 5;
- (iii) Lender or Borrower failing to comply with its obligations under paragraph 6.1;
- (iv) Borrower failing to comply with its obligations to deliver Equivalent Securities in accordance with paragraph 8;
- (v) an Act of Insolvency occurring with respect to Lender or Borrower, an Act of Insolvency which is the presentation of a petition for winding up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party not requiring the Non-Defaulting Party to serve written notice on the Defaulting Party;
- (vi) any representation or warranty made by Lender or Borrower being incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated;
- (vii) Lender or Borrower admitting to the other that it is unable to, or it intends not to, perform any of its obligations under this Agreement and/or in respect of any Loan;

- (viii) Lender (if applicable) or Borrower being declared in default or being suspended or expelled from membership of or participation in, any securities exchange or association or suspended or prohibited from dealing in securities by any regulatory authority;
 - (ix) any of the assets of Lender or Borrower or the assets of investors held by or to the order of Lender or Borrower being transferred or ordered to be transferred to a trustee (or a person exercising similar functions) by a regulatory authority pursuant to any securities regulating legislation, or
 - (x) Lender or Borrower failing to perform any other of its obligations under this Agreement and not remedying such failure within 30 days after the Non-Defaulting Party serves written notice requiring it to remedy such failure.
- 14.2 Each Party shall notify the other (in writing) if an Event of Default or an event which, with the passage of time and/or upon the serving of a written notice as referred to above, would be an Event of Default, occurs in relation to it.
- 14.3 The provisions of this Agreement constitute a complete statement of the remedies available to each Party in respect of any Event of Default.
- 14.4 Subject to paragraph 9.3 and 10.7, neither Party may claim any sum by way of consequential loss or damage in the event of failure by the other party to perform any of its obligations under this Agreement.

15. INTEREST ON OUTSTANDING PAYMENTS

In the event of either Party failing to remit sums in accordance with this Agreement such Party hereby undertakes to pay to the other Party upon demand interest (before as well as after judgment) on the net balance due and outstanding, for the period commencing on and inclusive of the original due date for payment to (but excluding) the date of actual payment, in the same currency as the principal sum and at the rate referred to in paragraph 10.7. Interest will accrue daily on a compound basis and will be calculated according to the actual number of days elapsed.

16. TRANSACTIONS ENTERED INTO AS AGENT

16.1 Power for Lender to enter into Loans as agent

Subject to the following provisions of this paragraph, Lender may (if so indicated in paragraph 6 of the Schedule) enter into Loans as agent (in such capacity, the "Agent") for a third person (a "Principal"), whether as custodian or investment manager or otherwise (a Loan so entered into being referred to in this paragraph as an "Agency Transaction").

16.2 Conditions for agency loan

A Lender may enter into an Agency Transaction if, but only if:-

- (i) it specifies that Loan as an Agency Transaction at the time when it enters into it;

- (ii) it enters into that Loan on behalf of a single Principal whose identity is disclosed to Borrower (whether by name or by reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal) at the time when it enters into the Loan or as otherwise agreed between the Parties; and
- (iii) it has at the time when the Loan is entered into actual authority to enter into the Loan and to perform on behalf of that Principal all of that Principal's obligations under the agreement referred to in paragraph 16.4(ii).

16.3 Notification by Lender of certain events affecting the principal

Lender undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware:-

- (i) of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or
- (ii) of any breach of any of the warranties given in paragraph 16.5 or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the then current facts;

it will inform Borrower of that fact and will, if so required by Borrower, furnish it with such additional information as it may reasonably request.

16.4 Status of agency transaction

- (i) Each Agency Transaction shall be a transaction between the relevant Principal and Borrower and no person other than the relevant Principal and Borrower shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, Lender shall not be liable as principal for the performance of an Agency Transaction, but this is without prejudice to any liability of Lender under any other provision of this clause; and
- (ii) all the provisions of the Agreement shall apply separately as between Borrower and each Principal for whom the Agent has entered into an Agency transaction or Agency Transactions as if each such Principal were a party to a separate agreement with Borrower in all respects identical with this Agreement other than this paragraph and as if the Principal were Lender in respect of that agreement;

PROVIDED THAT

if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if Borrower served written notice under any sub-clause of paragraph 14, Borrower shall be entitled by giving written notice to the Principal (which notice shall be validly given if given to Lender in accordance with paragraph 21) to declare that by reason of that event an Event of Default is to be treated as occurring in relation to the Principal. If Borrower gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given; and

if the Principal is neither incorporated in nor has established a place of business in Great Britain, the Principal shall for the purposes of the agreement referred to in paragraph 16.4(ii) be deemed to have appointed as its agent to receive on its behalf service of process in the courts of England the Agent, or if the Agent is neither incorporated nor has established a place of business in Great Britain, the person appointed by the Agent for the purposes of this Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other Party.

The foregoing provisions of this paragraph do not affect the operation of the Agreement as between Borrower and Lender in respect of any transactions into which Lender may enter on its own account as principal.

16.5 Warranty of authority by Lender acting as agent

Lender warrants to Borrower that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, have been duly authorised to enter into that Loan and perform the obligations arising under such transaction on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the agreement referred to in paragraph 16.4(ii).

17. TERMINATION OF THIS AGREEMENT

Each Party shall have the right to terminate this Agreement by giving not less than 15 Business Days' notice in writing to the other Party (which notice shall specify the date of termination) subject to an obligation to ensure that all Loans which have been entered into but not discharged at the time such notice is given are duly discharged in accordance with this Agreement.

18. SINGLE AGREEMENT

Each Party acknowledges that, and has entered into this Agreement and will enter into each Loan in consideration of and in reliance upon the fact that, all Loans constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each Party agrees:

- (i) to perform all of its obligations in respect of each Loan, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Loans; and
- (ii) that payments, deliveries and other transfers made by either of them in respect of any Loan shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Loan.

19. SEVERANCE

If any provision of this Agreement is declared by any judicial or other competent authority to be void or otherwise unenforceable, that provision shall be severed from the Agreement and the remaining provisions of this Agreement shall remain in full force and effect. The Agreement shall, however, thereafter be amended by the Parties in such

reasonable manner so as to achieve as far as possible, without illegality, the intention of the Parties with respect to that severed provision.

20. SPECIFIC PERFORMANCE

Each Party agrees that in relation to legal proceedings it will not seek specific performance of the other Party's obligation to deliver or redeliver Securities, Equivalent Securities, Collateral or Equivalent Collateral but without prejudice to any other rights it may have.

21. NOTICES

21.1 Any notice or other communication in respect of this Agreement may be given in any manner set forth below to the address or number or in accordance with the electronic messaging system details set out in paragraph 4 of the Schedule and will be deemed effective as indicated:

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or the receipt, as applicable, is not a Business Day or that communication is delivered (or attempted) or received, as applicable, after the Close of Business on a Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Business Day.

21.2 Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

22. ASSIGNMENT

Neither Party may charge assign or transfer all or any of its rights or obligations hereunder without the prior consent of the other Party.

23. NON-WAIVER

No failure or delay by either Party (whether by course of conduct or otherwise) to exercise any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or

further exercise thereof or the exercise of any other right, power or privilege as herein provided.

24. **GOVERNING LAW AND JURISDICTION**

24.1 This Agreement is governed by, and shall be construed in accordance with, English law.

24.2 The courts of England have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement (respectively, "**Proceedings**" and "**Disputes**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England.

24.3 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceedings and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

24.4 Each of Party A and Party B hereby respectively appoints the person identified in paragraph 5 of the Schedule pertaining to the relevant Party as its agent to receive on its behalf service of process in the courts of England. If such an agent ceases to be an agent of Party A or party B, as the case may be, the relevant Party shall promptly appoint, and notify the other Party of the identity of its new agent in England.

25. **TIME**

Time shall be of the essence of the Agreement.

26. **RECORDING**

The Parties agree that each may record all telephone conversations between them.

27. **WAIVER OF IMMUNITY**

Each Party hereby waives all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgement) and execution to which it might otherwise be entitled in any action or proceeding in the courts of England or of any other country or jurisdiction relating in any way to this Agreement and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

28. **MISCELLANEOUS**

28.1 This Agreement constitutes the entire agreement and understanding of the Parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.

28.2 The Party (the "**Relevant Party**") who has prepared the text of this Agreement for execution (as indicated in paragraph 7 of the Schedule) warrants and undertakes to the other Party that such text conforms exactly to the text of the standard form Global Master Securities Lending Agreement posted by the International Securities Lenders Association on its website on 7 May 2000 except as notified by the Relevant Party to the other Party in writing prior to the execution of this Agreement.

- 28.3 No amendment in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the Parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- 28.4 The obligations of the Parties under this Agreement will survive the termination of any Loan.
- 28.5 The warranties contained in paragraphs 12, 13, 16 and 28.2 will survive termination of this Agreement for so long as any obligations of either of the Parties pursuant to this Agreement remain outstanding.
- 28.6 Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.
- 28.7 This Agreement (and each amendment in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
- 28.8 A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of this Agreement, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

EXECUTED by the PARTIES

SIGNED BY)
)
DULY AUTHORISED FOR AND)
ON BEHALF OF)

SIGNED BY)
)
DULY AUTHORISED FOR AND)
ON BEHALF OF)

SCHEDULE

1. Collateral

1.1 The securities, financial instruments and deposits of currency set out in the table below with a cross marked next to them are acceptable forms of Collateral under this Agreement.

1.2 Unless otherwise agreed between the Parties, the Market Value of the Collateral delivered pursuant to paragraph 5 by Borrower to Lender under the terms and conditions of this Agreement shall on each Business Day represent not less than the Market Value of the Loaned Securities together with the percentage contained in the row of the table below corresponding to the particular form of Collateral, referred to in this Agreement as the "Margin".

Security/Financial Instrument/Deposit of Currency	Mark "X" if acceptable form of Collateral	Margin (%)

1.3 Basis of Margin Maintenance:

Paragraph 5.4 (aggregation) shall not apply*

The assumption is that paragraph 5.4 (aggregation) applies unless the box is ticked.

1.4 Paragraph 5.6 (netting of obligations to deliver Collateral and redeliver Equivalent Collateral) shall not apply*

If paragraph 5.4 applies, the assumption is that paragraph 5.6 (netting) applies unless the box is ticked.

2. Base Currency

The Base Currency applicable to this Agreement is

3. Places of Business

(See definition of Business Day.)

4. Designated Office and Address for Notices

(A) Designated office of Party A:

Address for notices or communications to Party A:

Address:

Attention:

Facsimile No:

Telephone No:

Electronic Messaging System Details:

(B) **Designated office of Party B:**

Address for notices or communications to Party B:

Address:

Attention:

Facsimile No:

Telephone No:

Electronic Messaging System Details:

5. (A) **Agent of Party A for Service of Process**

Name:

Address:

(B) **Agent of Party B for Service of Process**

Name:

Address:

6. **Agency**

- Paragraph 16 may apply to Party A*

- Paragraph 16 may apply to Party B*

7. **Party Preparing this Agreement**

Party A*

Party B*

- **TAB 13**

-

_____ 2008

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

[COUNTERPARTY]

[AGENT]

**INTERNATIONAL PRIME BROKERAGE
AGREEMENT**



FRESHFIELDS BRUCKHAUS DERINGER

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This INTERNATIONAL PRIME BROKERAGE AGREEMENT (this "Agreement")
is made on [] 2008

BETWEEN

- (1) **LEHMAN BROTHERS INTERNATIONAL (EUROPE)** of 25 Bank Street, Canary Wharf, London, E14 5LE, United Kingdom, a company incorporated under the laws of England and Wales (the "*Prime Broker*") for itself and as agent and trustee for and on behalf of the Lehman Companies (as defined in Schedule 3); and
- (2) [*fund or trustee of fund (the "Fund")*] of [], a [*insert type of entity*] incorporated under the laws of [*insert country of incorporation*] (the "*Counterparty*"); and
- (3) [*investment manager or custodian*] of [], a [*insert type of entity*] incorporated under the laws of [*insert country of incorporation*] (the "*Agent*")]

WHEREAS

- (A) The Counterparty wishes to appoint the Prime Broker as its prime broker on the terms of this Agreement.
- (B) [The Counterparty wishes to appoint the Agent, who acts as its [*investment manager/custodian*] and as its agent for the purposes of this Agreement as set out in Clause 18 hereof.]
- (C) Pursuant to the accounting conventions of the Prime Broker:
 - (a) the receipt of securities delivered to the Prime Broker shall be recorded as a "debit" to the Counterparty's Securities Account and a transfer or advance of securities made to the Counterparty by the Prime Broker shall be recorded as a "credit" to the Counterparty's Securities Account;
 - (b) the payment, transfer or advance of cash to the Counterparty or to its order shall be recorded as a "debit" to the Counterparty's Cash Account and the receipt of cash by the Prime Broker shall be recorded as a "credit" to the Counterparty's Cash Account.

IT IS AGREED AS FOLLOWS:

1. DEFINITIONS AND CONSTRUCTION

- 1.1 In this Agreement, capitalised terms not otherwise specifically defined shall have the meanings given to them in Schedule 3.
- 1.2 In this Agreement, unless the context otherwise requires -
 - (a) References to the singular shall include the plural and vice versa;
 - (b) A reference to a "Clause" is to the relevant clause in the main body of this Agreement and, unless otherwise stated, a reference to a "Paragraph" is to

the paragraph of that number in the Schedule to this Agreement in which the reference appears.

2. SCOPE OF AGREEMENT

2.1 This Agreement applies to all acquisitions and disposals of securities, and the provision of any advances of cash and securities in respect thereof, in the form of a Principal Transaction, a Third Party Transaction, a Collateral Contract or a Novated Third Party Contract (each, a "*Transaction*" and together the "*Transactions*").

2.2 All Transactions and ancillary arrangements contemplated by this Agreement are entered into by the Parties in reliance on the fact that this Agreement and all settlement requests, acknowledgements, Instructions, term sheets, confirmations and all other documents identified as being related to a Transaction contemplated by this Agreement form a single agreement between the parties. Except to the extent that any other document or notice is expressly referred to in this Agreement (including, without limitation, the Customer Agreements) the terms of this Agreement constitute the entire agreement between the parties as to its subject matter and, to the extent of any inconsistency between the terms of this Agreement and any such other document or notice, the terms of this Agreement will prevail.

2.3 The Prime Broker's rights under this Agreement are cumulative and are in addition to its rights under general law. Any failure to exercise or any delay in exercising any such rights will not operate as a waiver or variation of those rights and any defective or partial exercise of any such rights will not preclude any further exercise of those rights.

2.4 The Prime Broker is authorised and regulated by the FSA and is subject to its Rules. Affiliates of the Prime Broker may not be authorised by the FSA and certain services provided overseas pursuant to this Agreement may not be regulated by the Rules.

2.5 The performance by the Prime Broker of its obligations under this Agreement shall be subject to applicable laws and regulations, including the Rules or other applicable rules of any regulator or exchange including, without limitation, those applicable to the Prime Broker or the Counterparty and the Prime Broker may take or refrain from taking such course of action as it may deem necessary in order to ensure compliance with such laws, regulations or rules, notwithstanding any term of this Agreement and no such action shall constitute a breach of this Agreement. However, notwithstanding that, as between the Prime Broker or its Affiliates and its regulators, the Prime Broker and its Affiliates may be regulated by the Rules or equivalent regulations in the relevant jurisdiction, such Rules or regulations shall not be incorporated into this Agreement.

2.6 The Counterparty confirms its acceptance of and agreement to be bound by the provisions of the Schedules to this Agreement.

3. TRANSACTIONS, PAYMENTS AND DELIVERIES

3.1 Wherever the Counterparty wishes the Prime Broker to enter into a Transaction, or the Counterparty requests the Prime Broker to settle a Transaction on the Counterparty's behalf, or to make or receive any other delivery or payments to, from or on behalf of the Counterparty, it shall issue a Principal Transaction Request or a Third Party Transaction Request, as applicable, to the Prime Broker, in the manner specified in Schedule 1.

3.2 The Counterparty agrees and accepts that the Prime Broker or its Affiliates may act as agent for the Counterparty in settling Transactions or delivering securities and making payments and such parties are authorised to do so.

3.3 The Counterparty shall be responsible for complying with all exchange notification requirements.

3.4 The Prime Broker shall not be obliged to make any payments and or deliveries to a third party, except as contemplated by this Agreement.

4. PROVISION OF FINANCE

4.1 The Prime Broker may in its absolute discretion -

- (a) lend money to the Counterparty;
- (b) as a result of the Counterparty's sales or purchases of securities pursuant to Transactions advance securities to the Counterparty;
- (c) discharge any obligation of the Counterparty to pay money or deliver securities under or in connection with a Transaction or pursuant to this Agreement and the Counterparty irrevocably authorises it to do so. Except to the extent that cash of the relevant currency is for the time being credited to the Counterparty's Cash Accounts or, as the case may be, securities of the description and amount in question are for the time being debited to the Counterparty's Securities Accounts and in either case available for the purpose, any such discharge shall be treated as a Loan or, as the case may be, an advance by the Prime Broker to the Counterparty of the securities so delivered.

4.2 Where the Prime Broker agrees to advance to the Counterparty securities which are Hong Kong securities, the Prime Broker will advance such securities by lending the securities to the Counterparty under the Stock Lending Agreement. The Counterparty shall not be required to issue a Borrowing Request (as defined in the Stock Lending Agreement) in respect of such loan.

4.3 Where the Prime Broker agrees to loan to the Counterparty securities which are South African listed securities (as defined in Section 1 of the Stock Exchange Control Act, 1985 (Act No. 1 of 1985) the Counterparty warrants that:

- (a) the entering into of such Transactions under this Agreement is and will not be for the purposes of avoiding any tax liability under South African law, nor for the purposes of keeping a position open for more than 12 months;
- (b) on-delivery of the South African listed securities will be effected within 10 Business Days of the date of the transfer of the South African listed securities by the Prime Broker to the Counterparty;
- (c) Equivalent Securities will be returned to the Prime Broker within a period of 12 months as from the delivery of the South African listed securities by the Prime Broker to the Counterparty in respect of each Transaction; and

- (d) The Prime Broker will be compensated for any distributions in respect of the South African listed securities to which the Prime Broker would have been entitled to receive had such Transactions under this Agreement not been entered into.

4.4 The Counterparty will indemnify and hold the Prime Broker harmless in respect of any uncertificated securities tax which may become payable by the Prime Broker pursuant to the provisions of the Uncertificated Securities Tax, 1998 of South Africa in relation to any Transaction.

4.5 The Counterparty shall on demand by the Prime Broker –

- (a) repay any Loan (together with fees and interest thereon);
- (b) deliver securities equivalent to any Advanced Securities (together with fees and interest on the value thereof) and shall make such payments as are provided by Clause 8 with respect to income on such securities. Where the Advanced Securities are Hong Kong securities, the Counterparty shall deliver Equivalent Securities to the Prime Broker in accordance with the Stock Lending Agreement and such delivery shall discharge the Counterparty's obligation under this Clause.

4.6 The Counterparty may not use the proceeds of any Loan in any way, directly or indirectly, for any purpose which is unlawful under any applicable law nor for the making, instigation or conducting of a takeover of, or tender offer for, any person or any other action which, when complete, will have the effect of acquiring control of any such person. The Prime Broker shall be entitled to assume (without any enquiry on its part) that the purpose of any Loan falls within the investment guidelines and requirements of the Fund and will be used only in connection with the prime brokerage business contemplated by this Agreement.

4.7 The Counterparty shall not request the Prime Broker to advance any securities or discharge any obligation of the Counterparty to deliver securities in accordance with Clause 4.1 where such request will result in the aggregate Market Value Equivalent of Advanced Securities in respect of which Equivalent Securities have not been delivered by the Counterparty to the Prime Broker exceeding any limits notified by the Prime Broker to the Counterparty from time to time.

5. SECURITIES AND CASH ACCOUNTS

5.1 The Prime Broker shall open and maintain one or more Cash Accounts and Securities Accounts to which -

- (a) in the case of Cash Accounts there shall be -
 - (i) debited the amount of any Loan and all cash paid or deemed or treated as paid by the Prime Broker to or on behalf of the Counterparty; and
 - (ii) credited all cash paid or deemed or treated as paid to the Prime Broker, by or on behalf of the Counterparty (including sums received by the Prime Broker in settlement of Third Party Transactions); and

- (b) in the case of Securities Accounts there shall be -
- (i) debited all securities delivered to the Prime Broker by or on behalf of the Counterparty (including securities received by the Prime Broker in settlement of Third Party Transactions) or delivered or deemed or treated as delivered by or on behalf of the Counterparty to the Prime Broker; and
 - (ii) credited all securities advanced by the Prime Broker to the Counterparty (including Hong Kong securities advanced under the Stock Lending Agreement) or delivered or deemed or treated as advanced, by the Prime Broker to or on behalf of the Counterparty,

and the Prime Broker may combine such accounts where it considers appropriate.

5.2 The parties acknowledge and agree that any cash held by us for you is received by us as collateral with full ownership under a collateral arrangement and is subject to the security interest contained in the Agreement. Accordingly, such cash will not be client money pursuant to the Rules (or any successor provisions thereto) and will not be subject to the protections conferred by the Rules. Such cash held by the Prime Broker will not be segregated from the money of the Prime Broker or any other counterparty of the Prime Broker and will be held free and clear of all trusts. The parties further agree that the Prime Broker will use such cash in the course of its business and the Counterparty will, therefore, rank as a general creditor of the Prime Broker in respect of such cash.

6. MARGIN REQUIREMENT

6.1 For the purpose of this Agreement, "Net Equity" means the aggregate of -

- (a) the sum of -
 - (i) the absolute value of all credit balances on the Cash Accounts; and
 - (ii) the Market Value Equivalent of all securities comprised in all debit balances on the Securities Accounts;
- (b) less the sum of -
 - (i) the absolute value of all debit balances on the Cash Accounts; and
 - (ii) the Market Value Equivalent of all securities comprised in all credit balances on the Securities Accounts; and
 - (iii) the absolute value of all sums due to the Prime Broker pursuant to this Agreement (to the extent not debited from the Cash Accounts).

6.2 The Counterparty shall ensure that at all times the Net Equity is not less than the Margin Requirement.

6.3 If, for the purposes of determining the credit or debit balances on the Cash Accounts or the Securities Accounts (including for the purposes of calculating the Net Equity), the relevant cash or securities are denominated in a currency other than the Base Currency, then the Prime Broker may convert such currencies as are necessary for the

purposes of such determination into the Base Currency at the Spot Rate prevailing at such time.

6.4 If at any time there is a Margin Deficit, the Counterparty shall pay or deliver (whether or not pursuant to a Margin Call) to the Prime Broker such cash or securities acceptable to the Prime Broker as will ensure that, following such payment or delivery, such Margin Deficit will be eliminated.

6.5 When calculating the value of any balance on any account for the purposes of Clause 6.1, the Prime Broker may in its absolute discretion take into account any variation or potential variation in the value of cash or securities due to the availability, liquidity, solvency or market volatility of such asset or other market variable applicable to that asset.

6.6 In the event of a Margin Call, the Counterparty shall make such payment or delivery within such period as is notified by the Prime Broker in its absolute discretion and, if no such period is specified, not later than close of business on the Business Day following that on which the Margin Call is made.

6.7 Any cash paid and any securities delivered by or on behalf of the Counterparty to the Prime Broker pursuant to a Margin Call or otherwise under Clause 6.4 shall (in the case of cash) be credited to the Cash Accounts and (in the case of securities) be debited to the Securities Accounts.

6.8 The Prime Broker may from time to time specify general principles, criteria and margin rates which it intends to adopt in connection with its calculation of the Margin Requirement applicable to any Transactions and positions. Such specified information may be notified by the Prime Broker to the Counterparty in such manner as the Prime Broker considers appropriate including, without limitation, by means of any Terms.

6.9 If at any time the Counterparty is required to provide margin or collateral to the Prime Broker under a Customer Agreement which may be a title transfer agreement, to the extent that there is a Margin Excess, the Counterparty authorises and requests the Prime Broker to transfer from the appropriate Cash Account or Securities Account cash or securities with a Market Value Equivalent sufficient to fulfil that requirement or otherwise to designate in its books and records an amount sufficient to fulfil that requirement.

7. PAYMENT AND DELIVERY

7.1 Subject to Clause 7.2 -

- (a) upon reasonable request, the Prime Broker shall repay the Counterparty any cash standing for the time being to the credit of a Cash Account;
- (b) upon reasonable request, the Prime Broker shall deliver to the Counterparty securities equivalent to any securities standing for the time being to the debit of a Securities Account.

7.2 The Prime Broker shall not be required to make a payment or delivery under Clause 7.1 if -

- (a) an Event of Default or Potential Event of Default has occurred and is continuing; or
- (b) the Prime Broker is entitled to apply the amount of cash so payable or securities so deliverable in respect of a debt or obligation owed to it by or on behalf of the Counterparty or (in the case of cash) to reduce or eliminate a debit balance on the Cash Accounts or (in the case of securities) to increase or create a debit balance to the Securities Accounts.

7.3 The Counterparty undertakes to pay any amount payable under this Agreement on the due date without deduction or the exercise of any right of equity, set-off or counterclaim that the Counterparty may have or allege against the Prime Broker.

7.4 The Prime Broker may in its sole and absolute discretion refuse to accept (or accept on such terms as it may in its sole and absolute discretion determine) any delivery of securities or Equivalent Securities by or on behalf of the Counterparty.

7.5 The Prime Broker may refuse to effect any request to make any payment or delivery under this Agreement or any Customer Agreement where this would result in the creation of, or an increase in, a Margin Deficit.

7.6 Securities or Equivalent Securities delivered to the Prime Broker are only accepted by the Prime Broker when transferred into the sole name of the Prime Broker or its nominee.

7.7 The Counterparty shall pay any Taxes arising in respect of a Transaction and acknowledges and agrees that the filing of tax returns, payment of tax liabilities, and all other actions related to its tax affairs shall be the responsibility of the Counterparty.

7.8 Subject to Clause 8, all cash payable by one party to the other shall be paid free and clear of, and without withholding or deduction for, any Taxes of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction is required by law. In that event, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such Taxes been required to be withheld or deducted; provided that -

- (a) to the extent any amount is recovered in respect of such withholding or deduction by any party receiving such additional amounts, an amount equal to that recovered shall be paid promptly following receipt to the paying party or (where any such payment recovered is to be made to the Counterparty) credited to any Cash Accounts;
- (b) no such additional amounts shall be payable by the Prime Broker to the Counterparty in respect of any payment by that party under Clause 13.2; and
- (c) no such additional amounts shall be payable by the Prime Broker in respect of any payment made by the Prime Broker under Clause 8 or Clause 10.6(d).

7.9 If the Counterparty is, at any time, required to make any payment of cash or any delivery of securities to the Prime Broker under any provision of this Agreement, including, without limitation, in respect of Margin under Clause 6, fees or interest under Clause 9 and cash or Equivalent Securities under Clause 11, the Counterparty hereby authorises the Prime Broker to debit or credit the relevant Cash Account or Securities Account in order to effect such payment or delivery.

8. INCOME, CORPORATE EVENTS AND VOTING

Income

8.1 If income is paid or distributed by the issuer of any securities comprised in the balances on the Securities Accounts -

- (a) in respect of securities standing to the credit of a Securities Account, the Counterparty will (subject to Clause 8.2) pay to the Prime Broker an amount equal to, and in the same currency as, the amount paid by the issuer or, in the case of income in the form of securities, deliver to the Prime Broker securities equivalent to such securities;
- (b) in respect of securities standing to the debit of a Securities Account, the Prime Broker will (subject to Clause 8.3) pay to the Counterparty an amount equal to, and in the same currency as, the amount paid by the issuer or, in the case of income in the form of securities, deliver to the Counterparty securities equivalent to such securities. The Prime Broker will credit the relevant Cash Account in respect of the amount so payable or, as the case may be, debit the relevant Securities Account in respect of the securities so deliverable.

8.2 The amount debited or credited under Clause 8.1(a) shall include but not be restricted to -

- (a) any amount which is deducted or withheld in respect of tax by or on behalf of the issuer of the relevant securities, and
- (b) any additional tax credits to which a holder of such securities as specified by the Prime Broker would be entitled in respect of such income.

8.3 Any amount credited or debited pursuant to Clause 8.1(b) shall not -

- (a) include any amount in respect of cash or securities which is -
 - (i) deducted or withheld in respect of tax by or on behalf of the issuer of the relevant securities;
 - (ii) required to be accounted for to the United Kingdom Inland Revenue in respect of the income in question; or
 - (iii) might be recovered by the Prime Broker or any other holder of the securities from any relevant taxation authority outside the United Kingdom in respect of the income in question; and

- (b) exceed the amount of cash (or the amount of securities comprising income) which the Counterparty would have received from the issuer in respect of the income, had the Counterparty been the holder of such securities on the relevant date, net of any amount which is or, as the case may be, would have been, held or deducted or withheld in respect of tax by or on behalf of the issuer of the relevant securities. In this Clause, "*relevant date*" means, in relation to any income, the date by reference to which the identity is determined of those holders to whom that income is paid.

8.4 The Prime Broker will use reasonable efforts to claim dividends and interest payments on the Counterparty's securities but will not have any duty to take steps to recover any amounts due in respect of which the issuer or its registrar, paying agent or other agent defaults.

Corporate Events

8.5 The Prime Broker shall inform the Counterparty if it becomes aware of the occurrence or prospective occurrence of any conversion, subscription, sub-division, consolidation, redemption, rights issue, takeover or other offer, capital reorganisation, call, capitalisation issue or distribution of, or a granting of, an entitlement to receive securities or any other corporate event (each a "*Corporate Event*") with respect to any securities comprised in any debit balance on the Securities Accounts.

8.6 Where a Corporate Event giving rise to a right or option occurs, the Counterparty (in respect of securities debited to the Securities Accounts) or the Prime Broker (in respect of securities credited to the Securities Accounts) may within a reasonable time before the latest time for the exercise of the right or option give notice to the other party that it wishes to receive Equivalent Securities or other assets in such form as will arise if the right is exercised in such manner as is stated in the notice.

8.7 The Prime Broker may, upon service of such notice, credit or debit the relevant Cash Account or the relevant Securities Account (or both) with such amounts of cash or, as the case may be, securities as would reflect the performance of the instructions in such notice by the Prime Broker. If the Counterparty does not serve notice under Clause 8.6, the Prime Broker shall credit or debit the relevant Cash Account or the relevant Securities Account (or both) to reflect the taking of such action as the Prime Broker in its absolute discretion deems appropriate. The Counterparty acknowledges that Equivalent Securities, or other assets required to be delivered under Clause 8.6, may be the subject of a loan made by the Prime Broker to third parties and that reasonable notice must be given to the Prime Broker to provide for the return of such Equivalent Securities or other assets.

8.8 A notice served by the Counterparty under Clause 8.6 shall not be effective -

- (a) where it refers to an event which involves the payment of money by the holder of securities, unless the Counterparty pays to the Prime Broker, for value not later than the due date of the relevant payment, an amount equal to that which is required to be paid by such a holder of securities; or
- (b) if the exercise of the right or option stated in the notice would create or increase a Margin Deficit.

8.9 If a call becomes payable in respect of partly-paid securities, the Prime Broker may debit the Cash Accounts with a sum equal to the amount so payable, but shall have no liability whatsoever for the consequences of a failure to satisfy any calls made.

8.10 Where the Prime Broker or any third party holding securities on behalf of the Prime Broker is legally liable to meet any payment due or to become due in respect of such securities, the Counterparty will provide the Prime Broker or such other person (as the case may be) with funds to meet such payment, for value not later than the day on which the call is payable.

Voting

8.11 If a right to vote (other than a right contemplated by Clause 8.5) arises in respect of any securities comprised in a debit balance on the Securities Accounts, the Prime Broker may in its absolute discretion –

- (a) deliver such securities to the Counterparty or to its order within a reasonable time before the latest time for the exercise of such vote; or
- (b) request instructions from the Counterparty in respect of such voting rights and use its reasonable endeavours to arrange for such voting rights to be exercised in accordance with such instructions provided those instructions are received within such period as the Prime Broker reasonably requires.

In the absence of such instructions, the Prime Broker may exercise the right to vote as it in its absolute discretion deems appropriate.

8.12 The provisions of this Clause 8 shall apply to Advance Securities which are Hong Kong securities.

9. FEES AND INTEREST

9.1 The Counterparty shall pay fees and remuneration to the Prime Broker in respect of Transactions, at such rates, at such times and calculated in such manner as may from time to time be notified by the Prime Broker to the Counterparty, whether generally (including by means of the Terms) or in respect of a particular Transaction, such notification to have immediate effect unless otherwise specified in the notification. Such fees and remuneration at the commencement of this Agreement are set out in the last Terms provided by the Prime Broker to the Counterparty.

9.2 The Prime Broker may pay interest to the Counterparty on any credit balance on a Cash Account. The Counterparty shall pay interest to the Prime Broker on any debit balances on a Cash Account. Such interest shall be at such rates as may be notified by the Prime Broker to the Counterparty from time to time (including by means of the Terms).

9.3 Any amount payable by one party to the other under this Agreement which is not paid when due shall bear interest (compounded on a daily basis) from the date on which such payment became due until the date of actual payment at a rate equal to LIBOR plus two per cent..

10. SECURITY

10.1 As continuing security for the payment and discharge of all the Liabilities (as defined below), the Counterparty hereby, with full title guarantee and free from any encumbrances whatsoever, charges in favour of the Prime Broker for itself and as trustee for the other Lehman Companies by way of first fixed charge -

- (a) all right, title and interest in and to securities and any other assets not falling within sub-paragraphs (b) to (f) constituted for the time being by debits to any Securities Account;
- (b) all securities and other assets which, or the certificates or documents of title to which, are for the time being deposited with or held by a Lehman Company;
- (c) all other securities and all rights, cash (including without limitation dividends) and property whatsoever which may from time to time accrue on, be derived from or be offered in respect of any assets referred to in sub-paragraphs (a) and (b) above, whether by way of Corporate Event or otherwise;
- (d) all cash for the time being credited to any Cash Account;
- (e) all rights of the Counterparty arising in respect of any securities, assets or cash referred to in sub-paragraphs (a) to (d) above, including, without limitation, any rights against any custodian, banker or other person;
- (f) all rights of the Counterparty under this Agreement including, without limitation, all rights of the Counterparty to delivery of Equivalent Securities;
- (g) all rights of the Counterparty to receive payment of the Net Default Amount payable under any Customer Agreement,

but in each case so that the covenants implied by the Law of Property (Miscellaneous Provisions) Act 1994 in the charges contained in or created pursuant to this Agreement are construed with the omission of -

- (i) the words "other than any charges, encumbrances or rights which that person does not and could not reasonably be expected to know about" in section 3(1) of that Act; and
- (ii) section 6(2) of that Act.

10.2 "**Liabilities**" at any time, means the aggregate (as determined by the Prime Broker, including without limitation in accordance with Clause 13) of all monies, debts, liabilities and obligations, whether present or future, actual or contingent, owing or incurred by the Counterparty to the Prime Broker or any Lehman Company under or in connection with this Agreement, any Transaction, the Customer Agreements, any other contract or otherwise (in each case, whether alone or jointly (or jointly and severally) with any other person, whether actually or contingently and whether as principal, surety or otherwise), plus any costs and expenses (including, without limitation, legal fees) which the Prime

Broker may incur in enforcing, perfecting or maintaining any of its rights, whether pursuant to the terms of this Agreement or any Transaction, contract or otherwise, including without limitation:

- (a) the amounts of principal, interest, fees, remuneration, Margin Requirement and other monies due and payable; and
- (b) any loss of bargain, the cost of funding or currency exchange and, to the extent not already covered, any loss incurred by the Prime Broker in liquidating, obtaining or re-establishing any hedge or related position.

10.3 The security provided under this Clause 10 is continuing security and will extend to the ultimate balance of the Liabilities, regardless of any intermediate payment or discharge in whole or in part by or on behalf of the Counterparty.

10.4 Subject to Clause 10.14, if the Prime Broker is satisfied that all the Liabilities have been irrevocably paid in full and that all facilities which might give rise to Liabilities have terminated, the Prime Broker shall, at the request and cost of the Counterparty, release, reassign or discharge (as appropriate) the Charged Assets from the security created pursuant to this Clause 10.

10.5 Upon or at any time after the occurrence of an Event of Default in relation to the Counterparty, all sums provided to be paid and securities provided to be delivered by the Counterparty pursuant to the terms of this Agreement shall become immediately due and payable or deliverable (as applicable) and the Prime Broker shall not be obliged to accept any further Instructions from the Counterparty in respect of the Charged Assets, including without limitation, the exercise of any rights in respect of the events described in Clause 8. Without prior notice or demand, the Prime Broker (for itself and as agent, or as the case may be, trustee for the Lehman Companies) may enforce the Security and exercise all powers and rights of a mortgagee conferred by statute or otherwise.

10.6 Without limiting Clause 10.5, the Counterparty hereby irrevocably authorises the Prime Broker, at any time after an Event of Default in relation to the Counterparty and without notice to the Counterparty, to sell or otherwise realise the Charged Assets in such manner as it may deem appropriate and apply the proceeds of sale as follows –

- (a) first, in or towards payment of all costs and expenses incurred by the Prime Broker in connection with such disposal;
- (b) secondly, in or towards payment and satisfaction of any sum due to the Prime Broker pursuant to Clause 13 in such order and manner as the Prime Broker may determine;
- (c) thirdly, in or towards payment and satisfaction of any other sum and liability comprising the Liabilities due from the Counterparty to the Prime Broker and the Lehman Companies in such order and manner as the Prime Broker may determine; and
- (d) fourthly, in payment of any surplus to the Counterparty.

10.7 For all purposes, including any legal proceedings, a certificate by any officer of the Prime Broker as to the sums or Liabilities for the time being due to or incurred by the Prime Broker or any Lehman Company shall be conclusive in the absence of manifest error.

10.8 Sections 93 (restriction of right of consolidation) and 103 (regulation of exercise of power of sale) of the Law of Property Act 1925 will not apply to this Agreement.

10.9 The Counterparty shall not create or permit to subsist any mortgage, charge, pledge, lien or other security interest securing any obligation of any person (or any other agreement or arrangement having a similar effect), over the Charged Assets except for the security created or expressed to be created by or pursuant to this Agreement in favour of the Prime Broker, nor shall it seek or agree to dispose of such Charged Assets, save in accordance with this Agreement.

10.10 The Prime Broker may, at the request of the Counterparty, in its absolute discretion permit the Counterparty to deal with or otherwise dispose of any of the Charged Assets, subject to the other provisions of this Agreement. If at any time the Prime Broker consents to such a dealing or disposition, that consent shall in no way constitute a waiver of the Prime Broker's right to refuse to give its consent to any other request. If the Prime Broker permits such a dealing or disposition of any of the Charged Assets, then on such dealing or disposition the relevant Charged Assets shall be automatically released from the Security.

10.11 For the purpose of perfecting or enforcing the Security, if the Prime Broker so requests at any time or times, the Counterparty will promptly execute and sign all such transfers, assignments, powers of attorney, further assurances or other documents and do all such other acts and things as may reasonably be required to vest or to realise the Security or any of it in the Prime Broker or any Lehman Company or to its order or to a purchaser or transferee to perfect or preserve the rights and interests of the Prime Broker and the Lehman Companies in respect of the Security (including, without limitation, the institution and conduct of legal proceedings) or for the exercise by the Prime Broker of all or any of the powers, authorities and discretions conferred on the Prime Broker by this Agreement.

10.12 The Counterparty by way of security hereby irrevocably appoints the Prime Broker as its attorney on the Counterparty's behalf and in the Counterparty's name or otherwise to execute any transfers, assignments, further assurances or other documents as may reasonably be required to vest or to realise the Security or any of it in the Prime Broker or to its order or any Lehman Company or to its order or to a purchaser or transferee to perfect or preserve the rights and interests in respect of the Security of the Prime Broker and the Lehman Companies (including, without limitation, the institution and conduct of legal proceedings) or for the exercise by any Lehman Company of all or any of the powers, authorities and discretions conferred on them by this Agreement. The Counterparty hereby ratifies and confirms and agrees to ratify and confirm whatever the Prime Broker shall do in the exercise or purported exercise of the above power of attorney.

10.13 The powers conferred on the Prime Broker pursuant to this Agreement in relation to the Charged Assets or any part thereof shall be in addition to and not in substitution for the powers conferred on mortgagees under the Law of Property Act 1925 and where there

is any ambiguity or conflict between the powers contained in such Act and those conferred by this Agreement, this Agreement shall prevail.

10.14 If the Prime Broker reasonably determines that any payment received or recovered by the Prime Broker or any Lehman Company may be avoided or invalidated after the Liabilities have been discharged in full, and after any facility which might give rise to such Liabilities has been terminated, this Agreement (and the Security created thereby) will remain in full force and effect and neither the Prime Broker nor any Lehman Company will be obliged to release any Charged Assets until the expiry of such period as the Prime Broker or that Lehman Company as the case may be shall reasonably determine.

10.15 No payment which may be avoided or adjusted under any law, including any enactment relating to bankruptcy or insolvency, and no release, settlement or discharge given or made by the Prime Broker or any Lehman Company on the faith of any such assurance, security or payment, shall prejudice or affect the right of the Prime Broker or any Lehman Company to recover the Liabilities from the Counterparty or to enforce the Security to the full extent of the Liabilities.

10.16 At any time following (i) the Prime Broker or any Lehman Company receiving notice (either actual or otherwise) of any subsequent security interest affecting any assets subject to the Security or (ii) the occurrence of any Act of Insolvency in respect of the Counterparty, the Prime Broker may open a new Cash Account or Securities Account (or both) in the Counterparty's name (whether or not the Prime Broker permits any existing account to continue). If the Prime Broker does not open such a new account, the Prime Broker will nevertheless be treated as if the Prime Broker had done so at the time, as the case may be, when the notice was received or deemed to have been received of the subsequent security interest or at the time of the Act of Insolvency. No cash or assets thereafter paid or delivered into any Cash Account or Securities Account, whether new or continuing, shall discharge or reduce the amount receivable pursuant to this Agreement.

10.17 No person dealing with the Prime Broker shall be concerned to enquire whether any event has happened upon which any of the powers, authorities and discretions conferred by or pursuant to this Agreement, and conditions in relation to the Charged Assets or any part thereof, are or may be exercisable by the Prime Broker, or otherwise as to the propriety or regularity of acts purporting or intended to be in exercise of any such powers, authorities and discretions, and all the protections to purchasers contained in Sections 104 and 107 of the Law of Property Act 1925 shall apply to any person purchasing from or dealing with the Prime Broker in like manner as if the statutory powers of sale in relation to the Charged Assets hereby charged had not been varied or extended by this Agreement.

10.18 The receipt of the Prime Broker shall be an absolute and a conclusive discharge to a purchaser and shall relieve the purchaser of any obligation to see to the application of any moneys paid to or by the direction of the Prime Broker or any Lehman Company, as the case may be.

10.19 The Prime Broker may credit any amounts received or recovered by it in exercise of its rights under this Agreement to, and require the same to be paid to it for crediting to, an interest bearing suspense account for so long and in such manner as it may determine.

11. RIGHT OF USE

11.1 The Counterparty hereby authorises the Prime Broker at any time or times to borrow, lend, charge, hypothecate, dispose of or otherwise use for its own purposes any securities which are included in the Charged Assets by transferring such securities to itself or to another person without giving notice of such transfer to the Counterparty. The Counterparty agrees that the Prime Broker may retain for its own account all fees, profits and other benefits received in connection with any such borrowing, loan, charge, hypothecation, disposal or use.

11.2 Upon –

- (a) a borrowing, lending, disposal or other use, such securities will become the absolute property of the Prime Broker (or that of the transferee) free from the Security and from any equity, right, title or interest of the Counterparty;
- (b) a charge or hypothecation of any of the Counterparty's securities, all of those securities, including the Counterparty's interest in those securities, will be subject to the charge or other security interest created by such charge or rehypothecation.

11.3 Upon any such borrowing, lending, charge, hypothecation, disposal or use, the Counterparty will have a right against the Prime Broker for the delivery of securities equivalent to those securities. Where, in respect of any securities, the Counterparty has instructed the Prime Broker to exercise any rights under Clause 8, the Prime Broker shall deliver securities equivalent to those securities in such form as has resulted from the exercise of such rights.

11.4 If on the due date for delivery thereof the Prime Broker shall for any reason be unable to deliver any Equivalent Securities to the Counterparty, the Prime Broker may, pending such delivery, credit the Cash Accounts in an amount equal to the Market Value Equivalent of those Equivalent Securities. Upon delivery of those Equivalent Securities to the Counterparty, the Prime Broker will debit the relevant Cash Account in the amount of the cash so credited.

11.5 Upon delivery or payment to the Counterparty of Equivalent Securities or Collateral, such Equivalent Securities or Collateral will become subject to the Security and constitute Charged Assets and shall be subject to all the provisions of this Agreement including, without limitation, those of Clause 10 and this Clause 11.

12. EVENTS OF DEFAULT

12.1 Each of the following events is an "*Event of Default*" in relation to the relevant party (the "*Defaulting Party*", the other party being the "*Non-Defaulting Party*"):

- (a) the Counterparty fails to eliminate a Margin Deficit on the due date in accordance with Clause 6 and the Prime Broker serves a Default Notice on the Counterparty; or
- (b) the Counterparty fails to make any other payment of cash or delivery of securities by the due date, such failure is not remedied within 24 hours

following written notice of such failure given to the Counterparty by the Prime Broker, and the Prime Broker serves a Default Notice on the Counterparty; or

- (c) the Counterparty fails to comply with or perform any other agreement or obligation in accordance with this Agreement and such failure, if capable of remedy, is not remedied within 24 hours following written notice of such failure given to the Counterparty by the Prime Broker, and the Prime Broker serves a Default Notice on the Counterparty; or
- (d) an Act of Insolvency occurs in relation to the Counterparty (including any general partner, managing member or analogous representative entity) or, where applicable, the Fund or the Agent; or
- (e) an Act of Insolvency occurs in relation to the Prime Broker and the Counterparty serves a Default Notice on the Prime Broker; or
- (f) any representations made or deemed to have been made or repeated by the Counterparty or the Agent are incorrect or untrue in any material respect, and the Prime Broker serves a Default Notice on the Counterparty or the Agent; or
- (g) the Counterparty admits to the Prime Broker that it is unable to, or intends not to, perform any of its obligations under this Agreement, and the Prime Broker serves a Default Notice on the Counterparty; or
- (h) the Counterparty or, where applicable, the Fund or the Agent is suspended or expelled from or surrenders its membership of or participation in any securities exchange or association or other self-regulating organisation, or is suspended from dealing in securities by any government agency, or any of the assets of the Counterparty or the assets of an investor held by, or to the order of, the Counterparty are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation, and the Prime Broker serves a Default Notice on the Counterparty; or
- (i) there is a material adverse change in the business affairs of the Counterparty or the Agent or their respective affiliates and the Prime Broker serves a Default Notice on the Counterparty; or
- (j) an event of default or equivalent event occurs under a Customer Agreement, or under any other agreement between the Counterparty or the Agent or its affiliates and the Prime Broker or any of its Affiliates and the Prime Broker serves a Default Notice on the Counterparty; or
- (k) a financial obligation of the Counterparty or the Agent or any of their respective affiliates in an amount greater than US\$[5,000,000] (or its equivalent in another currency) is not paid in accordance with its terms and the Prime Broker serves a Default Notice on the Counterparty; or

- (l) any material document or constitutional document (including, without limitation, the investment policies or guidelines) of the Counterparty or, where applicable, the Fund or the Agent is modified in a manner which, in the sole and absolute discretion of the Prime Broker, may have a material adverse effect on any Transaction or on such party's ability to perform its obligations under this Agreement or any Customer Agreement; or
- (m) the General Partner of the Counterparty resigns or there is a change in the management or control of, or a loss of a key person (including incapacity) of, the Counterparty or, where applicable, the Fund or the Agent which, in the sole and absolute discretion of the Prime Broker, may be prejudicial to the interests of the Prime Broker or to its ability to continue to offer its services under this Agreement; or
- (n) the Counterparty or, where applicable, the Fund suffers a decline in net asset value of such amount and for such period as may from time to time be specified in any Terms.

12.2 Each party shall immediately notify the other if an Event of Default occurs in relation to it.

13. CLOSE-OUT

13.1 Upon the occurrence of an Event of Default, the Non-Defaulting Party may, by written notice to the Defaulting Party, terminate this Agreement with effect from the time of the Event of Default (the date of such occurrence being the "Termination Date"). On the Termination Date, the following shall immediately occur -

- (a) any obligation of the Prime Broker to settle any Transaction, on behalf of the Counterparty shall cease;
- (b) the Loan shall be immediately repayable;
- (c) all other outstanding obligations of each party to deliver securities or Equivalent Securities or to pay cash to the other under this Agreement shall become due for performance immediately (and shall be effected only in accordance with the following provisions of this Clause 13);
- (d) the Prime Broker shall establish, as at the date of the Event of Default, the Default Market Values of all cash and securities to be delivered or paid by each party under paragraph (c) above and the Net Default Amount payable under any Customer Agreement that has been terminated.

13.2 On the basis of the sums so established, an account shall be taken (as at the Termination Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of securities or Equivalent Securities equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claims valued at the lower amount) and such balance shall be due and payable on the next following Business Day. For the purpose of this calculation, all sums not denominated in the Base Currency shall

be converted by the Prime Broker into the Base Currency at the Spot Rate prevailing at the relevant time.

14. INDEMNITY AND LIABILITY

14.1 The Counterparty shall indemnify and hold the Prime Broker, and its agents and Affiliates, and their respective directors, officers, employees and agents (the "*Indemnitees*") harmless from and against all Losses which they may incur or have asserted against them and which arise directly or indirectly in connection with the entry into, or acting in respect of, this Agreement or any Transaction, including, without limitation, those arising directly or indirectly in connection with -

- (a) any breach of the obligations, warranties and representations of the Counterparty or the Agent under this Agreement; or
- (b) any Instructions, request, communication or purported instructions believed in good faith by the Prime Broker to have been given by the Agent or any other Authorised Person;
- (c) any liability for Taxes arising in respect of a Transaction; or
- (d) the settlement or attempted settlement of any Transaction or any failure to settle any such Transaction; or
- (e) the entry into and performance of any agreements with third parties pursuant to this Agreement; or
- (f) the costs of the Prime Broker in defending itself successfully against any claims of fraud, gross negligence or wilful default; or
- (g) any action taken by a third party (which is not a signatory to this Agreement) to gain control of cash or securities governed by this Agreement.

14.2 If, in the Prime Broker's sole and absolute discretion, any sum owed by the Counterparty under or in connection with this Agreement or any Transaction, or any order or judgment given or made in relation to this Agreement or any Transaction, has to be converted from the currency in which such sum is payable into another currency for the purposes of this Agreement, then the Counterparty shall indemnify the Prime Broker from and against any loss suffered or incurred as a result of any discrepancy between (a) the rate of exchange used for such conversion and (b) the rate or rates of exchange available to the Prime Broker at the time of such receipt of such sum owing by the Counterparty.

14.3 The Prime Broker accepts no liability and shall not be liable to the Counterparty or, where applicable, the Fund or the Agent for any Losses whatsoever which any such party may incur (in connection with this Agreement and any Transaction) as a result directly or indirectly from -

- (a) the general risks of investing; or
- (b) investing or holding assets in a particular country (including, but not limited to, Losses arising from nationalisation, expropriation or other governmental

actions; regulations of the banking or securities industries; currency restrictions, devaluations or fluctuations; and market conditions affecting the orderly execution of securities transactions or affecting the value of assets);or

- (c) acting on Instructions or in relation to notices, requests, waivers, consents, receipts, corporate actions or other documents which the Prime Broker in good faith believes to be genuine and to have been given or signed by Authorised Persons, and the Counterparty will be bound by the same; or
- (d) the collection, deposit or credit of invalid, fraudulent or forged securities or cash transfers; or
- (e) effecting delivery or payment against an expectation of receipt save where such delivery or payment was contrary to local market practice; or
- (f) an Instruction to deliver securities to a broker, even if the Prime Broker might have information tending to show that this course of action, or the choice of a particular broker for a transaction, was unwise; or
- (g) the Prime Broker's inability to deliver securities on the same day that such securities are received for the Counterparty's Securities Accounts,

and such exclusion of liability shall extend, without limitation, to obligations in tort, any indirect, punitive Special or Consequential loss or damage, even if the Prime Broker was previously informed of the possibility of such loss or damage, provided that this does not apply to any loss or damage caused by fraud on the part of the Prime Broker or to death or personal injury arising from any failure on the part of the Prime Broker to take reasonable care or exercise reasonable skill.

14.4 Where the Prime Broker has been found to be liable, the Prime Broker shall only be liable to the Counterparty to the extent that the Prime Broker has been grossly negligent, fraudulent or is in wilful default of its duties as set out in this Agreement save that nothing in this Agreement shall restrict any liability owed by the Prime Broker to the Counterparty under the Financial Services and Markets Act 2000 or the Rules or disclaim any liability to an extent not permitted by such Act or the Rules. The parties agree that, as a genuine pre-estimate of loss, the Prime Broker's liability to the Counterparty shall be determined based only upon the Market Value of the relevant cash or securities as at the date of the discovery of loss and without reference to any special circumstances, indirect or consequential losses, or subsequent variations to the Market Values of the relevant cash or securities.

14.5 The Prime Broker shall not be responsible for any Losses resulting from an act or omission of any broker or any other third party, whether or not appointed by the Prime Broker, which is beyond the control of the Prime Broker and shall not be obliged to request such broker or any third party to comply with its obligations. Payments of income and settlement proceeds are at the risk of the Counterparty. If the Prime Broker, at the Counterparty's request, appoints a broker or agent to effect any transaction on behalf of the Counterparty, the Prime Broker shall have no liability whatsoever in respect of such broker's duties, actions, omissions or solvency and such broker or agent is not the agent of Prime Broker for any purpose.

14.6 The Counterparty acknowledges that the Prime Broker will not be monitoring the suitability of any Transaction or any of the Cash Accounts or Securities Accounts for the purposes of evaluating their composition or their or the Counterparty's performance and will not be aware of or monitoring the Counterparty's overall financial position, investment objectives or investment restrictions.

14.7 The holding of assets in, and investing in, foreign jurisdictions may involve risks of loss or other special features and the Counterparty accepts that the consequences of so investing and holding assets in such foreign jurisdictions shall be entirely at the risk of the Counterparty. The Prime Broker or any of its divisions or Affiliates may be in possession of information tending to show that the Instructions received may not be in the best interests of the Counterparty. The Prime Broker is not under any duty to disclose any such information.

14.8 The Prime Broker is not obliged to maintain any insurance cover for the benefit of the Counterparty.

14.9 References in this Clause 14 to the Prime Broker shall include any Affiliate of the Prime Broker.

14.10 The obligation of the Counterparty to make payments to the Prime Broker in the currency in which they are due shall be enforceable as a separate cause of action.

14.11 Without prejudice to Clause 13, all sums due to the Prime Broker shall be paid free and clear of any equity, set-off or counterclaim.

15. GUARANTEE AND INDEMNITY

Guarantee

15.1 The Prime Broker and each ~~Affiliate~~ (each a *Lehman Group Company* and together the *Lehman Group Companies*), in consideration of the Counterparty undertaking to indemnify each Lehman Group Company on the terms of Clause 15.6, hereby, unconditionally and irrevocably, as a continuing obligation, guarantees and, as principal debtor and not merely as surety, undertakes to pay to any other Lehman Group Company on demand, if the Counterparty fails to pay them or any part thereof, all Liabilities from time to time owing to that Lehman Group Company.

15.2 A Lehman Group Company's liability under this Guarantee shall not exceed the net amount owing from that Lehman Group Company to the Counterparty under this Agreement and the Customer Agreements on the date of demand on it hereunder after taking into account any Liabilities owed to it (whether or not due and payable at the date of demand and whether or not demand shall have been made therefor on it).

15.3 Any release, compromise or discharge of the obligations of a Lehman Group Company under this Guarantee shall be deemed to be made subject to the condition that it will be void if any payment, performance or security which the Counterparty may receive or have received is set aside or proves invalid for whatever reason.

15.4 The obligations of each Lehman Group Company under this Clause 15 are, and will remain, in full force and effect by way of continuing security until the Agreement and

the Customer Agreements have been terminated and each of the Lehman Group Companies has irrevocably received or recovered all amounts payable under the Customer Agreements and this Agreement. Furthermore, the obligations of each Lehman Group Company hereunder are additional to, and not in place of, any security or other guarantee at any time existing in favour of any of the Lehman Group Companies and may be enforced without first having recourse to the Counterparty, any other person, any security or any other guarantee.

Exclusion of Defences

15.5 A Lehman Group Company's liability hereunder shall remain in force notwithstanding any act, omission, neglect, event or matter whatsoever whether or not known to the Lehman Group Company, the Counterparty or any other Lehman Group Company (other than irrevocable payment to the relevant Lehman Group Company of the amounts guaranteed hereunder) and nothing shall impair or discharge the liabilities or obligations of a Lehman Group Company under this Guarantee and the foregoing shall apply, without limitation, in relation to -

- (a) anything which would have discharged a Lehman Group Company (wholly or in part) whether as surety, co-obligor or otherwise or which would have afforded a Lehman Group Company any legal or equitable defence;
- (b) the existence, validity, taking or renewal of any other guarantee, security, right of recourse, set-off or combination or other right or interest held or had by any Lehman Group Company in relation to this Agreement or any demand or enforcement of, neglect to perfect, failure to demand or enforce or the release or waiver of any such guarantee, security, right of recourse, set-off or combination or other right or interest;
- (c) any amendment, variation, assignment, novation or departure (however substantial or material) of, to or from the Agreement or any Customer Agreement or any security or other document relating to the Agreement or any Customer Agreement which shall be binding upon the Lehman Group Company in all circumstances, notwithstanding it may increase or otherwise affect the liability of the Lehman Group Company;
- (d) any release of or granting of time or any other indulgence to the Counterparty or any third party;
- (e) any winding up, dissolution, reconstruction or reorganisation, legal limitation, disability, incapacity or lack of corporate power or authority or other circumstances of, or any change in the constitution or corporate identity or loss of corporate identity by, the Counterparty or any other person (or any act taken by the Lehman Group Company or the Counterparty in relation to such event);
- (f) any other circumstances which might render void or unenforceable the obligations of the Counterparty under the Agreement or any Customer Agreement or which might affect the ability of any Lehman Group Company to recover amounts from the Client; or

- (g) any defence or counterclaim which the Counterparty may be able to assert against any Lehman Group Company.

Indemnity

15.6 The Counterparty irrevocably undertakes and covenants to each Lehman Group Company that it will indemnify the Lehman Group Company on demand against any Claims relating to or arising out of this Clause 15. For the avoidance of doubt, the Counterparty hereby acknowledges and confirms that its obligation to indemnify each Lehman Group Company pursuant to this Clause will arise as soon as a liability (including any contingent liability) is incurred by a Lehman Group Company pursuant to this Clause 15, and accordingly that the obligation to indemnify a Lehman Group Company shall arise whether or not a Lehman Group Company has paid any amounts to any other Lehman Group Company pursuant to this Clause 15, and whether or not such other Lehman Group Company has made a demand on the Counterparty. For the avoidance of doubt, the Counterparty's indemnity obligations shall be liabilities secured by and subject to the provisions of this Agreement.

In the event that any amount is paid by a Lehman Group Company under the guarantee set out in Clause 15 and all or part of the corresponding amount payable to that Lehman Group Company by the Counterparty pursuant to the indemnity set out in Clause 15 becomes repayable by such Lehman Group Company (the amount of such repayment being the *Repayment*) then, whichever Lehman Group Company received the guarantee payment, shall pay to that Lehman Group Company the amount of such Repayment, and an amount equal to such Repayment will fall due from the Counterparty to that Lehman Group Company.

Claims means all direct and indirect costs, charges, fees, expenses, damages, liabilities and losses, including any consequential losses and damages and including any costs, charges, fees, expenses, damages, liabilities and losses incurred or sustained by the Prime Broker or an Affiliate from time to time in accordance with or as a result of terminating, liquidating, obtaining or re-establishing any hedge or related trading position including, without limitation, break costs and any legal costs of enforcing or protecting or attempting to enforce or protect any of the Prime Brokers' or Affiliate's rights under this Agreement or any Customer Agreement.

16. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

16.1 Each party represents and warrants to the other that -

- (a) it is duly incorporated or organised under the laws of its country of incorporation or organisation;
- (b) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated under this Agreement and to perform its obligations thereunder and in the case of the Counterparty, it has all obtained all necessary authorisations and consents, and taken all necessary corporate actions to deposit and control the cash and securities in the Cash Accounts and Securities Accounts, as appropriate, to grant the Security, generally to appoint Sub-Custodians (and specifically to use the Prime Broker as a

custodian) in accordance with the terms of this Agreement and to borrow money and enter into foreign exchange transactions;

- (c) except in the case of the Agent, it enters into this Agreement as principal;
- (d) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction is and will be, duly authorised to do so on its behalf;
- (e) in the case of the Counterparty and, where applicable, the Fund –
 - (i) any partnership deed or agreement has not been dissolved or terminated and no party has taken steps towards the same; and
 - (ii) no Act of Insolvency has occurred or is pending in respect of such party or in respect of any general partner, managing member or analogous representative entity signing this Agreement;
- (f) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated and such authorisations are in full force and effect;
- (g) the execution, delivery and performance of its obligations under this Agreement and all Transactions will not violate any law, ordinance, charter, bye-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected and this Agreement is its legal, valid and binding obligation, enforceable in accordance with its terms;
- (h) except where the Counterparty is the trustee of a trust, the Counterparty beneficially owns all cash and securities held by the Prime Broker in the Cash Accounts and the Securities Accounts, free of all encumbrances and other adverse interests (other than arising under this Agreement);
- (i) at any time the Counterparty delivers or procures the delivery of securities to the Prime Broker it will have the full and unqualified right to make such delivery and all securities will be delivered fully paid and free from any lien, prohibition, impediment or restriction (on transfer or otherwise) imposed by law, regulation, agreement or by any constitutional document;
- (j) in connection with this Agreement and each Transaction it is not relying on any advice (whether written or oral) of the other party;
- (k) the Counterparty understands the nature and risks of all Transactions and the subject matter of this Agreement and has obtained such independent advice (if any) as it consider appropriate;
- (l) at the time it delivers, or is treated as delivering, to the other party any securities or Equivalent Securities it will have the full and unqualified right to make such delivery;

- (m) the Counterparty will, at the Prime Broker's request, provide any necessary certificate of non-residence or other appropriate documentation necessary to minimise the incidence of UK taxation in respect of income arising in respect of securities that are the subject of any Transaction or standing to the credit or debit of the Securities Accounts; and
- (n) the Counterparty is not an ERISA Plan or a person acting on behalf of an ERISA Plan and the Counterparty's assets do not constitute assets of an ERISA Plan.

16.2 Where the Counterparty enters into this Agreement as the trustee of a trust it represents and warrants to the Prime Broker that –

- (a) it has been properly appointed as trustee of the trust, is empowered under the trust deed to enter into and deliver this Agreement and any other documentation relating to this Agreement, to enter into each Transaction or contract entered into pursuant thereto and to perform its obligations thereunder and is entitled to deal with all relevant trust assets and that it has complied with the internal management procedures of the trust and any other procedural requirements;
- (b) it is absolutely entitled to pass full legal and beneficial ownership of all assets provided by it under this Agreement and each Transaction free of all encumbrances and adverse interests (other than those arising under this Agreement);
- (c) it is not in breach of the trust and has the right to be indemnified out of the assets of the trust for all obligations under this Agreement and each Transaction;
- (d) it has not lost and will not do anything or omit to do anything which may jeopardise or cause it to lose or in any way compromise its right to be indemnified in full out of the trust assets in respect of its obligations under this Agreement and each Transaction;
- (e) it has an express right of indemnity from the assets of the trust in respect of Transactions entered into which are in breach of any aspect of the relevant terms of the trust; and
- (f) it is not acting in breach of its fiduciary duties in entering into this Agreement or any Transaction.

16.3 Each party acknowledges and agrees that -

- (a) they have not relied on any representation, warranty or other statement of another party in entering into this Agreement other than those expressly set out in this Clause 16; and
- (b) in the case of the Counterparty, the Counterparty further represents and warrants to the Prime Broker that -

- (i) it has not relied on any oral or written representation made by the Prime Broker or any person on behalf of the Prime Broker, and acknowledges that this Agreement sets out to the fullest extent the duties of the Prime Broker;
- (ii) it understands the nature and risks of the subject matter of this Agreement and all Transactions and shall seek independent advice where necessary;
- (iii) the cash and securities are not subject to any encumbrance or security interest, save for the charge created pursuant to Clause 10; and
- (iv) it is neither a "United States person" nor a "foreign person controlled by a United States person" as such terms are defined in Regulation X of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 224 (Regulation X defines (1) "United States person" to include "a person which is organized or exists under the laws of any state of the United States of America or, in the case of a natural person, a citizen or resident of the United States; a domestic estate; or a trust in which one or more of the foregoing persons has a cumulative direct or indirect beneficial interest in excess of 50% of the value of the trust" and (2) "foreign person controlled by a United States person" to include "any non corporate entity in which United States persons directly or indirectly have more than a 50% beneficial interest, and any corporation in which one or more United States persons, directly or indirectly, own stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote, or more than 50% of the total value of shares of all classes of stock").

16.4 On the day on which any Transaction is entered into and on each day on which securities or Equivalent Securities are to be transferred or a payment is to be made under this Agreement, each party shall each be deemed to repeat all of the foregoing representations. For the avoidance of doubt, the Counterparty will be liable as a principal for its obligations under this Agreement.

16.5 A party shall notify the other immediately in writing if any of the representations or warranties in this Clause 16 ceases to be true and correct or, with the service of notice or passage of time, would cease to be true and correct.

16.6 The Counterparty undertakes that it will supply the Prime Broker with monthly net asset value calculations and audited annual financial statements (or more frequent calculations or statements if available) promptly after their production and, in any event, upon demand by the Prime Broker.

17. CUSTODY

17.1 With the exception of any assets transferred to the Prime Broker pursuant to Clause 11, any securities debited to the Securities Accounts shall be held by the Prime Broker as custodian, and the Counterparty hereby appoints the Prime Broker, and the Prime Broker agrees to act, as its custodian, in accordance with the terms of Schedule 2.

18. APPOINTMENT OF AGENT

18.1 The Counterparty hereby appoints the Agent, and the Agent hereby agrees, to act as its agent with regard to this Agreement as if the Agent were herein named instead of the Counterparty, and the Counterparty hereby authorises the Prime Broker to accept and act on -

- (a) all and any Instructions, requests, information or other information believed by the Prime Broker in good faith to have been made or given by the Agent without any duty on the Prime Broker to make further enquiries;
- (b) any other Instructions of the Agent in any respect concerning the Cash Accounts and Securities Accounts (including, without limitation, delivering or otherwise transferring investments and paying cash to the Agent or otherwise as the Agent may order or direct).

18.2 The Counterparty hereby ratifies all and any actions taken by the Agent in its name under the Agreement.

18.3 The Counterparty may at any time terminate the agency of the Agent and shall notify the Prime Broker in writing of such termination. On and after receipt of such written notification the Prime Broker shall cease to act in accordance with any new instructions given by the Agent, provided that the Prime Broker shall be entitled to act in accordance with any existing instructions and that such termination is without prejudice to any other liabilities which the retiring Agent may have incurred prior to the termination of its agency.

19. CONFLICTS OF INTEREST

19.1 The Counterparty hereby authorises the Prime Broker to act hereunder notwithstanding that the Prime Broker, or any of its divisions or Affiliates may have a material interest in the transaction or that circumstances are such that the Prime Broker may have a potential conflict of duty or interest, including the fact that the Prime Broker or any of its Affiliates may -

- (a) deal as principal or act as a market maker or broker fund adviser in the securities to which Instructions relate;
- (b) provide broking services to other persons;
- (c) act as financial adviser to the issuer of such securities;
- (d) act in the same Transaction as agent for more than one person;
- (e) have a material interest in the issue of the securities; or
- (f) earn profits from any of the activities listed herein;

and none of the Prime Broker, its agents or Affiliates shall have any fiduciary duties to the Counterparty.

20. TERMS

20.1 In relation to any Terms notified by the Prime Broker to the Counterparty from time to time -

- (a) the Prime Broker may in its sole and absolute discretion amend such Terms (in whole or in part) with immediate effect by notification to the Counterparty of revised Terms (subject to the terms of any applicable notice periods); and
- (b) where any fact, criterion or qualitative issue falls to be determined by the Prime Broker under any Terms, the Prime Broker will be entitled to exercise such determination in its sole and absolute discretion; and
- (c) in the event of any inconsistency between the terms of this Agreement and any Terms, the terms of this Agreement will prevail.

21. ADVICE

21.1 The Counterparty acknowledges that nothing in this Agreement nor any act, omission, communication or course of conduct of the Prime Broker or its agents pursuant to this Agreement shall constitute the giving of advice.

22. CONFIDENTIALITY

22.1 Subject to Clause 22.2, the Counterparty undertakes with the Prime Broker that it will keep confidential (and will ensure that its officers, employees, agents and professional and other advisers keep confidential) any information which relates to the contents of this Agreement (or any agreement or arrangement entered into pursuant to this Agreement). The Counterparty shall not use for its own business purposes or disclose to any third party any such confidential information without the consent of the Prime Broker.

22.2 Clause 22.1 shall not apply to any information which the Counterparty discloses -

- (a) in accordance with any legal or regulatory requirement by which it is bound; or
- (b) with the Prime Broker's consent.

23. NOTICES

23.1 Any notice to be given under this Agreement -

- (a) shall be in English and, except where expressly otherwise provided in this Agreement, shall be given in writing or by facsimile or such other means of communication and subject to such security measures as may be agreed between the parties hereto;
- (b) may be given and shall be effective -
 - (i) if in writing and delivered in person or by courier, at the time when it is delivered;

- (ii) if sent by facsimile, at the time when the transmission is received by a responsible employee of the recipient in legible form;
- (iii) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when the mail is delivered or its delivery attempted;

except that any notice or communication received, or delivery of which is attempted, after close of business, or on a day which is not a Business Day, shall be treated as given at the opening of business on the next Business Day. Notices and communications served on any Agent shall be effective as if served directly on the Counterparty.

23.2 The Prime Broker may make a Margin Call by e-mail or any other electronic messaging system and such a Margin Call shall be effective when received by the Counterparty.

24. INSTRUCTIONS

24.1 The Counterparty may make any request to make payments of cash or deliveries of securities to or on behalf of the Counterparty ("**Instructions**") orally, by e-mail or by such electronic means of communication as the parties may agree from time to time. The Prime Broker may require the Counterparty to confirm oral Instructions in writing (by letter, facsimile or electronically) at any time. Instructions shall be given in accordance with this Clause 24 and the Counterparty confirms that such persons as may be notified orally or in writing by the Counterparty from time to time ("**Authorised Persons**") has the authority to give Instructions to the Prime Broker.

24.2 The Counterparty further confirms that each of the persons listed in Schedule 4 and such other persons as may be notified in writing by the Counterparty from time to time has the authority give cash payment instructions or instructions for the free delivery of securities from the Securities Account to the Prime Broker ("**Payment Authorised Person**").

24.3 The Prime Broker shall be entitled without further inquiry to execute or otherwise act upon Instructions, requests, information or other communication believed in good faith by the Prime Broker to have been made or given by any Authorised Person or Payment Authorised Person, notwithstanding that any such Instruction, request, information or other communication may afterwards be found not to have been genuine or not to have been made or given by an Authorised Person or Payment Authorised Person. Such execution or action shall in the absence of gross negligence, wilful default or fraud by the Prime Broker constitute a good discharge by the Prime Broker of its obligations and it shall not be liable for any actions taken or omitted to be taken in good faith.

24.4 The Counterparty undertakes -

- (a) to ensure that no person other than an Authorised Person shall give Instructions to the Prime Broker;
- (b) to comply with any security procedures specified by the Prime Broker from time to time; and

- (c) to notify the Prime Broker immediately of any unauthorised access or if it has reasonable grounds to suspect any unauthorised use of any user name or password.

25. DETERMINATION

25.1 Where matters are referred to in this Agreement as being for the determination of the Prime Broker, such determination shall, in the absence of manifest error, be conclusive and binding upon the parties.

26. NON-ASSIGNABILITY; TERMINATION

26.1 Subject to Clause 26.2 below, the rights and obligations of the parties under this Agreement and under any Transaction shall not be assigned or charged, provided however that this Agreement and all Transactions shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. The Prime Broker may, however, delegate to a third party the performance of its obligations under this Agreement or all or any part of a Transaction on such terms as it considers appropriate.

26.2 Notwithstanding the foregoing, the Prime Broker may, in its sole and absolute discretion, novate, assign or charge any rights, benefits and obligations under this Agreement to any of its Affiliates, provided that such Affiliate has, or its obligations are guaranteed by an entity which has, a credit rating at least equal to or higher than that of the Prime Broker at the time of such assignment or charge.

26.3 Notwithstanding the provisions of Clause 13.1, a party may terminate this Agreement by giving written notice to the other parties, provided that:

- (a) this Agreement shall remain applicable to all Transactions and Liabilities then outstanding, provided further that the parties shall use reasonable endeavours to close out all such Transactions and discharge such Liabilities as soon as practicable in accordance with their terms;
- (b) all remedies under this Agreement shall survive termination;
- (c) the Counterparty may not terminate this Agreement if, at the time of termination a Margin Deficit would be created or increased, save where (i) the Defaulting Party is the Prime Broker and (ii) no Event of Default has occurred or is continuing in respect of the Counterparty ; and
- (d) Clauses 9, 10, 13, 15, 22, 28 and 29 and this Clause 26 shall survive termination of this Agreement.

27. FORCE MAJEURE

27.1 The Prime Broker shall not be liable for taking or not taking and shall not be obliged to take or refrain from taking any action which is beyond its power to take or refrain from taking wholly or partly as a result of a state of affairs (including any change of applicable regulations or any directive or policy) which it was beyond the Prime Broker's control to prevent and the effect of which is beyond its power to avoid.

27.2 The Prime Broker will not be liable to the other parties for any delay in performance, or for the non-performance of any of its obligations hereunder by reason of any cause beyond the Prime Broker's (or that of any Sub-Custodian) reasonable control or for any losses caused by the occurrence of any contingency beyond the Prime Broker's (or that of any Sub-Custodian) reasonable control. This includes without limitation any breakdown or failure of transmission, communication or computer facilities, postal or other strikes or similar industrial action, acts of war or terrorism, insurrection, revolution, nuclear fusion, fission or radiation, acts of God and the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations.

27.3 Any delay in performance or non-performance of any of its obligations under this Agreement by the Prime Broker by reason of the application of this Clause 27 shall not constitute an event for the purposes of Clause 12 which would, upon the serving of a Default Notice or otherwise, be an Event of Default in respect of the Prime Broker.

27.4 References in this Clause 27 to the Prime Broker shall include any Affiliate of the Prime Broker.

28. GOVERNING LAW AND JURISDICTION

28.1 This Agreement shall be governed by and construed in accordance with the laws of England.

28.2 The parties agree that the courts of England are to have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise in connection with the creation, validity, effect, interpretation or performance of, or the legal relationships established by, this Agreement or otherwise arising in connection with this Agreement and for such purposes irrevocably submit to the jurisdiction of the English courts.

28.3 The agreement in Clause 28.2 is concluded for the benefit of the Prime Broker alone. The Prime Broker retains the right to bring proceedings against the Counterparty in its absolute discretion in the courts of any other country which may have jurisdiction including the courts of the jurisdiction in which the Counterparty is located (as specified on page 1 of this Agreement), to whose jurisdiction the Counterparty irrevocably submits.

28.4 The Counterparty hereby irrevocably appoints _____ at present having its offices at _____ as its agent to receive on its behalf service of process in such courts, and service upon such agent shall constitute good service notwithstanding any failure by such agent to notify the Counterparty of such service. If such agent ceases to be its agent, the Counterparty shall promptly appoint, and notify the Prime Broker of the identity of, a new agent in England. Nothing in this Clause 28 shall however affect the right to serve process in any other manner permitted by law.

29. WAIVER OF IMMUNITY

29.1 The Counterparty hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgement) and execution to which it might otherwise be entitled in any country or jurisdiction, relating in any way to this Agreement or any

Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

30. RECORDING

30.1 The parties agree that each may without further notice electronically record all telephone conversations between them and such recordings may be admitted in evidence in any proceedings relating to this Agreement.

31. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

31.1 Other than Affiliates of the Prime Broker and the directors, officers, employees and agents of the Prime Broker or its Affiliates, a person who is not a party to this Agreement shall have no right under the Contract (Rights of Third Parties) Act 1999 to enforce any of its terms.

Lehman Brothers International (Europe))
By: _____)
Title: _____)
Date: _____)
[Counterparty])

EXECUTED AS A DEED for and on behalf of the Counterparty

[by the Counterparty's duly authorised)
investment manager/agent []])
By: _____)
Title: _____)
Date: _____)

By: _____)
Title: _____)
Date: _____)

[Agent])
By: _____)
Title: _____)
Date: _____)

SCHEDULE 1

PROCEDURES

1. THIRD PARTY TRANSACTIONS

1.1 Whenever the Counterparty wishes the Prime Broker to settle a Third Party Transaction, it shall request the Prime Broker to do so by giving Instructions (a "*Third Party Transaction Request*") to the Prime Broker in writing or by facsimile or by such other means of communication as may be agreed to by the parties which may include, without limitation, LehmanLive, Bloomberg, or another form of electronic messaging system.

1.2 The Prime Broker may at any time before settlement of a Third Party Transaction and in its absolute discretion reject the relevant Third Party Transaction Request by giving oral or written notice to that effect to the Counterparty. Within one Business Day following receipt by the Prime Broker of a Third Party Transaction Request the Prime Broker may send a confirmation of the Third Party Transaction to the Counterparty by facsimile or email. The Prime Broker shall be deemed to have accepted the terms of a Third Party Transaction only on settling such Third Party Transaction.

1.3 Unless any particular settlement method is specified in the Third Party Transaction Request, the Prime Broker may effect settlement of the relevant Third Party Transaction, or attempt to do so, by any means it considers appropriate; including without limitation, a means which does not provide for delivery-versus-payment.

1.4 Save where a Third Party Transaction is novated in accordance with Paragraph 1.5, the Prime Broker shall, as between the Prime Broker and the third party or its agent, act as the Counterparty's agent in settling any Third Party Transaction and the Prime Broker may inform the third party, or its agent, that the Prime Broker is acting as agent of the Counterparty.

1.5 The Prime Broker may, in its absolute discretion, agree to a Novated Third Party Contract. The Counterparty appoints the Prime Broker as its agent to agree any such novation with a third party on its behalf upon such terms as the Prime Broker sees fit without consultation with the Counterparty. Upon novation of a Third Party Transaction there shall arise a Collateral Contract.

1.6 The Prime Broker shall not be liable for any Losses incurred in respect of any failure by the third party to settle its obligations under a Third Party Transaction (including any Novated Third Party Contract) on the Contractual Settlement Date or at all.

1.7 The Prime Broker shall give oral or written notice to the Counterparty of the failure of any Third Party Transaction (including any Novated Third Party Contract) or any Collateral Contract to settle on the Contractual Settlement Date as soon as reasonably practicable after becoming aware of such failure.

1.8 The Prime Broker shall, on the Contractual Settlement Date of -

- (a) a Third Party Transaction, credit any cash received from, or debit any cash payable to, the relevant third party to or from the Cash Accounts or, as appropriate, debit any securities received from, or credit any securities deliverable to, the relevant third party from or to the Securities Accounts;
- (b) a Collateral Contract, debit any cash payable by, or credit any cash payable to the Counterparty from or to the Cash Accounts or, as appropriate, credit any securities deliverable by, or debit any securities deliverable to, the Counterparty to or from the Securities Accounts.

1.9 The Prime Broker may reverse any entries made under Paragraph 1.8 if the Transaction fails to settle within such period following the relevant Contractual Settlement Dates as the Prime Broker considers reasonable. Any costs associated with any such failure to settle or such a reversal shall be for the account of the Counterparty.

2. PRINCIPAL TRANSACTIONS

2.1 Whenever the Counterparty wishes to enter into an agreement to purchase from, or sell to, the Prime Broker securities or a sum of specified currency, it shall submit a Principal Transaction Request to the Prime Broker in writing or by facsimile or by such other means of communication as may be agreed to by the parties which may include, without limitation, LehmanLive, Bloomberg, or another form of electronic messaging system.

2.2 Service of a Principal Transaction Request shall constitute an offer by the Counterparty to enter into the Principal Transaction specified in the Principal Transaction Request, and that offer may be amended or revoked only with the consent of the Prime Broker.

2.3 Within one Business Day following acceptance by the Prime Broker of a Principal Transaction Request the Prime Broker may send a confirmation to the Counterparty by facsimile or email. Such confirmation shall not be deemed to be a binding acceptance by the Prime Broker of the Principal Transaction Request and the Prime Broker may reject any Principal Transaction Request by giving oral or written notice to that effect to the Counterparty at any time up to and including the Contractual Settlement Date. The Prime Broker shall be deemed to have accepted the terms of such a Principal Transaction only on settling such Principal Transaction.

2.4 Subject to the provisions of Clause 6 and unless the parties otherwise agree, securities or cash which would otherwise fall to be delivered or paid by one party to the other on the Contractual Settlement Date of a Principal Transaction shall not be delivered or paid but shall:

- (a) be credited to, (in the case of cash payable to the Counterparty), or be debited from, (in the case of cash payable to the Prime Broker), the relevant Cash Account;
or
- (b) be debited to, (in the case of securities deliverable to the Counterparty), or be credited to, (in the case of securities deliverable to the Prime Broker), the relevant Securities Account.

2.5 Securities debited or cash credited to an account pursuant to Paragraph 2.4 shall, for the purposes of Clause 6, be treated for accounting purposes as having been delivered or paid by the Counterparty to the Prime Broker.

3. DELIVERIES AND PAYMENTS TO THE PRIME BROKER

3.1 Subject to the provisions of Clause 5, whenever the Counterparty wishes to deliver securities or pay cash to the Prime Broker it shall notify the Prime Broker of its intention to do so. Upon receipt of such securities or cash the Prime Broker shall, if such securities are of a type acceptable to the Prime Broker or such cash is of a currency acceptable to the Prime Broker, debit such securities to the relevant Securities Account or credit such cash to the relevant Cash Account.

4. DELIVERIES AND PAYMENTS TO THE COUNTERPARTY

4.1 Whenever the Counterparty wishes the Prime Broker to deliver securities or pay cash to it or to its order, the Counterparty shall request the Prime Broker to do so in the form notified to the Counterparty by the Prime Broker from time to time.

4.2 The Prime Broker may, at any time before delivery or payment and in its absolute discretion reject any delivery or payment request by giving written or oral notice to that effect to the Counterparty. The Prime Broker shall be deemed to have accepted a delivery or payment request only on making the relevant delivery or payment. The Prime Broker shall not be obliged to accept or give effect to any delivery or payment request which would result in the creation of, or an increase in, a Margin Deficit.

4.3 Unless a delivery request is rejected, the Prime Broker shall deliver the requested securities or cash in accordance with the delivery request, except that the Prime Broker may deliver the securities or cash at the earliest time it is reasonably practicable for the Prime Broker to make the requested delivery or payment, having regard to customary market practice and the time and date on which the delivery request is received, if that date is later than the settlement date requested by the Counterparty.

4.4 Securities and cash delivered to the Counterparty pursuant to Paragraph 4.3 shall, except to the extent securities of the amount and description in question or, as appropriate, cash of the amount and currency in question, are for the time being debited to a Securities Account or, as the case may be, credited to a Cash Account and available for the purpose, be treated as having been advanced or loaned by the Prime Broker to the Counterparty. The Counterparty shall, subject to the terms of this Agreement, be obliged to deliver to the Prime Broker, on demand, Equivalent Securities in respect of any securities advanced to the Counterparty and to repay on demand cash loaned to the Counterparty.

5. MISCELLANEOUS

5.1 The Counterparty warrants to and for the benefit of the Prime Broker that it will not make any payments of cash to the Prime Broker under this Schedule other than pursuant to or for the purpose of or in connection with Transactions made or to be made with or through the Prime Broker.

SCHEDULE 2

CUSTODY

1. POWERS AND DUTIES OF THE PRIME BROKER

1.1 The Prime Broker shall receive, hold, release and deliver (or instruct any Sub-Custodian to receive, hold, release and deliver) securities to or from the Securities Accounts (as appropriate) only on receipt of Instructions. The Counterparty authorises the Prime Broker to (or to instruct any Sub-Custodian to) allocate and deliver securities to the Securities Accounts and to transfer securities from the Securities Accounts to the Counterparty, only in accordance with such Instructions. The Prime Broker shall have full authority to do whatever it reasonably deems necessary in order to effect such Instructions. In addition, the Counterparty hereby authorises the Prime Broker to do whatever the Prime Broker deems necessary in its absolute discretion to effect such transfers of securities to and from the Securities Accounts as are required pursuant to the terms of this Agreement.

1.2 The Prime Broker shall be under no duty to take or omit to take any action with respect to any of the securities except in accordance with this Agreement.

1.3 The Prime Broker does not make any warranties, representations or other statements whatsoever in respect of the validity or sufficiency of the securities, the enforceability of any rights or interests relating thereto or whether it is appropriate, necessary or desirable to take or omit to take any action in relation thereto, and these matters shall be the exclusive concern of the Counterparty.

1.4 The Prime Broker shall have no duty to advise or make recommendations to the Counterparty in connection with the securities and the Prime Broker shall not be responsible for advising the Counterparty as to the investment merits of such securities.

2. SEGREGATION OF ASSETS

2.1 The Prime Broker will identify in its books and records that the securities belong to the Counterparty.

2.2 The Prime Broker will require that any Sub-Custodian or nominee appointed by it, or any Securities Depository which it uses to hold the securities pursuant to this Agreement, will identify in its books and records that the securities belong to the customers of the Prime Broker (to the extent permitted by applicable mandatory law, regulation, or market practice) so that it is readily apparent that such securities do not belong to the Prime Broker.

3. SHORT POSITIONS

3.1 The Prime Broker is not obliged to process transactions which will result in a short position on the Cash Accounts or the Securities Accounts. The Counterparty agrees that delivery Instructions will not be issued and acknowledges that the Prime Broker is not obligated to deliver any securities unless the Prime Broker has received evidence satisfactory to it that the relevant securities will have been received by the Prime Broker in time for delivery in accordance with the Counterparty's Instructions.

4. CONFIRMATION OF ORAL INSTRUCTIONS/SECURITY DEVICES

Any Instructions delivered to the Prime Broker by telephone shall promptly thereafter be confirmed in writing by an Authorised Person (which confirmation may bear the facsimile signature of such person). The Prime Broker is authorised to follow such Instructions notwithstanding the failure of an Authorised Person to send such confirmation in writing or the failure of such confirmation to conform to the telephone Instructions received and the Prime Broker shall be indemnified by the Counterparty accordingly. The Counterparty shall be responsible for safeguarding any testkeys, identification codes or other security devices which the Prime Broker shall make available to the Counterparty or any Authorised Person.

5. ACTING ON INSTRUCTIONS/UNCLEAR INSTRUCTIONS

The Counterparty authorises the Prime Broker to accept and act upon any Instructions received by it without enquiry. The Prime Broker may (without prejudice to the foregoing) seek clarification or confirmation of an Instruction from an Authorised Person and may decline to act upon an Instruction if it does not receive clarification or confirmation satisfactory to it. The Prime Broker shall not be liable for any loss arising from any delay whilst it obtains such clarification or confirmation or from exercising its right to decline to act in the absence of such clarification or confirmation.

6. INSTRUCTIONS CONTRARY TO LAW/MARKET PRACTICE

The Prime Broker need not act upon Instructions which it reasonably believes to be contrary to law, regulation or market practice but is under no duty to investigate whether any Instructions comply with any applicable law, regulation or market practice, which, for the avoidance of doubt, shall be the sole responsibility for the Counterparty. The Prime Broker shall be entitled (but not bound), if it deems possible to do so to amend an Instruction in such a manner to comply with what the Prime Broker reasonably believes to be applicable law, regulation or market practice.

7. SUB-CUSTODIANS AND SECURITIES DEPOSITORIES

Appointment

7.1 The Prime Broker is authorised under this Agreement to act through and hold the securities with Sub-Custodians being such other entities as the Prime Broker may appoint as sub-custodian (each a "*Sub-Custodian*"). In addition, the Prime Broker and each Sub-Custodian appointed by it may deposit securities with, and hold securities in any Securities Depository on such terms as such systems customarily operate. References in this Agreement to other Sub-Custodians which the Prime Broker may appoint shall include Affiliates of the Prime Broker but not Securities Depositories. The Prime Broker reserves the right to add, replace or remove other Sub-Custodians and the Prime Broker shall give notice to the Counterparty of any such act as soon as reasonably practicable thereafter.

7.2 The Prime Broker will use reasonable skill, care and diligence in the selection of any Sub-Custodian appointed by it pursuant to this Agreement and shall be responsible to the Counterparty for satisfying itself as to the ongoing suitability of such Sub-Custodian, for the maintenance of an appropriate level of supervision over such Sub-Custodian and

for making periodic enquiries to confirm that the obligations of such Sub-Custodian to the Prime Broker are discharged in a satisfactory manner.

7.3 The Customer acknowledges and agrees that Prime Broker may grant to any Sub-Custodian or Securities Depository a lien, right of retention or sale over any securities held by, or deposited with, that Sub-Custodian or Securities Depository in respect of amounts owing to that Sub-Custodian or Depository.

Liability for Other Sub-Custodians

7.4 The Prime Broker shall be liable for losses arising out of the insolvency, acts or omissions of any Sub-Custodian that is an Affiliate of the Prime Broker but not of any other Sub-Custodian or of any Securities Depository.

8. HOLDING OF REGISTERED AND BEARER SECURITIES

8.1 The Prime Broker is authorised to hold:

- (a) in bearer form, such securities as are customarily held in bearer form; and
- (b) registered in the name of (at the Prime Broker's discretion) the Counterparty or the Prime Broker or another Sub-Custodian appointed by the Prime Broker or any nominee of the Prime Broker or another Sub-Custodian appointed by the Prime Broker, such securities as are customarily held in registered form.

8.2 The Prime Broker shall not be liable for any loss suffered howsoever caused as a result of an Instruction to hold securities with, or have them registered in the name of, any person not chosen by the Prime Broker.

9. OMNIBUS ACCOUNTS

9.1 The Counterparty authorises the Prime Broker to hold securities in fungible accounts holding securities of other customers of the Prime Broker (but not securities of the Prime Broker), such accounts being designated as customer accounts. The Counterparty authorises the Prime Broker to hold securities in accounts with Sub-Custodians appointed by the Prime Broker on the basis that such accounts are fungible accounts which hold securities of other customers of the relevant Sub-Custodian (but not securities of such Sub-Custodians). The Counterparty will accept delivery of securities of the same class and denomination as those deposited with the Prime Broker or any other Sub-Custodian appointed by the Prime Broker.

10. UNITED KINGDOM REGULATORY MATTERS

10.1 The Rules require the Prime Broker to inform the Counterparty that:

- (a) where securities are held overseas there may be different settlement, legal and regulatory requirements in those jurisdictions from those applying in the United Kingdom, together with different practices for the separate identification of securities:

- (b) in providing the services described in this Agreement, the Prime Broker may hold securities with other Sub-Custodians who are in the same group as the Prime Broker;
- (c) although securities will ordinarily be registered in the name of a nominee, the Prime Broker may from time to time (where, due to the nature of the law or market practice of an overseas jurisdiction, it is in the Counterparty's best interests or it is not feasible to do otherwise) register or record securities in the name of a Sub-Custodian, or the Prime Broker itself subject always to Paragraph 2. Securities may also be registered in the name of the Counterparty. Subject always to Paragraph 2, if securities are registered in the name of the Prime Broker, such securities may not be segregated from assets of the Prime Broker, and, in the event of insolvency of the Prime Broker, such securities may not be as well protected. Arrangements with Sub-Custodians are such that securities held with them shall be in a separate account containing assets belonging only to customers of the Prime Broker and not the Prime Broker's proprietary assets. In any event, the Prime Broker will notify the Counterparty of the registration name used in respect of securities which are registrable securities;
- (d) the Prime Broker accepts the same level of liability for any nominee company controlled by the Prime Broker or by an Affiliate as for itself;
- (e) the omnibus accounts referred to in Paragraph 8 are a form of pooling;
- (f) if the Counterparty instructs the Prime Broker to hold securities with or register or record securities in the name of a person not chosen by the Prime Broker, the consequences of doing so are at the Counterparty's own risk and the Prime Broker shall not be liable therefore.

11. FRACTIONS/REDEMPTIONS BY LOT

The Counterparty shall not be entitled to any fraction or other entitlement arising as a result of the Prime Broker holding securities in omnibus accounts, which is not directly referable solely to the holding of the Counterparty and such fractions or entitlements shall be at the disposal of the Prime Broker. On partial redemptions, the Prime Broker shall use whatever method it deems fair to determine how shares will be redeemed.

12. STATEMENTS

12.1 The Prime Broker will issue statements to the Counterparty at times mutually agreed identifying the amounts of cash in the Cash Accounts and identifying the securities in the Securities Accounts, and otherwise on request. A certificate or statement by the Prime Broker as to any cash or any securities held in a Cash Account or a Securities Account shall be conclusive in the absence of manifest error. Prices and other information contained in any statement sent to the Prime Broker have been obtained from sources the Prime Broker believes in good faith to be reliable. The Prime Broker does not, however, make any representation as to the accuracy of such information, nor that the prices specified necessarily reflect the proceeds that would be received on a disposal of the relevant securities.

12.2 References in this Agreement to statements include any statements in electronic form.

12.3 Where the Counterparty is ordinarily resident outside the United Kingdom, the Prime Broker may, at the Counterparty's request, arrange for custody statements to be retained by the Prime Broker.

12.4 The Counterparty agrees that the information, statements and other communications provided to it pursuant to the terms of this Agreement shall be in satisfaction of any obligation of the Prime Broker to deliver a confirmation, contract note or statement.

13. DISCLOSURE OF INFORMATION

The Prime Broker shall be entitled to disclose any information relating to the Counterparty or the securities and/or cash held for the Counterparty as is required by any law, court, legal process, professional adviser or banking or other regulatory or examining authorities (whether governmental or otherwise).

SCHEDULE 3

DEFINITIONS

"*Act of Insolvency*" occurs in respect of a party upon:

- (a) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (b) its admitting in writing that it is unable to pay its debts as they become due; or
- (c) its ~~seeking, consenting to or acquiescing~~ in the appointment of any trustee, administrator, examiner, receiver or liquidator or analogous officer of it or any material part of its property; or
- (d) ~~except in the case of the Prime Broker, the presentation or filing in any jurisdiction of a petition in respect of it in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding) not having been stayed or dismissed within 15 days of its filing; or~~
- (e) ~~except where such appointment is made in respect of the Prime Broker whilst the Prime Broker remains solvent, the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or~~
- (f) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding); or
- (g) ~~except in the case of the Prime Broker, any act preparatory or analogous to any of (a) - (f) above; or~~
- (h) the occurrence of any procedure equivalent or analogous to the foregoing (a) to (g) in any other jurisdiction.; or
- (i) in respect of the Counterparty which is a limited partnership or limited liability company, the occurrence of any event or procedure referred to in paragraphs (a) to (h) above in relation to the general partner or any limited partner or, as the case may be, managing member.

"*Advanced Securities*" means securities advanced or treated as advanced to the Counterparty by the Prime Broker under Clause 4.1 including, for the avoidance of doubt, Hong Kong securities advanced by the Prime Broker under the Stock Lending Agreement;

"*Affiliate*" of the Prime Broker means an entity that is a subsidiary or holding company, or a subsidiary of a holding company, of the Prime Broker and the terms "subsidiary" and

"holding company" have the meanings given them in Section 736 of the Companies Act 1985 (or any statutory modification or re-enactment thereof);

"*Authorised Persons*" has the meaning in Clause 24.1;

"*Base Currency*" means the currency agreed as the base currency or, in the absence of such agreement, US dollars;

"*Business Day*" means a day on which the Prime Broker and a day on which commercial banks are generally open for business in London;

"*Cash Account*" means an account for the payment of cash made and received (or deemed to have been made and received) pursuant to this Agreement and all Transactions relating thereto and such other payments as the Prime Broker and the Counterparty may from time to time agree;

"*Charged Assets*" means securities and other assets which are charged to the Prime Broker under Clause 10.1;

"*Collateral*" means cash or securities in which the Counterparty is not prohibited from investing by its investment guidelines, as notified to the Prime Broker from time to time;

"*Collateral Contract*" means a contract between the Prime Broker and the Counterparty, on identical terms to the Novated Third Party Contract to which it relates, except that:

- (a) the rights and obligations of the Prime Broker and the Counterparty under the Collateral Contract shall be equivalent to the rights and obligations of the third party and the Prime Broker respectively under the related Novated Third Party Contract; and
- (b) the Prime Broker shall be obliged to perform its obligations under the Collateral Contract only if and to the extent that the third party performs its obligations under the related Novated Third Party Contract;

"*Consequential loss or damage*" means loss or damage of a kind or extent which was or was not reasonably foreseeable at the time this Agreement was entered into as a serious possibility in the event of the breach of obligation in question, including without limitation, any breach of agreements entered into between the Counterparty and third parties, loss of profits or loss of business resulting from the breach of obligation in question;

"*Contractual Settlement Date*" means the date specified as the settlement date in the relevant confirmation sent by the Prime Broker to the Counterparty;

"*Customer Agreement*" means any contract for differences agreement or ISDA Master Agreement, or Master Institutional Futures Customer Agreement entered into between the Counterparty and the Prime Broker or between the Counterparty and any Affiliate, the Stock Lending Agreement and such other agreement between the Counterparty and the Prime Broker or the Counterparty and any Affiliate as the Prime Broker and the Counterparty may from time to time agree;

"Default Market Value" means -

- (a) with respect to any cash on any date, the Market Value of such cash at the Default Valuation Time, and
- (b) with respect to any securities on any date -
 - (i) in the case of securities to be delivered to the Defaulting Party, the Market Value of such securities at the Default Valuation Time, adjusted for the market impact of such default by the Prime Broker acting in its absolute discretion, less all costs, fees and expenses that would be incurred in connection with a sale by the Prime Broker of such securities as determined by the Prime Broker; and
 - (ii) in the case of securities to be delivered by the Defaulting party, the amount it would cost to buy such securities at the Default Valuation Time at the best available offer price therefore on the most appropriate market, adjusted for the market impact of such default by the Prime Broker acting in its absolute discretion, together with all costs, fees and expenses that would be incurred in connection therewith in each case as determined by the Prime Broker;

"Default Notice" means a written notice served by the Non-Defaulting Party on the Defaulting Party stating that an event specified in Clause 11 shall be treated as an Event of Default for the purposes of this Agreement;

"Default Valuation Time" means, with respect to any cash or securities -

- (a) if the relevant Event of Default occurs during normal business hours on a dealing day in the most appropriate market for the relevant cash and securities recorded in the Cash Accounts and Securities Accounts (as determined by the Prime Broker), the close of business in that market on the following dealing day; and
- (b) in any other case, at such time as determined by the Prime Broker but in any event no later than the close of business on the second dealing day in that market after the day on which the relevant Event of Default occurs;

"Defaulting Party" has the meaning in Clause 12.1;

"ERISA" means the U.S. Employment Retirement Income Security Act of 1974 as amended;

"ERISA plan" means an employee benefit plan as defined in Section 3(3) of ERISA, subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code of 1986, as amended;

"Equivalent Securities" means with respect to any security, securities of the same issuer, issue and of an identical type, nominal value and description as such security and shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate). If and to the extent that the relevant securities are partly-paid or have been converted, subdivided, consolidated, redeemed, made the subject

of a takeover, capitalisation issue or rights issue, or any event similar to the foregoing, Equivalent Securities shall have the following meaning -

- (a) in the case of conversion, sub-division or consolidation, securities equivalent to the securities into which the relevant securities has been converted, subdivided or consolidated;
- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
- (c) in the case of a takeover, a sum of money or securities equivalent to the money or securities which was or were the consideration or alternative consideration;
- (d) in the case of a call on partly paid securities, securities equivalent to the relevant securities after such call has been paid up provided that the Counterparty has paid to the Prime Broker an amount of money equal to the sum due in respect of the call;
- (e) in the case of a capitalisation issue, securities equivalent to the relevant securities together with securities equivalent to the securities allotted by way of a bonus on securities of that kind;
- (f) in the case of a rights issue, securities equivalent to the relevant securities, together with the securities equivalent to securities allotted thereon, provided that the Counterparty has paid to the Prime Broker all sums due in respect thereof;
- (g) if a payment of interest, dividends or other distributions is made in respect of the relevant securities in the form of securities or a certificate which may at a future date be exchanged for securities, securities equivalent to the relevant securities, together with securities or a certificate equivalent to those allotted;
- (h) in the case of any event similar to any of the foregoing, securities equivalent to the relevant securities, together with or replaced by a sum of money or securities equivalent to that received in respect of the relevant securities resulting from such event;

and "*equivalent to*" shall be construed accordingly.

"*Event of Default*" has the meaning in Clause 12.1;

"*FSA*" means the Financial Services Authority;

"*Fund*" means, where the Counterparty is the trustee of a fund, that fund, as specified on page 1 of this Agreement;

"*Indemnitees*" has the meaning in Clause 14.1;

"*Instructions*" has the meaning in Clause 24.1;

"*Liabilities*" has the meaning in Clause 10.2;

"*Lehman Company*" means any Affiliate which is party to a Customer Agreement;

"Loan" means any loan made or treated as made under Clause 4.1;

"Losses" means all Taxes, fees, expenses, claims, actions, liabilities, damages, costs, losses, proceedings or other analogous matters;

"Margin Call" means a notification by the Prime Broker to the Counterparty of its obligation to deliver margin in order to eliminate a Margin Deficit;

"Margin Deficit" means the amount by which the Net Equity is less than the Margin Requirement as determined by the Prime Broker in its absolute discretion on a trade date or settlement date basis;

"Margin Excess" means the amount by which the Net Equity is greater than the Margin Requirement as determined by the Prime Broker in its absolute discretion on a trade date or settlement date basis;

"Margin Requirement" means the amount calculated by the Prime Broker in its sole and absolute discretion by reference to the Net Equity and notified by the Prime Broker to the Counterparty from time to time as the Margin Requirement including, without limitation, any initial and subsequent Margin Requirement notified to the Counterparty in such manner as Prime Broker considers appropriate including, without limitation, by means of any Terms;

"Market Value" means -

- (a) with respect to cash, the amount of such cash (converted, if necessary, into Base Currency at a spot rate obtained from a source selected by the Prime Broker in its sole and absolute discretion); and
- (b) with respect to securities, the price for such securities obtained from a source selected by the Prime Broker in its sole and absolute discretion; provided that, (A) if prices for such securities are available on an exchange, the price shall be the closing price on such exchange and (B) the price of securities that are suspended, or in respect of which there is no source or a discontinuous source, shall be determined by Prime Broker in its sole and absolute discretion. Market Value is determined by the Prime Broker solely for the purposes of determining Margin Requirements and should not be relied on by the Counterparty for any other purposes.

"Market Value Equivalent" means, in respect of cash or securities as of any time on any day as determined by the Prime Broker in its absolute discretion, an amount equal to the Market Value of such cash or securities;

"Net Default Amount" in respect of any Customer Agreement, means the amount if any payable by one party to the other following the operation of the close-out and netting provisions of that Customer Agreement, as determined in accordance with that agreement;

"Net Equity" has the meaning in Clause 6.1;

"Novated Third Party Contract" means a Third Party Transaction which the Prime Broker and the Counterparty have agreed to be novated on terms that the rights and obligations of

the Counterparty in respect of the Third Party Transaction shall be assumed by the Prime Broker;

"Payment Authorised Persons" has the meaning in Clause 24.2;

"Potential Event of Default" means an event which with the service of notice or passage of time, or both, would be or would in the opinion of the Prime Broker be likely to be an Event of Default;

"Principal Transaction" means a Transaction specified in a Principal Transaction Request;

"Principal Transaction Request" means the form of request submitted by the Counterparty to the Prime Broker from time to time for the purpose of Paragraph 2.1 of Schedule 1;

"Rules" means the rules of the Financial Services Authority;

"Securities Account" means an account for the deliveries of securities made and received (or deemed to have been made and received) pursuant to this Agreement and all Transactions relating thereto;

"Securities Depository" means any securities depository, settlement system, dematerialised book entry system, clearance system or similar system;

"Security" means the security created by or pursuant to this Agreement;

"Spot Rate" means the spot rate of exchange quoted by Lehman Brothers Inc. for the sale by it of the relevant currency against the purchase of the Base Currency;

"Stock Lending Agreement" means the stock lending agreement entered into between the Prime Broker and the Counterparty in the form of the Overseas Securities Lender's Agreement or the Global Master Securities Lending Agreement published by the International Securities Lenders Association;

"Sub-Custodian" means any person appointed by the Prime Broker as sub-custodian in accordance with Paragraph 7.1 of Schedule 2;

"Taxes" for this purpose means any present or future tax, applicable VAT, duty, stamp duty, stamp duty reserve tax, transfer tax, levy, impost or charge of a similar nature payable to or imposed by any supra-national or national government, federal state, provincial, local, municipal taxing authority, body or official, of any jurisdiction (together with any related penalties, damages, fines, interest, surcharges and similar charges);

"Termination Date" has the meaning in Clause 13.1;

"Terms" means any terms notified by the Prime Broker to the Counterparty setting out the fees, interest rates and Margin Requirement, which the Prime Broker in its absolute discretion intends to apply to the Transactions, as amended from time to time, and if more than one, the last terms provided by the Prime Broker to the Counterparty;

“Third Party Transaction” means a Transaction established between the Counterparty and a third party;

“Third Party Transaction Request” has the meaning in Paragraph 1.1 of Schedule 1;

“Transaction” has the meaning in Clause 2.1 and, for the purposes of Clause 14, includes a loan of Hong Kong securities made under the Stock Loan Agreement.

SCHEDULE 4

AUTHORISED PERSONS

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Specimen signature:)
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- **TAB 14**
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Dated 2005

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

**INTERNATIONAL PRIME BROKERAGE
AGREEMENT**

LINKLATERS
One Silk Street
London EC2Y 8HQ
Tel: (0207) 456 2000

Ref: PMN/CXK

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This International Prime Brokerage Agreement is made on [] 2003

Between

(1) **LEHMAN BROTHERS INTERNATIONAL (EUROPE)** of 25 Bank St, London E14 5LE, United Kingdom (the "Prime Broker")

(2) [] of [] (the "Counterparty") and

(3) [] of [] (the "Agent")

It is agreed as follows

1 Scope of Agreement

- 1.1 This Agreement applies to all transactions between the parties and/or between the Counterparty and a third party which the Counterparty requests the Prime Broker to settle on the Counterparty's behalf.
- 1.2 All transactions and arrangements contemplated by this Agreement are entered into in reliance on the fact that this document and all settlement requests, acknowledgements, instructions and confirmations form a single agreement between the parties.
- 1.3 The Prime Broker is authorised by the FSA and is regulated by its Rules. However, Affiliates of the Prime Broker may not be authorised by the FSA and/or certain services provided overseas pursuant to this Agreement may not be regulated by the Rules.

For the purposes of this Agreement:

"Affiliate" of the Prime Broker means an entity that is a subsidiary or holding company, or a subsidiary of a holding company, of the Prime Broker and the terms "subsidiary" and "holding company" have the meanings given them in Section 736 of the Companies Act 1985 (or any statutory modification or re-enactment thereof).

"Confidential Information" means any proprietary and /or non public information which shall include, without limitation, any information in relation to the Prime Broker and its Affiliates, details regarding products or services provided by the Prime Broker or its Affiliates including pricing and/or fees, and in relation to the Counterparty, information regarding its investment strategy and holdings;

"ERISA" means the U.S. Employee Retirement Income Security Act of 1974, as amended;

"FSA" means the Financial Services Authority;

"Rules" means the rules of the Financial Services Authority;

2 Transactions, Payments and Deliveries

Wherever the Counterparty wishes the Prime Broker to enter into a transaction, or to settle a transaction on the Counterparty's behalf, or to make or receive any other delivery or payments to, from or on behalf of the Counterparty, it shall issue a request to the Prime Broker to do so, in the manner specified in the Schedule.

3 Provision of Finance

- 3.1 The Prime Broker may at its absolute discretion:

- 3.1.1 provide financing to the Counterparty;
- 3.1.2 discharge any money obligation of the Counterparty under or in connection with a transaction. Except to the extent that cash of the relevant currency is for the time being credited to the Counterparty's cash account and available for the purpose, such discharge shall be treated as a loan by the Prime Broker to the Counterparty.

3.2 Any such loans shall be in an amount exceeding GBP 25,000 or its foreign currency equivalent and the Prime Broker shall be entitled to assume that the purpose of the loan is for general corporate requirements. The Counterparty shall be under an obligation to repay such loans (together with fees and interest) at such time(s) as may have been agreed or, in default of such agreement, on demand.

3.3 The Prime Broker may, as a result of the Counterparty's engagement in short sales and/or purchase of long positions:

- 3.3.1 advance securities to the Counterparty;
- 3.3.2 discharge any obligation of the Counterparty to deliver securities under or in connection with a transaction. Except to the extent that securities of the description and amount in question are for the time being debited to the Counterparty's securities account and available for the purpose, such discharge shall be treated as an advance by the Prime Broker to the Counterparty of the securities so delivered.

Any such advance of securities shall give rise to an obligation of the Counterparty to deliver equivalent securities (together with fees and interest) at such time(s) as may have been agreed or, in default of such agreement, on demand, and to make such payments as are provided by clause 7 with respect to income on such securities.

3.4 The Counterparty shall furnish to the Prime Broker monthly net asset value calculations and audited quarterly financial statements (or, where quarterly statements are not otherwise produced by the Counterparty, the most frequently produced audited financial statements produced by the Counterparty) promptly after the production of such statements and in any event upon demand by the Prime Broker.

3.5 The Counterparty shall provide the Prime Broker with an authorised signatory list of personnel who have the authority to request that the Prime Broker make wire transfers on behalf of the Counterparty, such authorised signatory list is annexed hereto in Schedule 2. The Prime Broker shall have no liability whatsoever in the carrying out of any instructions requested by the Counterparty in this regard. The Counterparty shall be under an obligation to update their list of authorised signatories and notify the Prime Broker in this regard. The Prime Broker shall not be obliged to make any third party payments. The Prime Broker may refuse to effect any transfer request where this would result in a Margin Deficit under clause 5.1.

4 Securities and Cash Accounts

4.1 The Prime Broker shall open and maintain one or more cash and securities accounts to which:

- 4.1.1 in respect of cash accounts there shall be:
 - (i) debited all cash lent or advanced by the Prime Broker; and

- (ii) credited all cash paid by or on behalf of the Counterparty to the Prime Broker (including upon settlement of third party transactions);

And

4.1.2 in respect of securities accounts there shall be:

- (i) debited all securities delivered by or on behalf of the Counterparty to the Prime Broker (including upon settlement of third party transactions); and
- (ii) credited all securities advanced by the Prime Broker.

4.2 The parties acknowledge and agree that cash held by the Prime Broker ~~will not be client money pursuant to the Rules (or any successor provisions thereto) and will not be subject to the protections conferred by the Rules.~~ Such cash held by the Prime Broker will not be segregated from the money of the Prime Broker or any other counterparty of the Prime Broker and will be held free and clear of all trusts. The parties further agree that such cash held by the Prime Broker may be used by the Prime Broker in the course of the Prime Broker's business and the Counterparty will, therefore, rank as a general creditor of the Prime Broker in respect of such cash

5 Margin Requirement

5.1 The sum of the following combination is referred to as the "Net Equity":

- 5.1.1 all credit balances ~~on cash~~ and the Market Value of debit balances on securities accounts;
- 5.1.2 all debit balances on cash and the Market Value of credit balances on securities accounts; and
- 5.1.3 all outstanding derivatives transactions (such values being positive if they have positive mark-to-market values for the Counterparty, and negative if they have negative mark-to-market values for the Counterparty).

For the purpose of this Agreement:

"Margin Requirement" means the amount calculated by the Prime Broker in its sole discretion by reference to the Net Equity and notified by the Prime Broker to the Counterparty from time to time as the Margin Requirement including any initial Margin Requirement notified to the Counterparty by means of the "Terms" (herein after defined) or otherwise.

"Margin Deficit" means Net Equity is less than Margin Requirement.

"Margin Excess" means Net Equity is greater than Margin Requirement. The Prime Broker in its absolute discretion may determine the Margin Excess on a trade date or settlement basis.

"Margin Call" means a notification by the Prime Broker to the Counterparty of its obligation to eliminate a Margin Deficit.

"Terms" means any terms notified by the Prime Broker to the Counterparty setting out the fees, interest rates and Margin Requirement, which the Prime Broker in its absolute discretion intends to apply to the transactions, as amended from time to time, and if more than one, the last Terms provided by the Prime Broker to the Counterparty;

- 5.2 The Counterparty shall ensure that at all times the Net Equity is not less than the Margin Requirement.
- 5.3 If at any time there is a Margin Deficit then the Counterparty shall pay or deliver to the Prime Broker such cash or securities which in the Prime Broker's reasonable opinion ensure that following such payment or delivery there will be a Margin Excess. Prior to delivering such securities to the Prime Broker, the Counterparty shall notify the Prime Broker of the nature of the securities which the Counterparty intends to deliver, and provide the Prime Broker with such additional information in respect of the securities as it may reasonably request and the Prime Broker shall not be obliged to accept delivery of any securities until it has received such information.
- 5.4 In the event of a Margin Call, the Counterparty shall make such payment or delivery within such period as is notified by the Prime Broker in its absolute discretion and, if no such period is specified, not later than close of business on the business day following that on which the notice is given.
- 5.5 No credit balance on the cash account shall exceed 364 day

6 Payment and Delivery

- 6.1 Unless the Prime Broker is entitled to apply the same in respect of a debt or obligation owed to it by the Counterparty:
- 6.1.1 any cash paid, or treated as paid, by the Counterparty to the Prime Broker is repayable to the Counterparty on demand;
- 6.1.2 the Prime Broker shall be obliged to deliver to the Counterparty on demand equivalent securities in respect of any securities delivered to the Prime Broker.
- 6.2 The Prime Broker may apply any of the cash or securities delivered by the Counterparty in or towards satisfaction of any amount or obligations determined by the Prime Broker in its absolute discretion to be owed or likely to be owed to the Prime Broker by the Counterparty (including subsequent to termination of this Agreement). The Counterparty shall remain liable for all obligations arising under this Agreement, including for the avoidance of doubt, any obligations coming to light after termination of the Agreement.
- 6.3 / All right, title and interest in and to securities and cash which are delivered or paid by or on behalf of the Counterparty to the Prime Broker shall pass to the Prime Broker upon receipt, and the Prime Broker may deal with securities delivered by the Counterparty as it sees fit. The Prime Broker may in its absolute discretion refuse to accept (or accept on such terms as it may specify) any delivery of securities or equivalent securities which are partly-paid. The Counterparty shall pay any applicable VAT, stamp duty, other taxes and levies or other transaction or government duties.
- 6.4 Securities or equivalent securities delivered to the Prime Broker are only accepted by the Prime Broker when transferred into the sole name of the Prime Broker or its nominee.
- 6.5 Before the Counterparty delivers to the Prime Broker securities or equivalent securities which are subject to any prohibition, impediment or restriction imposed by law or regulation or by any agreement preventing or restricting dealings in or transfers of such securities, the Counterparty shall give the Prime Broker written notice specifying the securities and describing fully the applicable restrictions. The Prime Broker may in its

absolute discretion refuse to accept (or accept on such terms as it may specify) any delivery of such securities.

All cash payable by one party to the other shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction is required by law. In that event, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted provided that to the extent any amount is recovered in respect of such withholding or deduction by any party receiving such additional amounts, an amount equal to that recovered shall be paid to such paying party or (where such payment is to be made to the Counterparty) credited to the cash account upon receipt; provided that no such additional amounts shall be payable by the Prime Broker in respect of any interest or dividends or other corporate actions in respect of securities advanced by the Counterparty to the Prime Broker, or in respect of any interest paid by the Prime Broker under clause 11. For the avoidance of doubt no additional amounts shall be payable in circumstances where any of clauses 7.2.1, 7.2.2 or 7.2.3 applies, or would apply if there were a debit balance on a securities account.

7 Dividends, Securities Events and voting rights

7.1 If income is paid or distributed by the issuer of securities which are recorded on a securities account:

7.1.1 where there is a short position for the Counterparty on a securities account in respect of such securities, the Prime Broker will debit a cash account with a sum equal to (and in the same currency as) the amount paid by the issuer or, in the case of a distribution by way of additional securities, credit those additional securities to a securities account;

7.1.2 where there is a long position for the Counterparty on a securities account in respect of such securities, the Prime Broker will credit a cash account with a sum equal to (and in the same currency as) the amount paid by the issuer or, in the case of a distribution by way of additional securities, debit those additional securities to a securities account.

7.2 The amount credited under clause 7.1.2 shall not include any amount:

7.2.1 which is deducted or withheld in respect of tax by or on behalf of the issuer;

7.2.2 which is required to be accounted for to the United Kingdom Inland Revenue; or

7.2.3 which is or might be recovered by the Prime Broker or any other holder of the securities from any relevant taxation authority outside the United Kingdom in respect of the income in question

and shall not exceed the lesser of:

(i) the actual amount initially received in cash by the Prime Broker from the issuer (or which would have been received if the Prime Broker actually held such securities at the relevant date); or

- (ii) the amount which the Counterparty would have initially received in cash from the issuer in respect of the income if the Counterparty had held the securities in question at the relevant date

net, in either case, of an amount which is or, as the case may be, would have been held or deducted or withheld in respect of tax by or on behalf of the issuer.

- 7.3 The amount debited under clause 7.1.1 shall include but not be restricted to (a) any amount which is deducted or withheld in respect of tax by or on behalf of the issuer, and (b) any additional tax credits to which a holder as specified by the Prime Broker would be entitled.

- 7.4 The Prime Broker shall inform the Counterparty if the Prime Broker becomes aware of the occurrence or prospective occurrence of any of the following with respect to any securities comprised in any debit balance on the securities account:

7.4.1 conversion, subscription, subdivision or consolidation;

7.4.2 redemption;

7.4.3 a takeover offer, other offers or capital reorganisations;

7.4.4 a call on partly-paid securities;

7.4.5 a capitalisation issue;

7.4.6 rights issue; or

7.4.7 a distribution of income in the form of securities, or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities.

- 7.5 Where such an event under which the holder of securities has or is offered any right or option is to occur, the Counterparty (in respect of securities debited to a securities account) or the Prime Broker (in respect of securities credited to a securities account) may within a reasonable time before the latest time for the exercise of the right or option give written notice to the other party that it wishes to receive equivalent securities in such form as will arise if the right is exercised in such manner as is specified in such notice. If no such notice is given under clause 7.5, the Prime Broker shall credit or debit the relevant accounts with such postings as would reflect the taking of such action as the Prime Broker may in its absolute discretion determine.

- 7.6 A notice under clause 7.5 by the Counterparty shall not be effective:

7.6.1 where it refers to an event which involves the payment of money by the holder of securities, unless the Counterparty pays to the Prime Broker, for value not later than the due date of the relevant payment, an amount equal to that becoming due; or

7.6.2 if it would cause a Margin Deficit.

- 7.7 If a call becomes payable in respect of partly-paid securities, the Counterparty shall pay to the Prime Broker, for value not later than the day on which the call is payable, a sum equal to that payable.

- 7.8 If a right to vote arises in respect of securities the Prime Broker may request instructions from the Counterparty in respect of such rights and use its reasonable endeavours to arrange for the voting rights to be exercised in accordance with such instructions

provided such instructions are received in such period as is reasonably necessary for the Prime Broker to exercise such rights.

8 Events of Default

- 8.1** The following events are an "Event of Default" in relation to the relevant party (the "Defaulting Party", the other party being the "Non-Defaulting Party"):
- 8.1.1** the Counterparty fails to eliminate a Margin Deficit on the due date in accordance with clause 5 and the Prime Broker serves a Default Notice on the Counterparty; or
 - 8.1.2** the party fails to make any other payment of cash or delivery of securities by the due date, such failure is not remedied within 24 hours following written notice of such failure given to that party by the other party, and the Non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - 8.1.3** the party fails to comply with or perform any other agreement or obligation in accordance with this Agreement and such failure, if capable of remedy, is not remedied within 24 hours following written notice of such failure given to that party by the other party, and the Non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - 8.1.4** an Act of Insolvency occurs with respect to the party and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or an analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
 - 8.1.5** any representations made or deemed to have been made or repeated by the Counterparty are incorrect or untrue in any material respect, and the Prime Broker serves a Default Notice on the Counterparty; or
 - 8.1.6** the Counterparty admits to the Prime Broker that it is unable to, or intends not to, perform any of its obligations under this Agreement, and the Prime Broker serves a Default Notice on the Counterparty; or
 - 8.1.7** in relation to the Counterparty, a default or event of default or the like occurs or is declared under any other agreement of whatever nature with Lehman Brothers International (Europe) or any other Lehman Brothers Group company; or
 - 8.1.8** there occurs in respect of the Counterparty any indebtedness or other financial obligation under any other agreement and it is not paid or met at its stated maturity (or within any applicable grace period) or by reason of any default or event of default or the like on the Counterparty's part such indebtedness or obligation becomes due or capable of being declared due and payable prior to its stated maturity or, if payable or repayable on demand, when so demanded; or
 - 8.1.9** the Counterparty is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of the Counterparty or the assets of an investor held by, or to the

order of, the Counterparty are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation, and the Prime Broker (the Non-Defaulting Party) serves a Default Notice on the Counterparty (the Defaulting Party).

For this purpose:

a "**Default Notice**" is a written notice served by the Non-Defaulting Party on the Defaulting Party stating that an event shall be treated as an Event of Default for the purposes of this Agreement.

an "**Act of Insolvency**" occurs with respect of a party upon:

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors; or
- (ii) it admitting in writing that it is unable to pay its debts as they become due; or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
- (iv) the presentation or filing in any jurisdiction of a petition in respect of it in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeing any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or
- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property;
- (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding); or
- (vii) any act preparatory to any of (i) - (vi) above.

8.2 Each party shall immediately notify the other if there occurs in relation to it an Event of Default, or an event that, upon the serving of a Default Notice, would be an Event of Default, or an event that with the passing of time or expiry of any applicable grace period, would be an Event of Default.

9 Close-out

9.1 On the occurrence of an Event of Default the following shall immediately occur:

- 9.1.1 any obligation of the Prime Broker to settle any third party transaction on behalf of the Counterparty shall cease;
- 9.1.2 all other outstanding obligations of each party to deliver securities or equivalent securities or to pay cash to the other shall fall due for performance immediately (and shall be effected only in accordance with the following provisions of this clause);

9.1.3 the Prime Broker shall establish, as at the date of the Event of Default, the Default Market Values of all securities, equivalent securities and cash to be delivered or paid by each party under clause 9.1.2 above;

9.1.4 on the basis of the sums so established, an account shall be taken (as at the Termination Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the delivery to it of securities or equivalent securities under this Agreement equals the Default Market Value thereof) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claims valued at the lower amount) and such balance shall be due and payable on the next following business day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.

For this purpose:

"Default Market Value" with respect to any securities on any date:

- (i) in the case of securities to be delivered to the Defaulting Party, means the Market Value of such securities at the Default Valuation Time, adjusted for the market impact of such default by the Prime Broker acting in its reasonable discretion;
- (ii) in the case of securities to be delivered by the Defaulting Party, means the amount it would cost to buy such securities at the Default Valuation Time at the best available offer price therefor on the most appropriate market, adjusted for the market impact of such default by the Prime Broker acting in its reasonable discretion, together with all reasonable costs, fees and expenses that would be incurred in connection therewith;

the **"Default Valuation Time"** means, with respect to any securities:

- (i) if the relevant Event of Default occurs during normal business hours on a day which is a dealing day in the most appropriate market for the relevant securities (as determined by the Prime Broker), the close of business in that market on the following dealing day;
- (ii) in any other case, the close of business on the second dealing day in that market after the day on which the relevant Event of Default occurs.

"Market Value" means:

- (i) the price for the relevant securities obtained from a source reasonably selected by the Prime Broker. Where the Prime Broker determines that both bid and offer prices are available: if the relevant securities have been debited to a securities account, then the bid price will be used; if credited, then the offer price will be used. Where the Prime Broker determines in its reasonable discretion that only mid-market prices are available, that price will be used for both credits and debits of the relevant security. The price of securities that are suspended shall be determined by the Prime Broker in its reasonable discretion. For these purposes any sum in a currency other than the Base

Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time;

- (ii) the mark-to-market value of any relevant derivatives transaction as determined by the Prime Broker in its absolute discretion.

"Base Currency" means the currency agreed as the base currency or, in the absence of such agreement, US dollars;

"Spot Rate" means the spot rate of exchange quoted by Lehman Brothers Inc. for the sale by it of the relevant currency against the purchase of the Base Currency.

9.2 Following the occurrence of an Event of Default with respect to the Counterparty, the Prime Broker may, without notice to the Counterparty and without prejudice to any other right or remedy, dispose of or procure the disposal, by sale or otherwise, of any securities which have been delivered or paid by or on behalf of the Counterparty to the Prime Broker at such time or times, in such manner, on such terms and at such price or prices (whether payable or deliverable immediately, on a deferred basis or by instalments) without being responsible for any loss or diminution in price, as it may think fit and apply the proceeds thereof as follows:

9.2.1 first, in or towards payment of all costs and expenses incurred by the Prime Broker in connection with such disposal;

9.2.2 secondly, in or towards payment and satisfaction of any sum due to the Prime Broker pursuant to this clause 9 in such order and manner as the Prime Broker may determine;

9.2.3 thirdly, in or towards payment and satisfaction of any sums and liabilities due from the Counterparty to the Prime Broker in such order and manner as the Prime Broker may determine; and

9.2.4 fourthly, in payment of any surplus to the Counterparty.

9.3 The Prime Broker shall not be liable for any consequential loss or damage in the event of its failure to perform any of its obligations under this Agreement.

9.4 The power of sale conferred by Section 101 of the Law of Property Act 1925 (but free from the restrictions imposed by Sections 93 and 103) shall apply.

9.5 Where the Prime Broker has been found to be liable, the Prime Broker shall only be liable to the Counterparty to the extent that the Prime Broker has been grossly negligent, fraudulent or is in wilful default of its duties as set out in this Agreement save that nothing in this Agreement shall restrict any liability owed by the Prime Broker to the Counterparty under the Financial Services and Markets Act 2000 or the Rules or disclaim any liability to an extent not permitted by such Act or Rules.

10 Indemnity

10.1 The Counterparty shall indemnify and hold the Prime Broker, its directors, officers, employees and agents harmless from and against all Taxes, expenses, claims, actions, liabilities, costs or proceedings which they may incur or which arise directly or indirectly in connection with the entering into, or acting in respect of, this Agreement or any transaction or as a result of any dealings with third parties pursuant to this Agreement

and/or any transaction made hereunder and shall in particular pay any stamp duty or other transfer tax arising in respect of any transaction hereunder.

"Taxes" for this purpose means any present or future tax, duty, stamp duty, transfer tax, levy, impost or charge of a similar nature payable to or imposed by any supra-national, governmental, federal state, provincial, local, municipal taxing authority, body or official, of any jurisdiction (together with any related penalties, damages, fines, interest, surcharges and similar charges).

- 10.2 Nothing in this Agreement shall require the Counterparty to indemnify or compensate the Prime Broker to any extent prohibited by the Rules.

11 Interest and Fees

- 11.1 Interest shall be payable by the Prime Broker to the Counterparty on credit balances in cash accounts. The Counterparty shall pay interest on debit balances in cash accounts to the Prime Broker. The Counterparty shall pay fees and remuneration to the Prime Broker in respect of transactions, at such rates, at such times and calculated in such manner as may have been agreed or, in default of agreement, as may from time to time be notified by the Prime Broker to the Counterparty, such notification to take effect three business days from the date on which it is given or at such later time as is specified in the notification.
- 11.2 Any amount payable by the Counterparty under this Agreement which is not paid when due shall bear interest from the date on which payment became due until the date of actual payment at a rate equal to LIBOR plus two per cent.

12 Representations and Warranties

- 12.1 Each party represents and warrants to the other that:
- 12.1.1 it is duly authorised to execute and deliver this Agreement, to enter into the transactions contemplated under this Agreement and to perform its obligations hereunder;
 - 12.1.2 it enters into this Agreement as principal;
 - 12.1.3 the Prime Broker may act as agent for the Counterparty in settling transactions and delivering securities;
 - 12.1.4 the person signing this Agreement on its behalf is, and any person representing it in entering into a transaction will be, duly authorised to do so on its behalf;
 - 12.1.5 it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the transactions contemplated and such authorisations are in full force and effect;
 - 12.1.6 the execution, delivery and performance of this Agreement and all transactions will not violate any law, ordinance, charter, bye-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
 - 12.1.7 in connection with this Agreement and each transaction:
 - (i) it is not relying on any advice (whether written or oral) of the other party and, in particular, the Counterparty acknowledges that (i) nothing in this Agreement nor any act, omission, communication or course of conduct

of the Prime Broker or its agents pursuant to this Agreement shall constitute the giving of advice on the merits of purchasing, selling, subscribing for, underwriting or otherwise exercising any right in respect of any investment or any other manner of investment advice under the Financial Services and Markets Act 2000 or any other applicable law or regulation, nor shall the Prime Broker have any obligation to monitor the positions or investment objectives of, or the suitability of any transactions, for the Counterparty; (ii) the Counterparty understands the nature and risks of the subject matter of this Agreement and shall seek independent advice where necessary; and (iii) the Prime Broker or any of its divisions or Affiliates may be in possession of information tending to show that instructions received may not be in the best interests of the Counterparty but the Prime Broker is not under any duty to disclose any such information; and;

(ii) the other party is not acting as fiduciary for it;

12.1.8 at the time it delivers, or is treated as delivering, to the other party any securities or equivalent securities it will have the full and unqualified right to make such delivery;

12.1.9 where the Counterparty is not resident in the United Kingdom, it will at the Prime Broker's request provide any necessary certificate of non-residence or other appropriate documentation necessary to minimise the incidence of UK taxation in respect of income arising in respect of securities that are the subject of any transaction.

12.1.10 (i) the Counterparty is not an employee benefit plan (an "ERISA" Plan"), as defined in Section 3 (3) of ERISA, subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code of 1986, as amended;

(ii) the Counterparty is not a person acting on behalf of an ERISA Plan; or

(iii) the Counterparty's assets do not constitute assets of an ERISA Plan.

On the day on which any transaction is entered into and on each day on which securities or equivalent securities are to be transferred under this Agreement, each of the parties shall each be deemed to repeat all of the foregoing representations. For the avoidance of doubt, the Counterparty will be liable as a principal for its obligations under this Agreement.

13 Appointment of Agent

13.1 The Counterparty hereby appoints the Agent, and the Agent hereby agrees, to act as its agent with regard to the operation of this Agreement as if the Agent were herein named instead of the Counterparty, and the Counterparty hereby authorises the Prime Broker to accept all and any instructions from the Agent as if the same emanated directly from the Counterparty without any duty on the Prime Broker to make further enquiries.

13.2 The Counterparty hereby ratifies all and any actions taken by the Agent in its name under the Agreement, and as a separate and independent obligation, the Counterparty hereby indemnifies the Prime Broker from and against all and any actions, costs, claims, disbursements, damages, expenses, fees (including without limitation legal fees), losses, proceedings and liabilities whatsoever suffered or incurred by the Prime Broker

and arising or appearing to arise from the Prime Broker taking instructions under this Agreement from the Agent.

- 13.3 The Counterparty may at any time terminate the agency of the Agent and shall notify the Prime Broker in writing of such termination. On and after receipt of such written notification ("Agency Termination Notice") the Prime Broker shall cease to act in accordance with any new instructions given by the Agent, provided that the Prime Broker shall be entitled to act in accordance with any existing instructions and that such termination is without prejudice to any other liabilities which the retiring Agent may have incurred prior to the termination of its agency.

14 Notices or Other Communications

- 14.1 Any notice or other communication (including Margin Calls) to be given under this Agreement:

14.1.1 shall be in English and, except where expressly otherwise provided in this Agreement, shall be in writing;

14.1.2 may be given and shall be effective (where so provided):

- (i) if in writing and delivered in person or by courier, at the time when it is delivered;
- (ii) if sent via the website accessible at www.lehmanlive.com ("Lehman Live") at the time of the placing of the notice or other communication on Lehman Live;
- (iii) if sent by telex, at the time when the recipient's answerback is received;
- (iv) if sent by facsimile, at the time when the transmission is received by a responsible employee of the recipient in legible form;
- (v) if in writing and sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when the mail is delivered or its delivery attempted;
- (vi) if sent by email or any other electronic messaging system, at the time that electronic message is received;

except that any notice or communication received, or delivery of which is attempted, after close of business or on a day which is not a business day shall be treated as given at the opening of business on the next following day.

- 14.2 The Prime Broker shall be entitled to rely on, and treat as genuine, any requests, instructions, information or other communications reasonably believed by the Prime Broker to have been made or given by or on behalf of the Counterparty, notwithstanding that any such communication may afterwards be found not to have been made or given by or on behalf of the Counterparty.
- 14.3 Any instructions received by the Prime Broker via Lehman Live may be treated as conclusive both as to content and authority without any further investigation on the part of the Prime Broker.

15 Non-assignability; Termination

- 15.1 The rights and obligations of the parties under this Agreement and under any transaction shall not be assigned or charged, provided however that this Agreement and all transactions shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.
- 15.2 Either the Prime Broker or the Counterparty may terminate this Agreement by giving written notice to the other (which notice shall take effect against the Agent), provided that:
- 15.2.1 this Agreement shall remain applicable to all transactions then outstanding;
- 15.2.2 all remedies under this Agreement shall survive termination.

16 Force Majeure

- 16.1 The Prime Broker shall not be liable for taking or not taking and shall not be obliged to take or refrain from taking any action which it is beyond its power to take or refrain from taking wholly or partly as a result of a state of affairs (including any change of applicable regulations or any directive or policy) which it was beyond the Prime Broker's control to prevent and the effect of which is beyond its power to avoid.
- 16.2 The Prime Broker will not be liable to the Counterparty for any delay in performance, or for the non-performance of any of its obligations hereunder by reason of any cause beyond the Prime Broker's reasonable control or for any losses caused by the occurrence of any contingency beyond the Prime Broker's reasonable control. This includes without limitation any material adverse change in the affairs of the Counterparty, any breakdown or failure of transmission, communication or computer facilities, postal or other strikes or similar industrial action and the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations.

17 Governing Law

- ~~17.1~~ This Agreement shall be governed by and construed in accordance with the laws of England. The parties hereby irrevocably submit for all purposes of or in connection with this Agreement and each transaction to the jurisdiction of the Courts of England.
- 17.2 Nothing in this clause 17 shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction.
- 17.3 In the event that any transactions pursuant to this Agreement become regulated under ERISA, the Prime Broker and the Counterparty agree to submit to the non exclusive jurisdiction of the federal court in the Southern District of New York with regard to any disputes or claims arising in connections with such transactions.
- 17.4 The Counterparty hereby irrevocably appoints [•] at present having its offices at [•] as its agent to receive on its behalf service of process in such courts, and service upon such agent shall constitute good service notwithstanding any failure by such agent to notify the Counterparty of such service. If such agent ceases to be its agent, the Counterparty shall promptly appoint, and notify the Prime Broker of the identity of, a new agent in England. Nothing in this clause 17.4 shall however affect the right to serve process in any other matter permitted by law.

18 Waiver of Immunity

The Counterparty hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgement) and execution to which it might otherwise be entitled in any country or jurisdiction, relating in any way to this Agreement or any transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

19 Recording

The parties agree that each may without further notice electronically record all telephone conversations between them.

20 Conflicts of Interest

The Counterparty hereby authorises the Prime Broker to act hereunder notwithstanding that the Prime Broker, or any of its divisions or Affiliates may have a material interest in the transaction or that circumstances are such that the Prime Broker may have a potential conflict of duty or interest, including the fact that the Prime Broker or any of its Affiliates may:

- (a) deal as principal or act as a market maker or broker fund adviser in the securities to which instructions relate;
- (b) provide broking services to other persons;
- (c) act as financial adviser to the issuer of such securities;
- (d) act in the same transaction as agent for more than one person;
- (e) have a material interest in the issue of the securities; or
- (f) earn profits from any of the activities listed herein;

and neither the Prime Broker nor any of its agents or Affiliates shall have any fiduciary duties to the Counterparty.

21 Contract (Rights Of Third Parties) Act 1999

Other than the directors, officers, employees and agents of the Prime Broker, a person who is not a party to this Agreement shall have no right under the Contract (Rights of Third Parties) Act 1999 to enforce any of its terms.

22 Confidentiality

22.1 Each party agrees to hold Confidential Information relating to each other in strict confidence and agrees not to disclose any Confidential Information learned about the other in the course of the relationship governed by this Agreement. Except as otherwise provided in clauses 22.2 and 22.3 each party further agrees that it will not disclose the Confidential Information to any third party without the written consent of the party about whom the Confidential Information relates.

22.2 The Counterparty authorises the Prime Broker to disclose Confidential Information concerning the Counterparty to the Counterparty's investment manager, administrator,

auditor, lawyers, advisors or any other duly appointed agent as may be requested from time to time.

22.3 Each party authorises the other to disclose any information or Confidential Information required or requested to be provided in connection with legal proceedings or pursuant to a subpoena, order or a requirement or an official request issued by a court of competent jurisdiction or by a judicial, administrative, legislative, regulatory or self-regulating authority or body, or any other body having regulatory or enforcement responsibility in relation to any business conducted by each party.

22.4 The Confidential Information, including permitted copies, shall be deemed to be the exclusive property of the disclosing party. Its disclosure of the Confidential Information will not constitute an express or implied grant to the other party of any intellectual property rights.

23 Counterparts

This Agreement may be executed in any number of counterparts which, when all executed, shall be read together and construed as one agreement.

24 Commencement

This Agreement shall take effect when a copy thereof has been duly signed by or on behalf of the Prime Broker, and by or on behalf of the Counterparty [and by or on behalf of the Agent] and when the Counterparty has returned a copy thereof to the Prime Broker.

Lehman Brothers International (Europe)

By: _____

Title: _____

Date: _____

Name of Counterparty

By: _____

Title: _____

Date: _____

Name of Agent

By: _____

Title: _____

Date: _____

**SCHEDULE
Procedures**

1 Third Party Transactions

- 1.1 Whenever the Counterparty wishes the Prime Broker to settle a third party transaction, it shall formally request the Prime Broker to do so by serving a settlement request on the Prime Broker in the form notified to it by the Prime Broker from time to time.
- 1.2 The Prime Broker may at any time before settlement and in its absolute discretion reject a settlement request by giving oral or written notice to that effect to the Counterparty. Within one business day following receipt by the Prime Broker of a settlement request the Prime Broker may send a confirmation of the transaction to the Counterparty by fax, email or via the internet (including via the website accessible at www.lehmanlive.com ("Lehman Live")). The Prime Broker shall be deemed to have accepted the terms of a third party transaction only on settling such transaction.
- 1.3 Unless any particular settlement method is specified in the settlement request, the Prime Broker may effect settlement, or attempt to do so, by any means it considers appropriate including, in particular, a means which does not provide for delivery-against-payment;
- 1.4 Save where a third party transaction is novated in accordance with paragraph 1.5 below, the Prime Broker shall, as between the Prime Broker and the third party, act as the Counterparty's agent in settling any third party transaction and the Prime Broker may inform the third party, or its agent, that the Prime Broker is acting as agent of the Counterparty.
- 1.5 The Prime Broker may, in its absolute discretion (and shall in the case of a transaction in relation to South African securities), agree with a third party that a third party transaction shall be novated on terms that the rights and obligations of the Counterparty in respect of the transaction shall be assumed by the Prime Broker. The Counterparty appoints the Prime Broker as its agent to agree any such novation on its behalf. Upon novation of a third party contract there shall arise a contract between the Prime Broker and the Counterparty, in identical terms to the novated third party contract except that:
- 1.5.1 the rights and obligations of the Prime Broker and the Counterparty under the contract shall be equivalent to the rights and obligations of the third party and the Prime Broker respectively under the novated third party contract; and
- 1.5.2 the Prime Broker shall be obliged to perform its obligations under the contract only if and to the extent that the third party performs its obligations under the novated third party Contract.
- 1.6 The Counterparty shall indemnify the Prime Broker, its directors, officers and employees, and hold them harmless from and against all taxes, fees, expenses, actions, liabilities, costs, losses or proceedings arising in connection with the settlement, or attempted settlement, of a third party transaction (including any novated third party transaction) or any failure to settle any such transaction save to the extent such taxes, fees, expenses, actions, liabilities, costs, losses or proceedings result from the wilful default or negligence of the Prime Broker;
- 1.7 The Prime Broker shall not be liable in respect of any failure by the third party to settle its obligations under a third party transaction (including any novated third party

transaction) on the date specified as the "Settlement Date" in the relevant confirmation sent by the Prime Broker to the Counterparty (the "**Contractual Settlement Date**") or at all.

- 1.8 The Prime Broker shall give oral or written notice to the Counterparty of the failure of any third party transaction (including any novated third party transaction) to settle on the Contractual Settlement Date as soon as reasonably practicable after becoming aware of the failure.
- 1.9 The Prime Broker shall, on the Contractual Settlement Date of a third party transaction, credit or debit, as appropriate, appropriate accounts in respect of securities and cash paid, delivered or received, or due to be paid, delivered or received, by the Prime Broker in settlement of the transaction.
- 1.10 The Prime Broker may reverse any entries made under paragraph 1.9 if the relevant transaction does not settle within such period following the Contractual Settlement Date as the Prime Broker considers reasonable. Any costs associated with such a failure to settle shall be for the account of the Counterparty.

2 **Principal Transactions**

- 2.1 Whenever the Counterparty wishes to enter into an agreement to purchase from, or sell to, the Prime Broker securities or a sum of specified currency, it shall formally request the Prime Broker to do so in the form notified to the Counterparty by the Prime Broker from time to time (a "**Principal Transaction Request**").
- 2.2 Service of a Principal Transaction Request shall constitute an offer by the Counterparty to enter into the transaction, and that offer may not be amended or revoked without the consent of the Prime Broker.
- 2.3 The Prime Broker may reject a Principal Transaction Request by giving oral or written notice to that effect to the Counterparty. Within one business day following acceptance by the Prime Broker of a Principal Transaction Request the Prime Broker may send a confirmation to the Counterparty by fax, email or via the internet (including via Lehman Live). Such confirmation shall not be deemed to be a binding acceptance by the Prime Broker of the Principal Transaction Request and the Prime Broker may reject any Principal Transaction Request at any time up to and including the Contractual Settlement Date. The Prime Broker shall be deemed to have accepted the terms of such a transaction only on settling such transaction.
- 2.4 Unless the parties otherwise agree, securities or cash which would otherwise fall to be delivered by one party to the other on the Contractual Settlement Date of a transaction arising from a Principal Transaction Request arising under paragraph 2.1 shall not be delivered or paid but shall:
 - 2.4.1 in the case of cash, be credited (in the case of payments otherwise due to the Counterparty) or debited (in the case of payments otherwise due to the Prime Broker); or
 - 2.4.2 in the case of securities, be debited (in the case of deliveries otherwise due to the Counterparty) or credited (in the case of deliveries otherwise due to the Prime Broker),

to an appropriate cash or securities account.

2.5 Securities debited or cash credited to an account pursuant to paragraph 2.4 shall, for the purposes of clause 5, be treated as having been delivered or paid by the Counterparty to the Prime Broker.

2.6 Securities credited and cash debited to an account pursuant to paragraph 2.4 shall, except to the extent that securities of the amount and description in question or, as appropriate, cash of the amount and currency in question are for the time being debited (in the case of securities) or credited (in the case of cash) to an account and available for the purpose, be treated as having been loaned by the Prime Broker to the Counterparty. The Counterparty shall, subject to the terms of this Agreement, be obliged to deliver to the Prime Broker, on demand, equivalent securities in respect of any securities loaned to the Counterparty. Cash loaned by the Prime Broker to the Counterparty shall, subject to the terms of this Agreement, be repayable on demand.

3 Deliveries and payments to the Prime Broker

Whenever the Counterparty wishes to deliver securities or pay cash to the Prime Broker it shall notify the Prime Broker of its intention to do so. Upon receipt of such securities or cash the Prime Broker shall, if such securities are of a type acceptable to the Prime Broker or such cash is of a currency acceptable to the Prime Broker, debit such securities or credit such cash to an appropriate account.

4 Deliveries and payments to the Counterparty

4.1 Whenever the Counterparty wishes the Prime Broker to deliver securities or cash to the Counterparty, the Counterparty shall formally request the Prime Broker to do so in the form notified to the Counterparty by the Prime Broker from time to time.

4.2 The Prime Broker may, by giving written or oral notice to the Counterparty, reject such a delivery request if immediately following compliance with such a request there would be a Margin Deficit, and may reject any other delivery request.

4.3 Unless a delivery request is rejected, the Prime Broker shall deliver the requested securities or cash in accordance with the delivery request, except that the Prime Broker may deliver the securities or cash on the earliest time it is reasonably practicable for the Prime Broker to make the requested delivery or payment, having regard to customary market practice and the time and date on which the delivery request is received, if that date is later than the settlement date requested by the Counterparty.

4.4 Securities and cash delivered to the Counterparty pursuant to paragraph 4.3 shall, except to the extent securities of the amount and description in question or, as appropriate, cash of the amount and currency in question, are for the time being debited (in the case of securities) or credited (in the case of cash) to an account and available for the purpose, be treated as having been loaned by the Prime Broker to the Counterparty. The Counterparty shall, subject to the terms of this Agreement, be obliged to deliver to the Prime Broker, on demand, equivalent securities in respect of any securities loaned to the Counterparty. Cash loaned by the Prime Broker to the Counterparty shall, subject to the terms of this Agreement, be repayable on demand.

5 Miscellaneous

The Counterparty warrants to and for the benefit of the Prime Broker that it will not make any payments of cash to the Prime Broker under this Schedule other than pursuant to or for the purpose of or in connection with transactions made or to be made with or through the Prime Broker.

6 Applicable Laws

The performance by the Prime Broker of its obligations under this Agreement shall be subject to applicable laws and regulations, including the Rules or other applicable rules of any regulator or exchange including, without limitation, those applicable to the Prime Broker or the Counterparty and the Prime Broker may take or refrain from taking such course of action as it may deem necessary in order to ensure compliance with such laws, regulations or rules, notwithstanding any term of this Agreement and no such action shall constitute a breach of this Agreement. However, notwithstanding that, as between the Prime Broker or its Affiliates and its regulators, the Prime Broker and/or its Affiliates may be regulated by the Rules or equivalent regulations in the relevant jurisdiction, such Rules or regulations shall not be incorporated into this Agreement.

SCHEDULE 2

Authorised Persons

Name:)
.....)
Position:)
.....)
Specimen signature:)
.....)

Name:)
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Position:)
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- **TAB 15**
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Dated June 19 2002

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

**INTERNATIONAL PRIME BROKERAGE
AGREEMENT**

LINKLATERS
One Silk Street
London EC2Y 8HQ
Tel (0207) 456 2000

Ref PMN/CXK

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This International Prime Brokerage Agreement is made on [June 19] 2002

Between

(1) LEHMAN BROTHERS INTERNATIONAL (EUROPE) of One Broadgate, London EC2M 7HA, United Kingdom (the "Prime Broker")

(2) [REDACTED] (the "Counterparty")

It is agreed as follows

1 Scope of Agreement

- 1.1 This Agreement applies to all transactions between the parties and/or between the Counterparty and a third party which the Counterparty requests the Prime Broker to settle on the Counterparty's behalf
- 1.2 All transactions and arrangements contemplated by this Agreement are entered into in reliance on the fact that this document and all settlement requests, acknowledgements, instructions and confirmations form a single agreement between the parties.
- 1.3 The Prime Broker is authorised by the FSA and is regulated by its Rules. However, Affiliates of the Prime Broker may not be authorised by the FSA and/or certain services provided overseas pursuant to this Agreement may not be regulated by the Rules.

For the purposes of this Agreement

"FSA" means the Financial Services Authority,

"Rules" means the rules of the Financial Services Authority,

"Affiliate" of the Prime Broker means an entity that is a subsidiary or holding company, or a subsidiary of a holding company, of the Prime Broker and the terms "subsidiary" and "holding company" have the meanings given them in Section 736 of the Companies Act 1985 (or any statutory modification or re-enactment thereof)

2 Transactions, Payments and Deliveries

Wherever the Counterparty wishes the Prime Broker to enter into a transaction, or to settle a transaction on the Counterparty's behalf, or to make or receive any other delivery or payments to, from or on behalf of the Counterparty, it shall issue a request to the Prime Broker to do so, in the manner specified in Schedule 1

3 Provision of Finance

- 3.1 The Prime Broker may at its absolute discretion
 - 3.1.1 provide financing to the Counterparty,
 - 3.1.2 discharge any money obligation of the Counterparty under or in connection with a transaction. Except to the extent that cash of the relevant currency is for the time being credited to the Counterparty's cash account and available for the purpose, such discharge shall be treated as a loan by the Prime Broker to the Counterparty

3.2 Any such loans shall be in an amount exceeding GBP 25,000 or its foreign currency equivalent and the Prime Broker shall be entitled to assume that the purpose of the loan is for general corporate requirements. The Counterparty shall be under an obligation to repay such loans (together with fees and interest) at such time(s) as may have been agreed or, in default of such agreement, on demand.

3.3 The Prime Broker may, as a result of the Counterparty's engagement in short sales and/or purchase of long positions:

3.3.1 advance securities to the Counterparty.

3.3.2 discharge any obligation of the Counterparty to deliver securities under or in connection with a transaction. Except to the extent that securities of the description and amount in question are for the time being debited to the Counterparty's securities account and available for the purpose, such discharge shall be treated as an advance by the Prime Broker to the Counterparty of the securities so delivered.

Any such advance of securities shall give rise to an obligation of the Counterparty to deliver equivalent securities (together with fees and interest) at such time(s) as may have been agreed or, in default of such agreement, on demand, and to make such payments as are provided by clause 8 with respect to income on such securities.

3.4 The Counterparty shall furnish to the Prime Broker monthly net asset value calculations and audited quarterly financial statements (or, where quarterly statements are not otherwise produced by the Counterparty, the most frequently produced audited financial statements produced by the Counterparty) promptly after the production of such statements and in any event upon demand by the Prime Broker.

3.5 The Counterparty shall provide the Prime Broker with an authorised signatory list of personnel who have the authority to request that the Prime Broker make wire transfers on behalf of the Counterparty. The Prime Broker shall have no liability whatsoever in the carrying out of any instructions requested by the Counterparty in this regard. The Counterparty shall be under an obligation to update their list of authorised signatories and notify the Prime Broker in this regard. The Prime Broker shall not be obliged to make any third party payments. The Prime Broker may refuse to effect any transfer request where this would result in a Margin Deficit under clause 5.1.

4 Securities and Cash Accounts

4.1 The Prime Broker shall open and maintain one or more cash and securities accounts to which

4.1.1 in respect of cash accounts there shall be

- (i) debited all cash lent or advanced by the Prime Broker; and
- (ii) credited all cash paid by or on behalf of the Counterparty to the Prime Broker (including upon settlement of third party transactions).

And

4.1.2 in respect of securities accounts there shall be

- (i) debited all securities delivered by or on behalf of the Counterparty to the Prime Broker (including upon settlement of third party transactions); and
- (ii) credited all securities advanced by the Prime Broker

4.2 The parties acknowledge and agree that cash held by the Prime Broker will not be client money pursuant to the Rules (or any successor provisions thereto) and will not be subject to the protections conferred by the Rules. Such cash held by the Prime Broker will not be segregated from the money of the Prime Broker or any other counterparty of the Prime Broker and will be held free and clear of all trusts. The parties further agree that such cash held by the Prime Broker may be used by the Prime Broker in the course of the Prime Broker's business and the Counterparty will, therefore, rank as a general creditor of the Prime Broker in respect of such cash.

5 Margin Requirement

5.1 The sum of the following combination is referred to as the "Net Equity"

- 5.1.1 all credit balances on cash and the Market Value of debit balances on securities accounts,
- 5.1.2 all debit balances on cash and the Market Value of credit balances on securities accounts, and
- 5.1.3 all outstanding derivatives transactions (such values being positive if they have positive mark-to-market values for the Counterparty, and negative if they have negative mark-to-market values for the Counterparty)

For the purpose of this Agreement

"Margin Requirement" means the amount calculated by the Prime Broker in its sole discretion by reference to the Net Equity and notified by the Prime Broker to the Counterparty from time to time as the Margin Requirement including any initial Margin Requirement notified to the Counterparty by means of a "Terms and Conditions Rider" or otherwise

"Margin Deficit" means Net Equity is less than Margin Requirement

"Margin Excess" means Net Equity is greater than Margin Requirement. The Prime Broker in its absolute discretion may determine the Margin Excess on a trade date or settlement basis.

"Margin Call" means a notification by the Prime Broker to the Counterparty of its obligation to eliminate a Margin Deficit

5.2 The Counterparty shall ensure that at all times the Net Equity is not less than the Margin Requirement

5.3 If at any time there is a Margin Deficit then the Counterparty shall pay or deliver to the Prime Broker such cash or securities which in the Prime Broker's reasonable opinion ensure that following such payment or delivery there will be a Margin Excess. Prior to delivering such securities to the Prime Broker, the Counterparty shall notify the Prime Broker of the nature of the securities which the Counterparty intends to deliver, and provide the Prime Broker with such additional information in respect of the securities as

it may reasonably request and the Prime Broker shall not be obliged to accept delivery of any securities until it has received such information.

- 5.4 In the event of a Margin Call, the Counterparty shall make such payment or delivery within such period as is notified by the Prime Broker in its absolute discretion and, if no such period is specified, not later than close of business on the business day following that on which the notice is given
- 5.5 No credit balance on the cash account shall exceed 364 days

6 Payment and Delivery

- 6.1 Unless the Prime Broker is entitled to apply the same in respect of a debt or obligation owed to it by the Counterparty
- 6.1.1 any cash paid, or treated as paid, by the Counterparty to the Prime Broker is repayable to the Counterparty on demand,
- 6.1.2 the Prime Broker shall be obliged to deliver to the Counterparty on demand equivalent securities in respect of any securities (other than Charged Securities) delivered to the Prime Broker
- 6.2 The Prime Broker may apply any of the cash or securities delivered by the Counterparty in or towards satisfaction of any amount or obligations determined by the Prime Broker in its absolute discretion to be owed or likely to be owed to the Prime Broker by the Counterparty (including subsequent to termination of this Agreement) The Counterparty shall remain liable for all obligations arising under this Agreement, including for the avoidance of doubt, any obligations coming to light after termination of the Agreement
- 6.3 Except in relation to Charged Securities, all right, title and interest in and to securities and cash which are delivered or paid by or on behalf of the Counterparty to the Prime Broker shall pass to the Prime Broker upon receipt, and the Prime Broker may deal with securities delivered by the Counterparty as it sees fit The Prime Broker may in its absolute discretion refuse to accept (or accept on such terms as it may specify) any delivery of securities or equivalent securities which are partly-paid The Counterparty shall pay any applicable VAT, stamp duty, other taxes and levies or other transaction or government duties
- 6.4 Securities or equivalent securities delivered to the Prime Broker are only accepted by the Prime Broker when transferred into the sole name of the Prime Broker or its nominee
- 6.5 Before the Counterparty delivers to the Prime Broker securities or equivalent securities which are subject to any prohibition, impediment or restriction imposed by law or regulation or by any agreement preventing or restricting dealings in or transfers of such securities, the Counterparty shall give the Prime Broker written notice specifying the securities and describing fully the applicable restrictions The Prime Broker may in its absolute discretion refuse to accept (or accept on such terms as it may specify) any delivery of such securities
- 6.6 All cash payable by one party to the other shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction is required by law In that event, the paying party shall pay such

additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted provided that to the extent any amount is recovered in respect of such withholding or deduction by any party receiving such additional amounts, an amount equal to that recovered shall be paid to such paying party or (where such payment is to be made to the Counterparty) credited to the cash account upon receipt provided that no such additional amounts shall be payable by the Prime Broker in respect of any interest or dividends or other corporate actions in respect of securities advanced by the Counterparty to the Prime Broker, or in respect of any interest paid by the Prime Broker under clause 12. For the avoidance of doubt no additional amounts shall be payable in circumstances where any of clauses 8.2.1, 8.2.2 or 8.2.3 applies, or would apply if there were a debit balance on a securities account.

7 Charged Securities

- 7.1 Notwithstanding any other provision of this Agreement, prior to the delivery of any securities pursuant to clause 5.3, the Prime Broker may in its absolute discretion by notice to the Counterparty deem such securities to constitute "Charged Securities" upon their delivery to the Prime Broker for the purposes of this Agreement. The Counterparty hereby with full title guarantee, as security for the discharge of all its obligations and liabilities to the Prime Broker under this Agreement, charges in favour of the Prime Broker by way of first fixed charge all such Charged Securities. The Counterparty will not allow any mortgage, charge, pledge, lien or other encumbrance to subsist or be created over any Charged Securities other than the security created in favour of the Prime Broker.
- 7.2 The Counterparty hereby irrevocably appoints the Prime Broker as its attorney on behalf of the Counterparty and in the Counterparty's own name or otherwise, to sign, seal, deliver and complete all transfers, renunciations, proxies, mandates, assignments, deeds and documents and do all acts and things which the Prime Broker may, in its absolute discretion, consider to be necessary or advisable to perfect or improve its security over the Charged Securities or to assist in any way in the exercise of any power of sale of the Charged Securities.
- 7.3 The Counterparty hereby authorises the Prime Broker from time to time to utilise Charged Securities either for the Prime Broker's own purposes or the purposes of any third party. To enable the Prime Broker to utilise Charged Securities the following provisions of this clause 7 shall have effect:
- 7.4 Where the Prime Broker wishes to use Charged Securities for any purpose the Charged Securities in question shall be simultaneously released from the security created by or pursuant to this clause 7 and transferred by the Counterparty to the Prime Broker and the Counterparty authorises the Prime Broker to take such steps to effect such transfer as the Prime Broker deems necessary.
- 7.5 Upon transfer in accordance with clause 7.4, the Charged Securities so transferred shall cease to be charged securities and shall constitute securities covered by clause 6.3.
- 7.6 Where Charged Securities have been utilised by the Prime Broker in accordance with clauses 7.4 and 7.5 for any purpose and those securities cease to be required for that purpose, the Prime Broker shall thereupon return or procure redelivery of those

securities or equivalent securities to the Counterparty, whereupon those securities or equivalent securities shall automatically be subject to the charge created by this clause 7 and constitute Charged Securities.

- 7.7 All returns and redeliveries of securities or equivalent securities must be made together with any appropriate instruments of transfer or the like, so that all right, title and interest in and to those securities or equivalent securities shall vest in the Counterparty, free from all liens, charges and encumbrances, other than the charge created by this clause 7

8 Dividends, Securities Events and voting rights

- 8.1 If income is paid or distributed by the issuer of securities which are recorded on a securities account

8.1.1 where there is a short position for the Counterparty on a securities account in respect of such securities, the Prime Broker will debit a cash account with a sum equal to (and in the same currency as) the amount paid by the issuer or, in the case of a distribution by way of additional securities, credit those additional securities to a securities account,

8.1.2 where there is a long position for the Counterparty on a securities account in respect of such securities, the Prime Broker will credit a cash account with a sum equal to (and in the same currency as) the amount paid by the issuer or, in the case of a distribution by way of additional securities, debit those additional securities to a securities account

- 8.2 The amount credited under clause 8.1.2 shall not include any amount

8.2.1 which is deducted or withheld in respect of tax by or on behalf of the issuer,

8.2.2 which is required to be accounted for to the United Kingdom Inland Revenue, or

8.2.3 which is or might be recovered by the Prime Broker or any other holder of the securities from any relevant taxation authority outside the United Kingdom in respect of the income in question

and shall not exceed the lesser of

(i) the actual amount initially received in cash by the Prime Broker from the issuer (or which would have been received if the Prime Broker actually held such securities at the relevant date), or

(ii) the amount which the Counterparty would have initially received in cash from the issuer in respect of the income if the Counterparty had held the securities in question at the relevant date

net, in either case, of an amount which is or, as the case may be, would have been held or deducted or withheld in respect of tax by or on behalf of the issuer

- 8.3 The amount debited under clause 8.1.1 shall include but not be restricted to (a) any amount which is deducted or withheld in respect of tax by or on behalf of the issuer, and (b) any additional tax credits to which a holder as specified by the Prime Broker would be entitled

8.4 The Prime Broker shall inform the Counterparty if the Prime Broker becomes aware of the occurrence or prospective occurrence of any of the following with respect to any securities comprised in any debit balance on the securities account

8.4.1 conversion, subscription, subdivision or consolidation,

8.4.2 redemption,

8.4.3 a takeover offer, other offers or capital reorganisations;

8.4.4 a call on partly-paid securities,

8.4.5 a capitalisation issue,

8.4.6 rights issue, or

8.4.7 a distribution of income in the form of securities, or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities

8.5 Where such an event under which the holder of securities has or is offered any right or option is to occur, the Counterparty (in respect of securities debited to a securities account) or the Prime Broker (in respect of securities credited to a securities account) may within a reasonable time before the latest time for the exercise of the right or option give written notice to the other party that it wishes to receive equivalent securities in such form as will arise if the right is exercised in such manner as is specified in such notice. If no such notice is given under clause 8.5, the Prime Broker shall credit or debit the relevant accounts with such postings as would reflect the taking of such action as the Prime Broker may in its absolute discretion determine

8.6 A notice under clause 8.5 by the Counterparty shall not be effective

8.6.1 where it refers to an event which involves the payment of money by the holder of securities, unless the Counterparty pays to the Prime Broker, for value not later than the due date of the relevant payment, an amount equal to that becoming due; or

8.6.2 if it would cause a Margin Deficit

8.7 If a call becomes payable in respect of partly-paid securities, the Counterparty shall pay to the Prime Broker, for value not later than the day on which the call is payable, a sum equal to that payable

8.8 If a right to vote arises in respect of securities the Prime Broker may request instructions from the Counterparty in respect of such rights and use its reasonable endeavours to arrange for the voting rights to be exercised in accordance with such instructions provided such instructions are received in such period as is reasonably necessary for the Prime Broker to exercise such rights

9 Events of Default

9.1 The following events are an "Event of Default" in relation to the relevant party (the "Defaulting Party", the other party being the "Non-Defaulting Party")

9.1.1 the Counterparty fails to eliminate a Margin Deficit on the due date in accordance with clause 5 and the Prime Broker serves a Default Notice on the Counterparty, or

- 9.1.2 the party fails to make any other payment of cash or delivery of securities by the due date, such failure is not remedied within 24 hours following written notice of such failure given to that party by the other party, and the Non-Defaulting Party serves a Default Notice on the Defaulting Party, or
- 9.1.3 the party fails to comply with or perform any other agreement or obligation in accordance with this Agreement and such failure, if capable of remedy, is not remedied within 24 hours following written notice of such failure given to that party by the other party, and the Non-Defaulting Party serves a Default Notice on the Defaulting Party, or
- 9.1.4 an Act of Insolvency occurs with respect to the party and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or an analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party, or
- 9.1.5 any representations made or deemed to have been made or repeated by the Counterparty are incorrect or untrue in any material respect, and the Prime Broker serves a Default Notice on the Counterparty; or
- 9.1.6 the Counterparty admits to the Prime Broker that it is unable to, or intends not to, perform any of its obligations under this Agreement, and the Prime Broker serves a Default Notice on the Counterparty, or
- 9.1.7 the Counterparty is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of the Counterparty or the assets of an investor held by, or to the order of, the Counterparty are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation, and the Prime Broker (the Non-Defaulting Party) serves a Default Notice on the Counterparty (the Defaulting Party)

For this purpose

a "Default Notice" is a written notice served by the Non-Defaulting Party on the Defaulting Party stating that an event shall be treated as an Event of Default for the purposes of this Agreement

an "Act of Insolvency" occurs with respect of a party upon

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors, or
- (ii) it admitting in writing that it is unable to pay its debts as they become due, or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property, or
- (iv) the presentation or filing in any jurisdiction of a petition in respect of it in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeing any reorganisation, arrangement, composition, re-adjustment, administration,

liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing, or

- (ii) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property,
- (iv) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding), or
- (v) any act preparatory to any of (i) - (iv) above

9.2 Each party shall immediately notify the other if an Event of Default, or an event that, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it

10 Close-out

10.1 On the occurrence of an Event of Default the following shall immediately occur

- 10.1.1 any obligation of the Prime Broker to settle any third party transaction on behalf of the Counterparty shall cease,
- 10.1.2 all other outstanding obligations of each party to deliver securities or equivalent securities or to pay cash to the other shall fall due for performance immediately (and shall be effected only in accordance with the following provisions of this clause),
- 10.1.3 the Prime Broker shall establish, as at the date of the Event of Default, the Default Market Values of all securities, equivalent securities and cash to be delivered or paid by each party under clause 10.1.3 above,
- 10.1.4 on the basis of the sums so established, an account shall be taken (as at the Termination Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the delivery to it of securities or equivalent securities under this Agreement equals the Default Market Value thereof) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claims valued at the lower amount) and such balance shall be due and payable on the next following business day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time

For this purpose

"Default Market Value" with respect to any securities on any date

- (i) in the case of securities to be delivered to the Defaulting Party, means the Market Value of such securities at the Default Valuation Time, adjusted for the market impact of such default by the Prime Broker acting in its reasonable discretion,

- (ii) in the case of securities to be delivered by the Defaulting Party, means the amount it would cost to buy such securities at the Default Valuation Time at the best available offer price therefor on the most appropriate market, adjusted for the market impact of such default by the Prime Broker acting in its reasonable discretion, together with all reasonable costs, fees and expenses that would be incurred in connection therewith;

the "Default Valuation Time" means, with respect to any securities

- (i) if the relevant Event of Default occurs during normal business hours on a day which is a dealing day in the most appropriate market for the relevant securities (as determined by the Prime Broker), the close of business in that market on the following dealing day;
- (ii) in any other case, the close of business on the second dealing day in that market after the day on which the relevant Event of Default occurs

"Market Value" means

- (i) the price for the relevant securities obtained from a source reasonably selected by the Prime Broker. Where the Prime Broker determines that both bid and offer prices are available if the relevant securities have been debited to a securities account, then the bid price will be used; if credited, then the offer price will be used. Where the Prime Broker determines in its reasonable discretion that only mid-market prices are available, that price will be used for both credits and debits of the relevant security. The price of securities that are suspended shall be determined by the Prime Broker in its reasonable discretion. For these purposes any sum in a currency other than the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time,
- (ii) the mark-to-market value of any relevant derivatives transaction as determined by the Prime Broker in its absolute discretion

"Base Currency" means the currency agreed as the base currency or, in the absence of such agreement, US dollars.

"Spot Rate" means the spot rate of exchange quoted by Lehman Brothers Inc for the sale by it of the relevant currency against the purchase of the Base Currency.

10.2 Following the occurrence of an Event of Default with respect to the Counterparty, the Prime Broker may, without notice to the Counterparty and without prejudice to any other right or remedy, dispose of or procure the disposal, by sale or otherwise, of any securities (including Charged Securities) which have been delivered or paid by or on behalf of the Counterparty to the Prime Broker at such time or times, in such manner, on such terms and at such price or prices (whether payable or deliverable immediately, on a deferred basis or by instalments) without being responsible for any loss or diminution in price, as it may think fit and apply the proceeds thereof as follows.

- 10.2.1 first, in or towards payment of all costs and expenses incurred by the Prime Broker in connection with such disposal,
- 10.2.2 secondly, in or towards payment and satisfaction of any sum due to the Prime Broker pursuant to this clause 10 in such order and manner as the Prime Broker may determine,

10.2.3 thirdly, in or towards payment and satisfaction of any sums and liabilities due from the Counterparty to the Prime Broker in such order and manner as the Prime Broker may determine, and

10.2.4 fourthly, in payment of any surplus to the Counterparty

10.3 The Prime Broker shall not be liable for any consequential loss or damage in the event of its failure to perform any of its obligations under this Agreement

10.4 The power of sale conferred by Section 101 of the Law of Property Act 1925 (but free from the restrictions imposed by Sections 93 and 103) shall apply

10.5 Where the Prime Broker has been found to be liable, the Prime Broker shall only be liable to the Counterparty to the extent that the Prime Broker has been grossly negligent, fraudulent or is in wilful default of its duties as set out in this Agreement save that nothing in this Agreement shall restrict any liability owed by the Prime Broker to the Counterparty under the Financial Services and Markets Act 2000 or the Rules or disclaim any liability to an extent not permitted by such Act or Rules

11 Indemnity

11.1 The Counterparty shall indemnify and hold the Prime Broker, its directors, officers, employees and agents harmless from and against all Taxes, expenses, claims, actions, liabilities, costs or proceedings which they may incur or which arise directly or indirectly in connection with the entering into, or acting in respect of, this Agreement or any transaction or as a result of any dealings with third parties pursuant to this Agreement and/or any transaction made hereunder and shall in particular pay any stamp duty or other transfer tax arising in respect of any transaction hereunder

"Taxes" for this purpose means any present or future tax, duty, stamp duty, transfer tax, levy, impost or charge of a similar nature payable to or imposed by any supra-national, governmental, federal state, provincial, local, municipal taxing authority, body or official, of any jurisdiction (together with any related penalties, damages, fines, interest, surcharges and similar charges)

11.2 Nothing in this Agreement shall require the Counterparty to indemnify or compensate the Prime Broker to any extent prohibited by the Rules

12 Interest and Fees

12.1 Interest shall be payable by the Prime Broker to the Counterparty on credit balances in cash accounts. The Counterparty shall pay interest on debit balances in cash accounts to the Prime Broker. The Counterparty shall pay fees and remuneration to the Prime Broker in respect of transactions, at such rates, at such times and calculated in such manner as may have been agreed or, in default of agreement, as may from time to time be notified by the Prime Broker to the Counterparty, such notification to take effect three business days from the date on which it is given or at such later time as is specified in the notification

12.2 Any amount payable by the Counterparty under this Agreement which is not paid when due shall bear interest from the date on which payment became due until the date of actual payment at a rate equal to LIBOR plus two per cent.

13 Representations and Warranties

13.1 Each party represents and warrants to the other that

- 13.1.1 it is duly authorised to execute and deliver this Agreement, to enter into the transactions contemplated under this Agreement and to perform its obligations hereunder,
- 13.1.2 it enters into this Agreement as principal,
- 13.1.3 the Prime Broker may act as agent for the Counterparty in settling transactions and delivering securities,
- 13.1.4 the person signing this Agreement on its behalf is, and any person representing it in entering into a transaction will be, duly authorised to do so on its behalf;
- 13.1.5 it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the transactions contemplated and such authorisations are in full force and effect,
- 13.1.6 the execution, delivery and performance of this Agreement and all transactions will not violate any law, ordinance, charter, bye-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected,
- 13.1.7 in connection with this Agreement and each transaction
 - (i) it is not relying on any advice (whether written or oral) of the other party and, in particular, the Counterparty acknowledges that (i) nothing in this Agreement nor any act, omission, communication or course of conduct of the Prime Broker or its agents pursuant to this Agreement shall constitute the giving of advice on the merits of purchasing, selling, subscribing for, underwriting or otherwise exercising any right in respect of any investment or any other manner of investment advice under the Financial Services and Markets Act 2000 or any other applicable law or regulation, nor shall the Prime Broker have any obligation to monitor the positions or investment objectives of, or the suitability of any transactions, for the Counterparty, (ii) the Counterparty understands the nature and risks of the subject matter of this Agreement and shall seek independent advice where necessary; and (iii) the Prime Broker or any of its divisions or Affiliates may be in possession of information tending to show that instructions received may not be in the best interests of the Counterparty but the Prime Broker is not under any duty to disclose any such information; and,
 - (ii) the other party is not acting as fiduciary for it,
- 13.1.8 at the time it delivers, or is treated as delivering, to the other party any securities or equivalent securities it will have the full and unqualified right to make such delivery,
- 13.1.9 where the Counterparty is not resident in the United Kingdom, it will at the Prime Broker's request provide any necessary certificate of non-residence or other appropriate documentation necessary to minimise the incidence of UK taxation in respect of income arising in respect of securities that are the subject of any transaction

On the day on which any transaction is entered into and on each day on which securities or equivalent securities are to be transferred under this Agreement, each of the parties shall each be deemed to repeat all of the foregoing representations. For the avoidance of doubt, the Counterparty will be liable as a principal for its obligations under this Agreement

14 Appointment of Agent

- 14.1 The Counterparty hereby appoints the Agent, and the Agent hereby agrees, to act as its agent with regard to the operation of this Agreement as if the Agent were herein named instead of the Counterparty, and the Counterparty hereby authorises the Prime Broker to accept all and any instructions from the Agent as if the same emanated directly from the Counterparty without any duty on the Prime Broker to make further enquiries
- 14.2 The Counterparty hereby ratifies all and any actions taken by the Agent in its name under the Agreement, and as a separate and independent obligation, the Counterparty hereby indemnifies the Prime Broker from and against all and any actions, costs, claims, disbursements, damages, expenses, fees (including without limitation legal fees), losses, proceedings and liabilities whatsoever suffered or incurred by the Prime Broker and arising or appearing to arise from the Prime Broker taking instructions under this Agreement from the Agent.
- 14.3 The Counterparty may at any time terminate the agency of the Agent and shall notify the Prime Broker in writing of such termination. On and after receipt of such written notification ("Agency Termination Notice") the Prime Broker shall cease to act in accordance with any new instructions given by the Agent, provided that the Prime Broker shall be entitled to act in accordance with any existing instructions and that such termination is without prejudice to any other liabilities which the retiring Agent may have incurred prior to the termination of its agency

15 Notices or Other Communications

- 15.1 Any notice or other communication (including Margin Calls) to be given under this Agreement
- 15.1.1 shall be in English and, except where expressly otherwise provided in this Agreement, shall be in writing,
- 15.1.2 may be given and shall be effective
- (i) if in writing and delivered in person or by courier, at the time when it is delivered;
 - (ii) if sent via the website accessible at www.lehmanlive.com ("Lehman Live") at the time of the placing of the notice or other communication on Lehman Live;
 - (iii) if sent by telex, at the time when the recipient's answerback is received;
 - (iv) if sent by facsimile, at the time when the transmission is received by a responsible employee of the recipient in legible form,
 - (v) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when the mail is delivered or its delivery attempted;

- (vi) if sent by email or any other electronic messaging system, at the time that electronic message is received,

except that any notice or communication received, or delivery of which is attempted, after close of business or on a day which is not a business day shall be treated as given at the opening of business on the next following day

15.2 The Prime Broker shall be entitled to rely on, and treat as genuine, any requests, instructions, information or other communications reasonably believed by the Prime Broker to have been made or given by or on behalf of the Counterparty, notwithstanding that any such communication may afterwards be found not to have been made or given by or on behalf of the Counterparty

15.3 Any instructions received by the Prime Broker via Lehman Live may be treated as conclusive both as to content and authority without any further investigation on the part of the Prime Broker.

16 Non-assignability; Termination

16.1 The rights and obligations of the parties under this Agreement and under any transaction shall not be assigned or charged, provided however that this Agreement and all transactions shall be binding upon and inure to the benefit of the parties and their respective successors and assigns

16.2 Either party may terminate this Agreement by giving written notice to the other, provided that

16.2.1 this Agreement shall remain applicable to all transactions then outstanding;

16.2.2 all remedies under this Agreement shall survive termination

17 Force Majeure

17.1 The Prime Broker shall not be liable for taking or not taking and shall not be obliged to take or refrain from taking any action which it is beyond its power to take or refrain from taking wholly or partly as a result of a state of affairs (including any change of applicable regulations or any directive or policy) which it was beyond the Prime Broker's control to prevent and the effect of which is beyond its power to avoid

17.2 The Prime Broker will not be liable to the Counterparty for any delay in performance, or for the non-performance of any of its obligations hereunder by reason of any cause beyond the Prime Broker's reasonable control or for any losses caused by the occurrence of any contingency beyond the Prime Broker's reasonable control. This includes without limitation any material adverse change in the affairs of the Counterparty, any breakdown or failure of transmission, communication or computer facilities, postal or other strikes or similar industrial action and the failure of any relevant exchange, clearing house and/or broker for any reason to perform its obligations

18 Governing Law

18.1 This Agreement shall be governed by and construed in accordance with the laws of England. The parties hereby irrevocably submit for all purposes of or in connection with this Agreement and each transaction to the jurisdiction of the Courts of England

18.2 Nothing in this clause 18 shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction

18.3 The Counterparty hereby irrevocably appoints [REDACTED] at present having its offices at [REDACTED] as its agent to receive on its behalf service of process in such courts, and service upon such agent shall constitute good service notwithstanding any failure by such agent to notify the Counterparty of such service. If such agent ceases to be its agent, the Counterparty shall promptly appoint, and notify the Prime Broker of the identity of, a new agent in England. Nothing in this clause 18.3 shall however affect the right to serve process in any other matter permitted by law.

19 Waiver of Immunity

The Counterparty hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgement) and execution to which it might otherwise be entitled in any country or jurisdiction, relating in any way to this Agreement or any transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding

20 Recording

The parties agree that each may without further notice electronically record all telephone conversations between them

21 Conflicts of Interest

The Counterparty hereby authorises the Prime Broker to act hereunder notwithstanding that the Prime Broker, or any of its divisions or Affiliates may have a material interest in the transaction or that circumstances are such that the Prime Broker may have a potential conflict of duty or interest, including the fact that the Prime Broker or any of its Affiliates may

- (a) deal as principal or act as a market maker or broker fund adviser in the securities to which instructions relate;
- (b) provide broking services to other persons;
- (c) act as financial adviser to the issuer of such securities;
- (d) act in the same transaction as agent for more than one person;
- (e) have a material interest in the issue of the securities; or
- (f) earn profits from any of the activities listed herein,

and neither the Prime Broker nor any of its agents or Affiliates shall have any fiduciary duties to the Counterparty

22 Commencement

This Agreement shall take effect when a copy thereof has been duly signed by or on behalf of the Prime Broker, and by or on behalf of the Counterparty [and by or on behalf of the Agent] and when the Counterparty has returned a copy thereof to the Prime Broker

Lehman Brothers International (Europe)

By [REDACTED]
Title [REDACTED]
Date [REDACTED]

[REDACTED]

**Schedule 1
Procedures**

1 Third Party Transactions

- 1.1 Whenever the Counterparty wishes the Prime Broker to settle a third party transaction, it shall formally request the Prime Broker to do so by serving a settlement request on the Prime Broker in the form notified to it by the Prime Broker from time to time
- 1.2 The Prime Broker may at any time before settlement and in its absolute discretion reject a settlement request by giving oral or written notice to that effect to the Counterparty. Within one business day following receipt by the Prime Broker of a settlement request the Prime Broker may send a confirmation of the transaction to the Counterparty by fax, email or via the internet (including via the website accessible at www.lehmanlive.com ("Lehman Live")). The Prime Broker shall be deemed to have accepted the terms of a third party transaction only on settling such transaction
- 1.3 Unless any particular settlement method is specified in the settlement request, the Prime Broker may effect settlement, or attempt to do so, by any means it considers appropriate including, in particular, a means which does not provide for delivery-against-payment,
- 1.4 Save where a third party transaction is novated in accordance with paragraph 1.5 below, the Prime Broker shall, as between the Prime Broker and the third party, act as the Counterparty's agent in settling any third party transaction and the Prime Broker may inform the third party, or its agent, that the Prime Broker is acting as agent of the Counterparty
- 1.5 The Prime Broker may, in its absolute discretion (and shall in the case of a transaction in relation to South African securities), agree with a third party that a third party transaction shall be novated on terms that the rights and obligations of the Counterparty in respect of the transaction shall be assumed by the Prime Broker. The Counterparty appoints the Prime Broker as its agent to agree any such novation on its behalf. Upon novation of a third party contract there shall arise a contract between the Prime Broker and the Counterparty, in identical terms to the novated third party contract except that
 - 1.5.1 the rights and obligations of the Prime Broker and the Counterparty under the contract shall be equivalent to the rights and obligations of the third party and the Prime Broker respectively under the novated third party contract, and
 - 1.5.2 the Prime Broker shall be obliged to perform its obligations under the contract only if and to the extent that the third party performs its obligations under the novated third party Contract.
- 1.6 The Counterparty shall indemnify the Prime Broker, its directors, officers and employees, and hold them harmless from and against all taxes, fees, expenses, actions, liabilities, costs, losses or proceedings arising in connection with the settlement, or attempted settlement, of a third party transaction (including any novated third party transaction) or any failure to settle any such transaction save to the extent such taxes, fees, expenses, actions, liabilities, costs, losses or proceedings result from the wilful default or negligence of the Prime Broker,
- 1.7 The Prime Broker shall not be liable in respect of any failure by the third party to settle its obligations under a third party transaction (including any novated third party

transaction) on the date specified as the "Settlement Date" in the relevant confirmation sent by the Prime Broker to the Counterparty (the "Contractual Settlement Date") or at all

- 1.8 The Prime Broker shall give oral or written notice to the Counterparty of the failure of any third party transaction (including any novated third party transaction) to settle on the Contractual Settlement Date as soon as reasonably practicable after becoming aware of the failure
- 1.9 The Prime Broker shall, on the Contractual Settlement Date of a third party transaction, credit or debit, as appropriate, appropriate accounts in respect of securities and cash paid, delivered or received, or due to be paid, delivered or received, by the Prime Broker in settlement of the transaction
- 1.10 The Prime Broker may reverse any entries made under paragraph 1.9 if the relevant transaction does not settle within such period following the Contractual Settlement Date as the Prime Broker considers reasonable. Any costs associated with such a failure to settle shall be for the account of the Counterparty

2 Principal Transactions

- 2.1 Whenever the Counterparty wishes to enter into an agreement to purchase from, or sell to, the Prime Broker securities or a sum of specified currency, it shall formally request the Prime Broker to do so in the form notified to the Counterparty by the Prime Broker from time to time (a "Principal Transaction Request").
- 2.2 Service of a Principal Transaction Request shall constitute an offer by the Counterparty to enter into the transaction, and that offer may not be amended or revoked without the consent of the Prime Broker
- 2.3 The Prime Broker may reject a Principal Transaction Request by giving oral or written notice to that effect to the Counterparty. Within one business day following acceptance by the Prime Broker of a Principal Transaction Request the Prime Broker may send a confirmation to the Counterparty by fax, email or via the internet (including via Lehman Live). Such confirmation shall not be deemed to be a binding acceptance by the Prime Broker of the Principal Transaction Request and the Prime Broker may reject any Principal Transaction Request at any time up to and including the Contractual Settlement Date. The Prime Broker shall be deemed to have accepted the terms of such a transaction only on settling such transaction
- 2.4 Unless the parties otherwise agree, securities or cash which would otherwise fall to be delivered by one party to the other on the Contractual Settlement Date of a transaction arising from a Principal Transaction Request arising under paragraph 2.1 shall not be delivered or paid but shall
 - 2.4.1 in the case of cash, be credited (in the case of payments otherwise due to the Counterparty) or debited (in the case of payments otherwise due to the Prime Broker), or
 - 2.4.2 in the case of securities, be debited (in the case of deliveries otherwise due to the Counterparty) or credited (in the case of deliveries otherwise due to the Prime Broker),to an appropriate cash or securities account

2.5 Securities debited or cash credited to an account pursuant to paragraph 2.4 shall, for the purposes of clause 5, be treated as having been delivered or paid by the Counterparty to the Prime Broker

2.6 Securities credited and cash debited to an account pursuant to paragraph 2.4 shall, except to the extent that securities of the amount and description in question or, as appropriate, cash of the amount and currency in question are for the time being debited (in the case of securities) or credited (in the case of cash) to an account and available for the purpose, be treated as having been loaned by the Prime Broker to the Counterparty. The Counterparty shall, subject to the terms of this Agreement, be obliged to deliver to the Prime Broker, on demand, equivalent securities in respect of any securities loaned to the Counterparty. Cash loaned by the Prime Broker to the Counterparty shall, subject to the terms of this Agreement, be repayable on demand

3 Deliveries and payments to the Prime Broker

Whenever the Counterparty wishes to deliver securities or pay cash to the Prime Broker it shall notify the Prime Broker of its intention to do so. Upon receipt of such securities or cash the Prime Broker shall, if such securities are of a type acceptable to the Prime Broker or such cash is of a currency acceptable to the Prime Broker, debit such securities or credit such cash to an appropriate account

4 Deliveries and payments to the Counterparty

4.1 Whenever the Counterparty wishes the Prime Broker to deliver securities or cash to the Counterparty, the Counterparty shall formally request the Prime Broker to do so in the form notified to the Counterparty by the Prime Broker from time to time

4.2 The Prime Broker may, by giving written or oral notice to the Counterparty, reject such a delivery request if immediately following compliance with such a request there would be a Margin Deficit, and may reject any other delivery request

4.3 Unless a delivery request is rejected, the Prime Broker shall deliver the requested securities or cash in accordance with the delivery request, except that the Prime Broker may deliver the securities or cash on the earliest time it is reasonably practicable for the Prime Broker to make the requested delivery or payment, having regard to customary market practice and the time and date on which the delivery request is received, if that date is later than the settlement date requested by the Counterparty

4.4 Securities and cash delivered to the Counterparty pursuant to paragraph 4.3 shall, except to the extent securities of the amount and description in question or, as appropriate, cash of the amount and currency in question, are for the time being debited (in the case of securities) or credited (in the case of cash) to an account and available for the purpose, be treated as having been loaned by the Prime Broker to the Counterparty. The Counterparty shall, subject to the terms of this Agreement, be obliged to deliver to the Prime Broker, on demand, equivalent securities in respect of any securities loaned to the Counterparty. Cash loaned by the Prime Broker to the Counterparty shall, subject to the terms of this Agreement, be repayable on demand.

5 Miscellaneous

The Counterparty warrants to and for the benefit of the Prime Broker that it will not make any payments of cash to the Prime Broker under this Schedule other than pursuant to or for the purpose of or in connection with transactions made or to be made with or through the Prime Broker.

6 Applicable Laws

The performance by the Prime Broker of its obligations under this Agreement shall be subject to applicable laws and regulations, including the Rules or other applicable rules of any regulator or exchange including, without limitation, those applicable to the Prime Broker or the Counterparty and the Prime Broker may take or refrain from taking such course of action as it may deem necessary in order to ensure compliance with such laws, regulations or rules, notwithstanding any term of this Agreement and no such action shall constitute a breach of this Agreement. However, notwithstanding that, as between the Prime Broker or its Affiliates and its regulators, the Prime Broker and/or its Affiliates may be regulated by the Rules or equivalent regulations in the relevant jurisdiction, such Rules or regulations shall not be incorporated into this Agreement.

Schedule 2

Global Trader: Execution

The terms of this Schedule (the "Electronic Terms") set out the terms on which the Prime Broker will provide the Counterparty with electronic access to certain services contemplated herein or as otherwise agreed between the parties. Unless otherwise expressly provided for, in the case of a conflict between these Electronic Terms and the rest of this Agreement or any other standard terms of business agreed between the Prime Broker and the Counterparty (collectively, the "Standard Terms"), these Electronic Terms shall prevail.

1 The Prime Broker's Obligations

- 1.1 The Prime Broker grants the Counterparty the right to place orders under the Standard Terms by trading electronically, in accordance with these Electronic Terms.
- 1.2 The Prime Broker will provide the Counterparty with direct access to the Exchanges which are notified to the Counterparty by the Prime Broker from time to time (each an "Exchange") via the Prime Broker's server (the "Server") by means of a router ("LBIE Router") installed at the Counterparty's premises listed in Annex 1 (the "Premises") creating a designated link to the Prime Broker's Server ("Designated Link"). This access is referred to as the "Order Routing System".
- 1.3 The means by which the Prime Broker will provide the Counterparty with direct access to the Exchanges via the Server are the following:
 - 1.3.1 The Prime Broker's internet site www.lehman.com,
 - 1.3.2 A leased line provided by the Prime Broker ("Leased Line"), and
 - 1.3.3 A telecommunications link provided by a third party approved by the Prime Broker.It will, unless agreed otherwise, be the Counterparty's responsibility to make the necessary arrangements with the telecommunications link provider.
- 1.4 The applicable method of access to the Server from those set out in paragraph 1.3 is set out in Annex 2 and the Prime Broker will provide the Counterparty with access in accordance with the terms set out in Annex 2.
- 1.5 The Prime Broker will provide the Counterparty with the software ("Global Trader") necessary to enable the Counterparty's system to interconnect with the Designated Link to the Server. The Prime Broker will make Global Trader available to the Counterparty via:
 - 1.5.1 an email message sent from the Prime Broker to the Counterparty,
 - 1.5.2 a CD-ROM supplied by the Prime Broker to the Counterparty ("LBIE CD-ROM"), or
 - 1.5.3 the Prime Broker's Internet site www.lehman.com.
- 1.6 The manner and terms on which the Prime Broker shall provide Global Trader to the Counterparty are set out in Annex 2.

- 1.7 Upon the Counterparty's access of the Prime Broker's Server through the use of the Order Routing System, the Counterparty's order may be processed in the manner specified in Annex 2, that is
- 1.7.1 manually, either on- or off-exchange (each such order, a "Manual Order"); or
 - 1.7.2 through the Prime Broker's Member's Autotrader System (an "MAS Order"), or
 - 1.7.3 without any intervention by the Prime Broker (a "Straight Through Order", or "STO")
- 1.8 The processes applicable to MAS Orders will be set out in the Prime Broker's guidelines which will be given to the Counterparty at the time of accepting these terms. The guidelines are subject to change and amendments from time to time.
- 1.9 The parameters applicable to MAS Orders will be notified to the Counterparty from time to time and in the guidelines referred to in paragraph 1.8 and each party shall comply with its obligations in respect thereof.
- 1.10 The Prime Broker may also provide the right to trade electronically on the Exchanges in accordance with any terms (of which the Counterparty is deemed to be aware and in compliance) required by such Exchanges from time to time (the "Exchange Required Terms"). In the case of any conflict between these Electronic Terms and any of the Exchange Required Terms, the latter shall prevail.
- 1.11 The Prime Broker will issue a user name and password to persons nominated to the Prime Broker in writing (the "Authorised Personnel") by a duly authorised person or persons, according to procedures to be agreed between the parties. The Prime Broker reserves the right to limit the number of Authorised Personnel to whom the Prime Broker issues a user name and password.
- 1.12 The Prime Broker, or the Prime Broker's authorised representatives, will provide the Counterparty with electronic confirmation by email or otherwise (as determined by the Prime Broker) of each order that the Prime Broker receives from the Counterparty during a Trading Session after the close of the Session. For the purposes of this clause, a "Trading Session" is defined in accordance with the rules of the Exchange where the Counterparty's order is placed. The Counterparty will report any discrepancy between such confirmation and the order to which it relates within 24 hours of receipt of the confirmation.
- 1.13 The Prime Broker will use its reasonable endeavours to provide such maintenance and support services in respect of the Prime Broker's own equipment as set out in Annex 2. Such maintenance and support services shall not include the maintenance of any of the Counterparty's equipment or the Counterparty's connectivity to the Server, which shall be the Counterparty's sole responsibility.
- 1.14 In the event that the Prime Broker is unable to provide the Designated Link due to any of the events set out in paragraphs 3.1.2 and 3.1.3 below, the Counterparty may telephone the Prime Broker with the Counterparty's orders. For the duration of such disturbance, the Prime Broker will charge the Counterparty at the same rates as those for orders entered through the Order Routing System.

2 The Counterparty's Obligations

- 2.1 The Counterparty will only access the Server to place orders within the scope of the Standard Terms and in accordance with the rules, regulations, practices, procedures and customs of the relevant Exchanges and regulatory authorities and all other applicable laws in force from time to time ("Applicable Rules") and any such other restrictions or procedures as the Prime Broker may impose from time to time
- 2.2 The Counterparty may use the Order Routing System to transmit orders on behalf of others (a "Principal") as well as for the Counterparty's own account and, accordingly, references to "the Counterparty" in these Electronic Terms, where the context so requires in relation to the transmission of orders on behalf of a Principal, will be deemed to include references to the Counterparty's Principal (however this, and any other provision of these Electronic Terms shall be without prejudice to any agreement between the parties to the effect that such Principal shall not constitute the Prime Broker's client for the purposes of the Rules) Where the Counterparty uses the Order Routing System for the transmission of orders on behalf of a Principal, the Counterparty represents and warrants that
- 2.2.1 the Counterparty has and shall have full power and capacity to be bound by these Electronic Terms and the Standard Terms and to perform all obligations pursuant to these Electronic Terms and the Standard Terms which will require to be performed by the Counterparty's Principal;
- 2.2.2 the Counterparty is expressly authorised by the Counterparty's Principal to instruct the Prime Broker to use the Order Routing System and to execute an order in accordance with these Electronic Terms and the Standard Terms and has obtained confirmation from the Counterparty's Principal that such Principal acknowledges, accepts and will be bound by these Electronic Trading Terms and the Standard Terms in their entirety; and
- 2.2.3 the Counterparty shall be, and the Counterparty shall procure that any Principal of the Counterparty shall be jointly and severally liable, each as if a principal, to the Prime Broker in respect of all obligations and liabilities to be performed by the Counterparty and/or such Principal pursuant to these Electronic Terms and the Standard Terms and in respect of any use of the Order Routing System and any order relating to such Principal.
- 2.3 The Counterparty will ensure that the user names and passwords referred to in paragraph 1.1f will only be used by the Authorised Personnel and will not be disclosed to any other person and the Counterparty will ensure that such Authorised Personnel have been given suitable training to carry out transactions electronically
- 2.4 The Counterparty will be responsible for all orders transmitted through the Order Routing System from a user name which has been allocated to the Counterparty, whether or not the persons accessing the Order Routing System are the Counterparty's Authorised Personnel
- 2.5 The Counterparty will accept any updates or modifications to Global Trader which the Prime Broker considers reasonable or necessary in respect of the services provided to the Counterparty under these Electronic Terms The Counterparty will not copy Global Trader or any part or parts thereof, not reverse compile or disassemble Global Trader, nor purport to do any of the same or permit any of the same to be done, save to the

extent permitted under section 50B of the Copyright, Designs and Patents, Act 1988 or under section 2 1 of Annex 2

- 2.6 Where the Counterparty downloads Global Trader from the Prime Broker's Internet site, a LBIE CD-ROM or an email message, the Counterparty will be responsible for ensuring that Global Trader is compatible with your System
- 2.7 The Counterparty shall ensure that the LBIE Router is clearly marked as instructed or provided for by the Prime Broker and that any labels attached to the LBIE Router are not obscured or removed and shall keep LBIE Router safely in a secure area
- 2.8 The Counterparty will be responsible for all maintenance and support services required in order for the Counterparty to gain direct access to an Exchange pursuant to these Electronic Terms with the exception of maintenance and support services relating to the Server and Global Trader
- 2.9 The Counterparty will supply the Prime Broker with all information and perform all acts requested and reasonably required by the Prime Broker in order to obtain all regulatory and other consents in connection with or arising out of the services to be provided under these Electronic Terms
- 2.10 The Counterparty will not, without the Prime Broker's prior written consent, use via (or in any other way in relation to) the Order Routing System an automatic quotation or order system, an automated input facility, an "electronic eye" or any other analogous system which is capable, without manual intervention, of submitting or changing, quotations or orders or effecting executions of orders
- 2.11 The Counterparty will, and will continue to, comply with any conditions required by the Prime Broker in relation to any granting of the consent referred to in paragraph 2.10.

3 Withdrawal of the Order Routing System and Termination

- 3.1 The Prime Broker has the right to suspend or withdraw temporarily or permanently the Order Routing System at any time for any reason, including but not limited to the following reasons
 - 3.1.1 the Counterparty is in breach of any term of the Standard Terms (including, for the avoidance of doubt, any provision requiring the Counterparty to pay any amount under the Standard Terms) or these Electronic Terms or of the Applicable Rules or under any applicable terms, and/or
 - 3.1.2 the Prime Broker or its agents are to carry out maintenance under paragraph 1 13, and/or
 - 3.1.3 the Prime Broker is unable to provide the Order Routing System due to a defect in or failure of.
 - (i) any network, communication or computer systems or equipment, whether owned or operated by either of the parties or any third party or otherwise, and/or
 - (ii) the Prime Broker's network link to any Exchange, and /or
 - (iii) any act of God, action of any government or government agency, industrial action, act or terrorism, war, civil commotion, strike, national disaster, delay in postal services or any other delay or inaccuracy in the

transmission of orders or other information or any breakdown, failure or malfunction of any telecommunications or computer services, suspension of trading, any action, decision or ruling of an Exchange or the action of any other person beyond the Prime Broker's control, any power supply which fails or is interrupted, either in whole or in part, or other cause beyond the Prime Broker's control

3.2 These Electronic Terms and the Counterparty's access through the Order Routing System will terminate

- 3.2.1 upon either party giving the other 5 days prior written notice of termination; or
- 3.2.2 automatically, upon the termination (for whatever reason) of all of the Standard Terms; however where some but not all of the agreements constituting the Standard Terms are terminated such that a contract remains for the receipt and transmission of orders or any other dealing by the Prime Broker on behalf of the Counterparty to which these Electronic Terms can apply, these Electronic Terms and, to the extent to which they apply to these Electronic Terms, clauses 15, 18, 19 and 20, and all rights accrued under these Electronic Terms and such clauses shall, in the absence of a notice under paragraph 3.2.1, survive the termination of any or all of the Standard Terms

3.3 In the event of termination, all orders which are within the limits, parameters and controls set out in the MAS guidelines referred to in paragraph 1.8, and which have been communicated prior to the effective date of termination shall be executed in compliance with the conditions set out herein, unless the Prime Broker is prevented from executing such orders by virtue of the Applicable Rules or when such orders are otherwise in breach of these Electronic Terms or the Standard Terms

4 Disturbances and Malfunctions

- 4.1 If either party becomes aware of a disturbance or malfunction of the Order Routing System, Global Trader, any related communication system or any related computer systems, or if either party suspects such disturbance or malfunction, each party agrees to notify the other party without undue delay, regardless of the cause of such disturbances
- 4.2 In the event of a disturbance or malfunction, the Prime Broker shall take any action which the Prime Broker deems necessary or desirable to mitigate any loss, whether for the Counterparty's account or for the Prime Broker's account, arising therefrom. Any such action which the Prime Broker may take shall be binding on the Counterparty.
- 4.3 If at any time any provision of these Electronic Terms or any transaction made under them is or becomes illegal, invalid or unenforceable under any applicable law, neither the legality, validity or enforceability of the remaining provisions shall in any way be affected or impaired

5 Right of Access

- 5.1 The Prime Broker and its agents and the relevant Exchanges and their agents have the right, at any time or times, on reasonable notice (which, in emergency situations, may be immediate) to enter the Counterparty's premises and inspect the LBIE Router, the Leased Line, Global Trader and the LBIE CD-ROM ("Authorised Facilities") the

Counterparty's equipment and network services necessary for connection to the Prime Broker's server or the LBIE Router and for carrying out electronic trading with the Prime Broker or on any Exchange (the Counterparty's "System") and the Counterparty's trading practices for any reasonable purpose relating to the efficient and effective operation of the LBIE electronic trading system, including but not limited to the following purposes:

- 5.1.1 to ensure that the Counterparty is carrying out electronic trading in accordance with the Standard Terms, these Electronic Terms, Applicable Rules and any requirements of the Exchanges(s) (in respect of transactions entered into on Exchange) or any relevant statutory or regulatory body, and/or
- 5.1.2 the carrying out of maintenance under paragraph 1 13 by the Prime Broker's or its agents.
- 5.2 Emergency situations are those situations as a result of which the Prime Broker is unable to give a reasonable notice prior to seeking access to the Counterparty's premises

6 Control of Orders prior to execution

- 6.1 A transaction shall be initiated by the Counterparty offering to buy or sell by clicking twice on the confirmation box for submission of orders (or by utilising such other method required by the Order Routing System as notified to the Counterparty from time to time) to confirm and send orders. The display of any price quotation, volume or other information by the Prime Broker does not constitute an offer to the Counterparty to buy or sell
- 6.2 The Counterparty agrees that, unless the Counterparty expressly notifies the Prime Broker otherwise (and subject always to any relevant technical or other constraints, as determined by the Prime Broker in its absolute discretion), the Prime Broker shall have discretion to treat the Counterparty's order as either "Not Held" (so that the Prime Broker shall be entitled to exercise discretion as to the price, time and place of execution) or, alternatively, "Held" by the Prime Broker in accordance with the Prime Broker's standard default requirements such as they apply from time to time (and of which the Prime Broker shall endeavor, but shall not be obliged, to notify the Counterparty) in relation to each Exchange
- 6.3 Regardless of whether the Counterparty is acting for the Counterparty's own account or as agent for the account of another, the Counterparty is solely responsible for determining the suitability of any order to purchase or sell securities through the facilities of the Order Routing System.
- 6.4 The Prime Broker may accept or reject the Counterparty's offer to buy or sell at any time until the order is executed
- 6.5 Subject to the relevant Exchange rules, a transaction shall be deemed executed at the time that the Counterparty's offer is matched in whole or in part by any counterparty which may include LBIE acting as a counterparty
- 6.6 In the event of any disagreement between the parties as to whether or not an order has been accepted in respect of the Prime Broker's electronic records, the Prime Broker's paper copies of such electronic records shall prevail. In the event that telephone

conversations are relevant to resolving any such disagreement, the Prime Broker's tape recording of such conversations will prevail over electronic records or paper copies

- 6.7 The Counterparty acknowledges that the Prime Broker has the right to set limits and/or parameters or other controls which the Prime Broker considers appropriate to control the Counterparty's ability to use the Order Routing System by using a pre-programmed filter or by any other means. The limits and/or parameters applicable to the Counterparty's method of access will be notified to the Counterparty from time to time. The Prime Broker will electronically check whether such limits, parameters and controls have been complied with and may refuse electronically and/or manually block orders (each such event hereinafter referred to as an "Intervention") which exceed the stipulated limits, parameters and controls. Such limits, parameters or other controls may be amended, increased, decreased, removed or added to by the Prime Broker without notice. Such limits, parameters or other controls may include limits, parameters or controls which the Prime Broker may be required to implement in accordance with the Applicable Rules or which the Prime Broker reasonably determines should be imposed for the Prime Broker's protection. The Prime Broker is not obliged to inform the Counterparty of the nature or level of any such limits, parameters or other controls.
- 6.8 In the event of an Intervention, the Prime Broker will attempt to inform the Counterparty by telephone or otherwise of such Intervention as soon as it is reasonably practicable. Upon being notified of the Intervention, the Counterparty will immediately determine the reason for which the limits, parameters or controls were exceeded and the Counterparty will take all appropriate measures to remedy any erroneous entry of orders.
- 6.9 Without prejudice to any action which the Prime Broker is entitled to take under these Electronic Terms and the Standard Terms, the Prime Broker may without prior notice cause an Intervention at any time and for any reason, including but not limited to the following:
- 6.9.1 the Counterparty is or appears (in the Prime Broker's sole and absolute discretion) to be in breach of any of the provisions of these Electronic Terms or the Standard Terms; or
 - 6.9.2 any Exchange, regulatory body or court orders a limitation, suspension or cancellation of trading.
- 6.10 The Prime Broker shall not be liable for any loss, claim or counter-claim which is caused by an Intervention or failure to notify the Counterparty on such Intervention, except to the extent that such loss, claim or counter-claim arises out of the Prime Broker's gross negligence or the negligence of the Prime Broker's agents.
- 6.11 In respect of orders submitted to the order book, the Counterparty acknowledges that where an order has been incorrectly or erroneously or, in the Prime Broker's discretion, otherwise submitted by the Counterparty to the order book prior to execution the Prime Broker will only accept instructions to amend or delete orders submitted by Authorised Personnel. The Counterparty acknowledges that once an order has been submitted to the order book the Counterparty will be required to instruct the Prime Broker to amend or delete such order, and that the order may only be amended or deleted to the extent that such order has not already been executed or partly executed.

7 Settlement of Orders

All orders shall be settled in accordance with the Standard Terms

8 Use of the Order Routing System and Authorised Facilities

- 8.1** The Counterparty will use the Order Routing System and the Authorised Facilities solely at the Premises for the Counterparty's own internal business and commercial purposes (including, for the avoidance of doubt, use on behalf of a Principal in accordance with paragraph 2.2) and for electronic access to an Exchange in respect of services provided to the Counterparty by the Prime Broker from time to time and the Counterparty will not sell, lease, store, retransmit, redistribute or provide, directly or (without prejudice to paragraph 2.2) indirectly, the whole or any part of the Order Routing System and Authorised Facilities to any third party. The Counterparty acknowledges that as between the parties all information provided via the Order Routing System or incorporated in Global Trader is the Prime Broker's exclusive property and the Counterparty agrees to protect the Prime Broker's proprietary rights in it.
- 8.2** The Order Routing System and the Authorised Facilities may provide links to certain Internet sites sponsored and maintained by third parties. Such sites are publicly available and the Prime Broker provides access to such links solely as a convenience to the Counterparty. The Prime Broker makes no representations or warranties concerning the content of such sites and the fact that access to such sites is provided does not constitute the Prime Broker's endorsement, authorisation or sponsorship of such sites or their sponsors nor is the Prime Broker affiliated with such sponsors and the Counterparty understands and agrees that the Prime Broker has not checked or verified the contents of such sites.
- 8.3** The Prime Broker makes no warranties or representations as to the quality or fitness of any or all of the Authorised Facilities for any particular purpose and hereby expressly exclude all warranties to this effect which may be implied hereto to the fullest extent permitted by law.
- 8.4** On termination for any reason of the relationship to which these Electronic Terms apply, the Counterparty will return to the Prime Broker or, as the Prime Broker may specify, make available to the Prime Broker for collection, all of the Authorised Facilities, together with any copies.
- 8.5** The Counterparty understands and agrees that the provision to the Counterparty of the Order Routing System and any other material or services provided to the Counterparty pursuant to these Electronic Terms is provided to the Counterparty on a non-exclusive basis and that the Prime Broker may provide the Order Routing System and/or such other material or services to third parties or use it for its own purposes, including as altered, varied or improved as the Prime Broker considers appropriate.

9 Authorised Personnel

- 9.1** The Counterparty will ensure that only the Authorised Personnel will carry out transactions electronically under these Electronic Terms and the Counterparty agrees that the Prime Broker has no responsibility for verifying that persons accessing the Designated Link by entering user names and passwords provided by the Prime Broker

are Authorised Personnel. The Prime Broker is entitled to assume that all transactions purporting to have been originated by Authorised Personnel have been so authorised.

- 9.2 The Counterparty will establish, maintain and regularly review appropriate security arrangements for ensuring that there is no unauthorised access to or unauthorised use of the Server, the Authorised Facilities, or user names and passwords. Without prejudice to paragraph 9.1, the Counterparty must notify the Prime Broker immediately of any unauthorised access.

10 Compliance with Exchange Rules and Record Keeping

The Counterparty agrees that in respect of the Counterparty's use of the Order Routing System the Counterparty will at all times comply with the rules, regulations, procedures and customs of the relevant Exchange from time to time in force. The Counterparty agrees to keep adequate records in accordance with the Applicable Rules to demonstrate the nature of orders submitted and the time at which such orders are submitted. The Counterparty acknowledges that the Prime Broker's records are kept for the Prime Broker's internal purposes only and may be used in evidence (to which the Counterparty will not object) and the Counterparty will not rely on the Prime Broker to comply with the Counterparty's record keeping obligations, although records may be made available to the Counterparty on request at the Prime Broker's absolute discretion.

11 Charges

The Counterparty agrees to pay the Prime Broker the fees notified by the Prime Broker to the Counterparty from time to time.

12 Liability

- 12.1 Nothing in these Terms excludes or restricts any liability which LBIE may have under applicable rules and regulations.
- 12.2 Without this paragraph 12 limiting in any way the provisions of the Standard Terms, the Prime Broker shall accept no liability for any loss, liability or cost incurred by the Counterparty as a result or in connection with the provision of services by the Prime Broker except and to the extent that such loss, liability or cost is caused by the Prime Broker's proven negligence, fraud or wilful default or that of the Prime Broker's employees. Without limitation, the Prime Broker does not accept liability for any adverse tax implications of any transaction whatsoever. In particular, but without limitation, the Prime Broker shall not be liable for any loss, damage, injury or delay attributable in whole or in part to any of the circumstances set out in paragraph 3.1.2.
- 12.3 The Prime Broker shall have no liability whatsoever to the Counterparty in relation to any loss, liability, damage or cost that the Counterparty suffers as a result of any delay, suspension or defect in or failure of the whole or any part of (or any combination of):
- 12.3.1 the Counterparty's System, and/or
 - 12.3.2 the Server, the LBIE Router or the Designated Link, and/or
 - 12.3.3 Global Trader; and/or
 - 12.3.4 any of the systems or network links identified in paragraph 3.1.3 above or any other means of communication;

regardless of the cause of the above delay or defect or failure, including without limitation where such delay or defect or failure arises from any of the circumstances referred to in paragraph 3.1.3(iii).

- 12.4 The Counterparty will be responsible for all orders entered on the Counterparty's behalf and the Counterparty will be fully liable to the Prime Broker for the settlement of such orders. In case of dispute as to whether an order was entered in the Order Routing System and on whose behalf, the Counterparty will bear the burden of proof.
- 12.5 The Prime Broker shall only be responsible for the execution of orders actually received by the Prime Broker through the Order Routing System. The Counterparty will bear the risk of an order which has been inaccurately transmitted or which has been lost during transmission, for any reason whatsoever.
- 12.6 The Prime Broker shall have no liability to the Counterparty (whether in contract or in tort, including negligence) in the event that any viruses, worms, software bombs or similar items are introduced into the Counterparty's System via the Designated Link, or the Authorised Facilities, provided that the Prime Broker has taken reasonable steps to prevent any such introduction.
- 12.7 In no event shall the Prime Broker be liable in contract, tort or otherwise (including negligence or breach of statutory duty) for any loss of profit, business, contracts, revenues, anticipated savings or for any indirect damage, except to the extent that such loss or damage arises out of the Prime Broker's wilful default, the Prime Broker's gross negligence or the negligence of the Prime Broker's agents in the performance of the Prime Broker's obligations under these Electronic Terms.
- 12.8 In no event shall the Prime Broker be liable for any special, indirect, incidental, punitive or consequential damages (including, without limitation, loss of business, loss of profit, loss of data, loss or corruption of data, loss of goodwill or reputation or wasted management time) which may be incurred or experienced as a result of the Counterparty's trading pursuant to these Electronic Terms or using or relying on the Order Routing System or any information provided to the Counterparty in that connection, even if the Prime Broker had prior notice of the possibility of such damages arising. Any limitations or restrictions on the liability of either party in these Electronic Terms shall only apply to the extent permitted by any applicable law.

13 Indemnity

- 13.1 Without limiting in any way the provisions of the Standard Terms, the Counterparty will indemnify the Prime Broker against any fine, penalty or other similar charge imposed on the Prime Broker for any reason by any Exchange or any other regulatory authority or under any applicable law which relates in any way to the Counterparty implementation of a transaction.
- 13.2 The Counterparty will ensure that no computer viruses, worms, software bombs or similar items are introduced into the Designated Link and will indemnify the Prime Broker on demand for any loss that the Prime Broker suffers arising as a result of any such introduction.
- 13.3 The Counterparty shall on demand indemnify, protect and hold the Prime Broker harmless from and against all losses, liabilities, judgements, suits, actions, proceedings, claims, damages and costs resulting from or arising out of any act or omission by any

person obtaining access to the Designated Link by using the Counterparty's designated passwords, whether or not the Counterparty authorised such access

- 13.4 To the extent the Counterparty has entered orders for the account of the Counterparty's customers, the Counterparty shall on demand indemnify, protect and hold the Prime Broker harmless from and against all losses, liabilities, judgements, suits, actions, proceedings, claims, damages and costs resulting from or arising out of claims raised by the Counterparty's customers
- 13.5 The Counterparty shall on demand indemnify the Prime Broker against any loss that the Prime Broker suffers as a result of the theft, loss of or damage to the LBIE Router whilst it is on the Counterparty's premises

14 Confidentiality and Data Protection

- 14.1 The Prime Broker will treat the Counterparty's orders as confidential subject to disclosure as required under the Applicable Rules
- 14.2 Each party hereto shall observe all applicable rules, regulations and laws regarding data protection to the extent that the orders contain personal data
- 14.3 In the event that the Prime Broker makes use of personal data pursuant to these Electronic Terms for any purpose the Prime Broker shall do so in accordance with the Data Protection Act 1998 as amended from time to time. The Counterparty also agrees to comply with all data protection laws applicable to it in respect of any personal data used by it in connection with these Electronic Terms

15 General

- 15.1 LBIE may amend these Electronic Terms (including the Annexes) from time to time as necessary upon providing written notice to the Counterparty. Any amendments shall be effective on the date specified in the written notice, which notice may be sent to the Counterparty by fax, e-mail, letter, mail or any other means determined by the Prime Broker
- 15.2 A third party (including, without limitation any Principal) shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of the terms and conditions of these Electronic Terms or of the Standard Terms
- 15.3 Neither of the parties may assign or transfer any rights or obligations arising under these Electronic Terms except with the consent in writing of the other party (such consent not to be unreasonably withheld).

The invalidity or unenforceability of any provision of these Electronic Terms shall not affect the validity or enforceability of any other provision of these Electronic Terms.

Annex 1 The Premises

Annex 2

Method of Access and Terms for the provision of Global Trader

1 Method of Access and Terms

1.1 The Prime Broker's Obligations

The Prime Broker shall install or shall procure installation of the LBIE Router at the Premises together with Leased Line up to the LBIE Router, and shall ensure that interoperability of the LBIE Router with the Prime Broker's Server is tested

1.2 The Counterparty's Obligations

The Counterparty shall

- 1.2.1 acquire and install cabling and local area network facilities, electricity and other necessary resources and facilities for installation of the LBIE Router at the Premises,
- 1.2.2 provide appropriate space and access to that space for the Prime Broker's installation of the LBIE Router at the Premises. The Counterparty shall ensure that no third party is granted access rights to any LBIE Router or the Leased Line unless first authorised by the Prime Broker. The Counterparty may not use the LBIE Router or the Leased Line for purposes other than accessing the Order Routing System,
- 1.2.3 ensure that the LBIE Router is clearly marked as instructed by the Prime Broker and that any labels attached to the LBIE Router are not obscured or removed. The LBIE Router shall be kept by the Counterparty safely in a secure place

2 Global Trader

2.1 Terms of Use

2.1.1 The Counterparty's obligations

The Counterparty

- (i) may at the Prime Broker's absolute discretion and prior to the commencement of commercial operation of Global Trader, conduct a period of simulated trading activities on Global Trader during which the Counterparty shall be required to familiarise itself with the operation of Global Trader and the Order Routing System,
- (ii) may make as many copies of Global Trader as are in the Prime Broker's opinion necessary for the ordinary use of Global Trader or for archival or back-up purposes. These copies are subject to the terms and conditions of this agreement. The Counterparty shall ensure that all of the Prime Broker's trademarks and copyright and restricted rights notices, or those of affiliates, are reproduced on these copies. The Counterparty shall maintain an up to date written record of the number of copies of Global Trader made by the Counterparty. If the Prime

Broker requests, the Counterparty shall provide to the Prime Broker a statement of the number and whereabouts of copies of Global Trader

- (iii) except as provided above, shall not without the Prime Broker's prior written consent:
 - (a) market, exploit or make Global Trader available to another person or permit another person to use Global Trader,
 - (b) use Global Trader on behalf of or for the benefit of another person (including for the provision of commercial timesharing, rental or bureau services),
 - (c) decompile or disassemble the program code or any other part of Global Trader except to the extent permitted under Section 50B of the Copyright, Designs and Patents Act 1988,
 - (d) make copies of Global Trader,
 - (e) charge or otherwise deal in or encumber Global Trader; or
 - (f) delete, remove or in any way obscure the Prime Broker's proprietary notices on any copy of Global Trader.
- (iv) shall not:
 - (a) alter or modify Global Trader,
 - (b) combine Global Trader with or incorporate it in any other programs;and shall not attempt to do so or permit others to do so
- (v) shall operate and use Global Trader in accordance with any user and operating documentation provided by the Prime Broker,
- (vi) shall be responsible for ensuring that Global Trader is compatible with the Counterparty's System,
- (vii) shall report to the Prime Broker any problems encountered on the Counterparty's System which may affect Global Trader or which otherwise may affect the provision of the Order Routing System;
- (viii) accept any updates or modifications to Global Trader which the Prime Broker considers reasonable or necessary,
- (ix) without prejudice to any rights of access under the Electronic Terms, shall grant the Prime Broker's personnel or any third party providing equipment, software or services to the Counterparty on the Prime Broker's behalf including but not limited to the Prime Broker's subcontractors or any such third party, access to the Premises in order to maintain and ensure the proper use and operation of the Order Routing System,
- (x) shall notify the Prime Broker as soon as reasonably practicable and in any event within five business days of becoming aware of any problems in relation to the operation of Global Trader,

- (xi) do not obtain any right of ownership or title to Global Trader,
- (xii) shall not sub-license or otherwise transfer or assign the licence or disclose or otherwise make Global Trader, available to any third party or use or permit the use of Global Trader outside the scope of the licence granted above

2.1.2 The Prime Broker's Obligations

The Prime Broker

- (i) grant the Counterparty a non-exclusive, non-assignable and non-transferable licence to use Global Trader solely for the Counterparty's own use of Global Trader for the purpose of trading in the markets, training or testing. The licence will terminate simultaneously with termination of this agreement
- (ii) shall train the Counterparty's staff as the Prime Broker considers necessary and provide information the Prime Broker deems necessary to the Counterparty in connection with the operation of Global Trader, and the Order Routing System generally.
- (iii) shall, during the term of this agreement, operate, maintain and provide reasonable software support in accordance with section 2.2

2.2 Service Level and Support

This document does not constitute any legal commitment to service levels.

2.3 Connectivity

The Prime Broker is not responsible for any problem encountered by the Counterparty that relates to the external network connection between the Counterparty and the Prime Broker which has been provided by a third party telecommunications supplier or otherwise

2.4 Access to Application

In the event that the Counterparty's security access card or other required means of access for Global Trader is lost or damaged then the Counterparty will be charged a cost of US\$500 to cover the replacement

2.5 Third Parties

The Prime Broker may employ the services of third parties in providing the information technology aspects of the services referred to in this Schedule and the Prime Broker shall not have any liability to the Counterparty in respect of any act or omission of any such third party. However, the Prime Broker shall exercise reasonable care in the choice of such third party and agrees to cooperate with the Counterparty in respect of the resolution of any technological difficulties which arise as a result of such acts or omissions

• **TAB 16**

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(Multicurrency-Cross Border)

ISDA®

International Swap Dealers Association, Inc.

MASTER AGREEMENT

dated as of 16 August 2005

LEHMAN BROTHERS
INTERNATIONAL (EUROPE) and 

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties confirming those Transactions.

Accordingly, the parties agree as follows:

1. Interpretation

- (a) **Definitions.** The terms defined in Section 14 and in the Schedule will have the meanings therein specified for the purpose of this Master Agreement.
- (b) **Inconsistency.** In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement (including the Schedule), such Confirmation will prevail for the purposes of the relevant Transaction.
- (c) **Single Agreement.** All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

- (i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.
- (ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.
- (iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement.

(b) **Change of Account.** Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the scheduled date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) **Netting.** If on any date amounts would otherwise be payable:-

- (i) in the same currency; and
- (ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by whom the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount will be determined in respect of all amounts payable on the same date in the same currency in respect of such Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or a Confirmation by specifying that subparagraph (ii) above will not apply to the Transactions identified as being subject to the election, together with the starting date (in which case subparagraph (ii) above will not, or will cease to, apply to such Transactions from such date). This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) **Deduction or Withholding for Tax.**

(i) **Gross-Up.** All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:-

- (1) promptly notify the other party ("Y") of such requirement;
- (2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;
- (3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and
- (4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:-

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) *Liability.* If:-

- (1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);
- (2) X does not so deduct or withhold; and
- (3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

(c) *Default Interest; Other Amounts.* Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party that defaults in the performance of any payment obligation will, to the extent permitted by law and subject to Section 6(c), be required to pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as such overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment, at the Default Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed. If, prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction, a party defaults in the performance of any obligation required to be settled by delivery, it will compensate the other party on demand if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

3. **Representations**

Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement) that:-

(a) *Basic Representations.*

- (i) *Status.* It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;
- (ii) *Powers.* It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;
- (iii) *No Violation or Conflict.* Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;
- (iv) *Consents.* All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and
- (v) *Obligations Binding.* Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) **Absence of Certain Events.** No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) **Absence of Litigation.** There is not pending or, to its knowledge, threatened against it or any of its Affiliates any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) **Accuracy of Specified Information.** All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) **Payer Tax Representation.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) **Payee Tax Representations.** Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:-

(a) **Furnish Specified Information.** It will deliver to the other party or, in certain cases under subparagraph (iii) below, to such government or taxing authority as the other party reasonably directs:-

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) **Maintain Authorisations.** It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) **Comply with Laws.** It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) **Tax Agreement.** It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) **Payment of Stamp Tax.** Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated,

organised, managed and controlled, or considered to have its seat, or in which a branch or office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction") and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) **Events of Default.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes an event of default (an "Event of Default") with respect to such party:-

(i) **Failure to Pay or Deliver.** Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) required to be made by it if such failure is not remedied on or before the third Local Business Day after notice of such failure is given to the party;

(ii) **Breach of Agreement.** Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 2(e) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied on or before the thirtieth day after notice of such failure is given to the party;

(iii) **Credit Support Default.**

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document to be in full force and effect for the purpose of this Agreement (in either case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document;

(iv) **Misrepresentation.** A representation (other than a representation under Section 3(e) or (f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) **Default under Specified Transaction.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party (1) defaults under a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, there occurs a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction, (2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment or delivery due on the last payment, delivery or exchange date of, or any payment on early termination of, a Specified Transaction (or such default continues for at least three Local Business Days if there is no applicable notice requirement or grace period) or (3) disaffirms, disclaims, repudiates or rejects, in whole or in part, a Specified Transaction (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) **Cross Default.** If "Cross Default" is specified in the Schedule as applying to the party, the occurrence or existence of (1) a default, event of default or other similar condition or event (however

described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the applicable Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period);

(vii) **Bankruptcy.** The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:-

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (A) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (B) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) **Merger Without Assumption.** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer:-

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) **Termination Events.** The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes an Illegality if the event is specified in (i) below, a Tax Event if the event is specified in (ii) below or a Tax Event Upon Merger if the event is specified in (iii) below, and, if specified to be applicable, a Credit Event

Upon Merger if the event is specified pursuant to (iv) below or an Additional Termination Event if the event is specified pursuant to (v) below:-

- (i) **Illegality.** Due to the adoption of, or any change in, any applicable law after the date on which a Transaction is entered into, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful (other than as a result of a breach by the party of Section 4(b)) for such party (which will be the Affected Party):-
- (1) to perform any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or
 - (2) to perform, or for any Credit Support Provider of such party to perform, any contingent or other obligation which the party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction;
- (ii) **Tax Event.** Due to (x) any action taken by a taxing authority, or brought in a court of competent jurisdiction, on or after the date on which a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (y) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Payment Date (1) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));
- (iii) **Tax Event Upon Merger.** The party (the "Burdened Party") on the next succeeding Scheduled Payment Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 2(e), 6(d)(ii) or 6(e)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Indemnifiable Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets to, another entity (which will be the Affected Party) where such action does not constitute an event described in Section 5(a)(viii);
- (iv) **Credit Event Upon Merger.** If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, such party ("X"), any Credit Support Provider of X or any applicable Specified Entity of X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and such action does not constitute an event described in Section 5(a)(viii) but the creditworthiness of the resulting, surviving or transferee entity is materially weaker than that of X, such Credit Support Provider or such Specified Entity, as the case may be, immediately prior to such action (and, in such event, X or its successor or transferee, as appropriate, will be the Affected Party); or
- (v) **Additional Termination Event.** If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties shall be as specified for such Additional Termination Event in the Schedule or such Confirmation).
- (e) **Event of Default and Illegality.** If an event or circumstance which would otherwise constitute or give rise to an Event of Default also constitutes an Illegality, it will be treated as an Illegality and will not constitute an Event of Default.

6. Early Termination

(a) **Right to Terminate Following Event of Default.** If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) **Right to Terminate Following Termination Event.**

(i) **Notice.** If a Termination Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction and will also give such other information about that Termination Event as the other party may reasonably require.

(ii) **Transfer to Avoid Termination Event.** If either an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, excluding immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) **Two Affected Parties.** If an Illegality under Section 5(b)(i)(1) or a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice thereof is given under Section 6(b)(i) on action to avoid that Termination Event.

(iv) **Right to Terminate.** If:-

(1) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(2) an Illegality under Section 5(b)(i)(2), a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

either party in the case of an Illegality, the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there is more than one Affected Party, or the party which is not the Affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, by not more than 20 days notice to the other party and provided that the relevant Termination Event is then

continuing, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(c) ***Effect of Designation.***

(i) If notice designating an Early Termination Date is given under Section 6(a) or (b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 2(e) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date shall be determined pursuant to Section 6(e).

(d) ***Calculations.***

(i) ***Statement.*** On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including all relevant quotations and specifying any amount payable under Section 6(e)) and (2) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation obtained in determining a Market Quotation, the records of the party obtaining such quotation will be conclusive evidence of the existence and accuracy of such quotation.

(ii) ***Payment Date.*** An amount calculated as being due in respect of any Early Termination Date under Section 6(e) will be payable on the day that notice of the amount payable is effective (in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default) and on the day which is two Local Business Days after the day on which notice of the amount payable is effective (in the case of an Early Termination Date which is designated as a result of a Termination Event). Such amount will be paid together with (to the extent permitted under applicable law) interest thereon (before as well as after judgment) in the Termination Currency, from (and including) the relevant Early Termination Date to (but excluding) the date such amount is paid, at the Applicable Rate. Such interest will be calculated on the basis of daily compounding and the actual number of days elapsed.

(e) ***Payments on Early Termination.*** If an Early Termination Date occurs, the following provisions shall apply based on the parties' election in the Schedule of a payment measure, either "Market Quotation" or "Loss", and a payment method, either the "First Method" or the "Second Method". If the parties fail to designate a payment measure or payment method in the Schedule, it will be deemed that "Market Quotation" or the "Second Method", as the case may be, shall apply. The amount, if any, payable in respect of an Early Termination Date and determined pursuant to this Section will be subject to any Set-off.

(i) ***Events of Default.*** If the Early Termination Date results from an Event of Default:-

(1) ***First Method and Market Quotation.*** If the First Method and Market Quotation apply, the Defaulting Party will pay to the Non-defaulting Party the excess, if a positive number, of (A) the sum of the Settlement Amount (determined by the Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party over (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party.

(2) ***First Method and Loss.*** If the First Method and Loss apply, the Defaulting Party will pay to the Non-defaulting Party, if a positive number, the Non-defaulting Party's Loss in respect of this Agreement.

(3) ***Second Method and Market Quotation.*** If the Second Method and Market Quotation apply, an amount will be payable equal to (A) the sum of the Settlement Amount (determined by the

Non-defaulting Party) in respect of the Terminated Transactions and the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(4) *Second Method and Loss.* If the Second Method and Loss apply, an amount will be payable equal to the Non-defaulting Party's Loss in respect of this Agreement. If that amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of that amount to the Defaulting Party.

(ii) *Termination Events.* If the Early Termination Date results from a Termination Event:-

(1) *One Affected Party.* If there is one Affected Party, the amount payable will be determined in accordance with Section 6(e)(i)(3), if Market Quotation applies, or Section 6(e)(i)(4), if Loss applies, except that, in either case, references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and the party which is not the Affected Party, respectively, and, if Loss applies and fewer than all the Transactions are being terminated, Loss shall be calculated in respect of all Terminated Transactions.

(2) *Two Affected Parties.* If there are two Affected Parties:-

(A) if Market Quotation applies, each party will determine a Settlement Amount in respect of the Terminated Transactions, and an amount will be payable equal to (I) the sum of (a) one-half of the difference between the Settlement Amount of the party with the higher Settlement Amount ("X") and the Settlement Amount of the party with the lower Settlement Amount ("Y") and (b) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (II) the Termination Currency Equivalent of the Unpaid Amounts owing to Y; and

(B) if Loss applies, each party will determine its Loss in respect of this Agreement (or, if fewer than all the Transactions are being terminated, in respect of all Terminated Transactions) and an amount will be payable equal to one-half of the difference between the Loss of the party with the higher Loss ("X") and the Loss of the party with the lower Loss ("Y").

If the amount payable is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of that amount to Y.

(iii) *Adjustment for Bankruptcy.* In circumstances where an Early Termination Date occurs because "Automatic Early Termination" applies in respect of a party, the amount determined under this Section 6(e) will be subject to such adjustments as are appropriate and permitted by law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) *Pre-Estimate.* The parties agree that if Market Quotation applies an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks and except as otherwise provided in this Agreement neither party will be entitled to recover any additional damages as a consequence of such losses.

7. Transfer

Subject to Section 6(b)(ii), neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:-

- (a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and
- (b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e).

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

8. Contractual Currency

(a) *Payment in the Contractual Currency.* Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in a reasonable manner and in good faith in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) *Judgments.* To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purposes of such judgment or order and the rate of exchange at which such party is able, acting in a reasonable manner and in good faith in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party. The term "rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

(c) *Separate Indemnities.* To the extent permitted by applicable law, these indemnities constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) *Evidence of Loss.* For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

- (a) **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter and supersedes all oral communication and prior writings with respect thereto.
- (b) **Amendments.** No amendment, modification or waiver in respect of this Agreement will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.
- (c) **Survival of Obligations.** Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.
- (d) **Remedies Cumulative.** Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.
- (e) **Counterparts and Confirmations.**
- (i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission), each of which will be deemed an original.
- (ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation shall be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex or electronic message constitutes a Confirmation.
- (f) **No Waiver of Rights.** A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.
- (g) **Headings.** The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

10. Offices; Multibranch Parties

- (a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to the other party that, notwithstanding the place of booking office or jurisdiction of incorporation or organisation of such party, the obligations of such party are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by such party on each date on which a Transaction is entered into.
- (b) Neither party may change the Office through which it makes and receives payments or deliveries for the purpose of a Transaction without the prior written consent of the other party.
- (c) If a party is specified as a Multibranch Party in the Schedule, such Multibranch Party may make and receive payments or deliveries under any Transaction through any Office listed in the Schedule, and the Office through which it makes and receives payments or deliveries with respect to a Transaction will be specified in the relevant Confirmation.

11. Expenses

A Defaulting Party will, on demand, indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document

to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) **Effectiveness.** Any notice or other communication in respect of this Agreement may be given in any manner set forth below (except that a notice or other communication under Section 5 or 6 may not be given by facsimile transmission or electronic messaging system) to the address or number or in accordance with the electronic messaging system details provided (see the Schedule) and will be deemed effective as indicated:-

- (i) if in writing and delivered in person or by courier, on the date it is delivered;
- (ii) if sent by telex, on the date the recipient's answerback is received;
- (iii) if sent by facsimile transmission, on the date that transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
- (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date that mail is delivered or its delivery is attempted; or
- (v) if sent by electronic messaging system, on the date that electronic message is received,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication shall be deemed given and effective on the first following day that is a Local Business Day.

(b) **Change of Addresses.** Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) **Governing Law.** This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) **Jurisdiction.** With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:-

- (i) submits to the jurisdiction of the English courts, if this Agreement is expressed to be governed by English law, or to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City, if this Agreement is expressed to be governed by the laws of the State of New York; and
- (ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party.

Nothing in this Agreement precludes either party from bringing Proceedings in any other jurisdiction (outside, if this Agreement is expressed to be governed by English law, the Contracting States, as defined in Section 1(3) of the Civil Jurisdiction and Judgments Act 1982 or any modification, extension or re-enactment thereof for the time being in force) nor will the bringing of Proceedings in any one or more jurisdictions preclude the bringing of Proceedings in any other jurisdiction.

(c) **Service of Process.** Each party irrevocably appoints the Process Agent (if any) specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any

reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12. Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by law.

(d) **Waiver of Immunities.** Each party irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:-

"**Additional Termination Event**" has the meaning specified in Section 5(b).

"**Affected Party**" has the meaning specified in Section 5(b).

"**Affected Transactions**" means (a) with respect to any Termination Event consisting of an Illegality, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event and (b) with respect to any other Termination Event, all Transactions.

"**Affiliate**" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"**Applicable Rate**" means:-

- (a) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;
- (b) in respect of an obligation to pay an amount under Section 6(e) of either party from and after the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable, the Default Rate;
- (c) in respect of all other obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate; and
- (d) in all other cases, the Termination Rate.

"**Burdened Party**" has the meaning specified in Section 5(b).

"**Change in Tax Law**" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs on or after the date on which the relevant Transaction is entered into.

"**consent**" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"**Credit Event Upon Merger**" has the meaning specified in Section 5(b).

"**Credit Support Document**" means any agreement or instrument that is specified as such in this Agreement.

"**Credit Support Provider**" has the meaning specified in the Schedule.

"**Default Rate**" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority) and "lawful" and "unlawful" will be construed accordingly.

"Local Business Day" means, subject to the Schedule, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) (a) in relation to any obligation under Section 2(a)(i), in the place(s) specified in the relevant Confirmation or, if not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) in relation to any other payment, in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment, (c) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), in the city specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (d) in relation to Section 5(a)(v)(2), in the relevant locations for performance with respect to such Specified Transaction.

"Loss" means, with respect to this Agreement or one or more Terminated Transactions, as the case may be, and a party, the Termination Currency Equivalent of an amount that party reasonably determines in good faith to be its total losses and costs (or gain, in which case expressed as a negative number) in connection with this Agreement or that Terminated Transaction or group of Terminated Transactions, as the case may be, including any loss of bargain, cost of funding or, at the election of such party but without duplication, loss or cost incurred as a result of its terminating, liquidating, obtaining or reestablishing any hedge or related trading position (or any gain resulting from any of them). Loss includes losses and costs (or gains) in respect of any payment or delivery required to have been made (assuming satisfaction of each applicable condition precedent) on or before the relevant Early Termination Date and not made, except, so as to avoid duplication, if Section 6(e)(i)(1) or (3) or 6(e)(ii)(2)(A) applies. Loss does not include a party's legal fees and out-of-pocket expenses referred to under Section 11. A party will determine its Loss as of the relevant Early Termination Date, or, if that is not reasonably practicable, as of the earliest date thereafter as is reasonably practicable. A party may (but need not) determine its Loss by reference to quotations of relevant rates or prices from one or more leading dealers in the relevant markets.

"Market Quotation" means, with respect to one or more Terminated Transactions and a party making the determination, an amount determined on the basis of quotations from Reference Market-makers. Each quotation will be for an amount, if any, that would be paid to such party (expressed as a negative number) or by such party (expressed as a positive number) in consideration of an agreement between such party (taking into account any existing Credit Support Document with respect to the obligations of such party) and the quoting Reference Market-maker to enter into a transaction (the "Replacement Transaction") that would have the effect of preserving for such party the economic equivalent of any payment or delivery (whether the underlying obligation was absolute or contingent and assuming the satisfaction of each applicable condition precedent) by the parties under Section 2(a)(i) in respect of such Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have

been required after that date. For this purpose, Unpaid Amounts in respect of the Terminated Transaction or group of Terminated Transactions are to be excluded but, without limitation, any payment or delivery that would, but for the relevant Early Termination Date, have been required (assuming satisfaction of each applicable condition precedent) after that Early Termination Date is to be included. The Replacement Transaction would be subject to such documentation as such party and the Reference Market-maker may, in good faith, agree. The party making the determination (or its agent) will request each Reference Market-maker to provide its quotation to the extent reasonably practicable as of the same day and time (without regard to different time zones) on or as soon as reasonably practicable after the relevant Early Termination Date. The day and time as of which those quotations are to be obtained will be selected in good faith by the party obliged to make a determination under Section 6(e), and, if each party is so obliged, after consultation with the other. If more than three quotations are provided, the Market Quotation will be the arithmetic mean of the quotations, without regard to the quotations having the highest and lowest values. If exactly three such quotations are provided, the Market Quotation will be the quotation remaining after disregarding the highest and lowest quotations. For this purpose, if more than one quotation has the same highest value or lowest value, then one of such quotations shall be disregarded. If fewer than three quotations are provided, it will be deemed that the Market Quotation in respect of such Terminated Transaction or group of Terminated Transactions cannot be determined.

"Non-default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the Non-defaulting Party (as certified by it) if it were to fund the relevant amount.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Potential Event of Default" means any event which, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

"Reference Market-makers" means four leading dealers in the relevant market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among such dealers having an office in the same city.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Scheduled Payment Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Set-off" means set-off, offset, combination of accounts, right of retention or withholding or similar right or requirement to which the payer of an amount under Section 6 is entitled or subject (whether arising under this Agreement, another contract, applicable law or otherwise) that is exercised by, or imposed on, such payer.

"Settlement Amount" means, with respect to a party and any Early Termination Date, the sum of:-

(a) the Termination Currency Equivalent of the Market Quotations (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation is determined; and

(b) such party's Loss (whether positive or negative and without reference to any Unpaid Amounts) for each Terminated Transaction or group of Terminated Transactions for which a Market Quotation cannot be determined or would not (in the reasonable belief of the party making the determination) produce a commercially reasonable result.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect thereto) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions), (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means with respect to any Early Termination Date (a) if resulting from a Termination Event, all Affected Transactions and (b) if resulting from an Event of Default, all Transactions (in either case) in effect immediately before the effectiveness of the notice designating that Early Termination Date (or, if "Automatic Early Termination" applies, immediately before that Early Termination Date).

"Termination Currency" has the meaning specified in the Schedule.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Market Quotation or Loss (as the case may be), is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Tax Event or a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii)) to such party under Section 2(a)(i) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date and (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market

value of that which was (or would have been) required to be delivered as of the originally scheduled date for delivery, in each case together with (to the extent permitted under applicable law) interest, in the currency of such amounts, from (and including) the date such amounts or obligations were or would have been required to have been paid or performed to (but excluding) such Early Termination Date, at the Applicable Rate. Such amounts of interest will be calculated on the basis of daily compounding and the actual number of days elapsed. The fair market value of any obligation referred to in clause (b) above shall be reasonably determined by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it shall be the average of the Termination Currency Equivalents of the fair market values reasonably determined by both parties.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

**LEHMAN BROTHERS INTERNATIONAL
(EUROPE) LIMITED**

(Name of Party)

[Redacted]

(Name of Party)

[Redacted]

By: [Redacted]

Name: [Redacted]

Title: *Authorised Signatory.*

Date: [Redacted]

[Redacted]

By: [Redacted]

Name: [Redacted]

Title: [Redacted]

Date: [Redacted]

[Redacted]

(Multicurrency-Cross Border)

SCHEDULE
to the
Master Agreement
dated as of 16 August 2005,
between
LEHMAN BROTHERS INTERNATIONAL (EUROPE) ("Party A"),
a company incorporated with unlimited liability under the laws of England and Wales
and

**Part I: Termination Provisions**

In this Agreement:

(a) "Specified Entity" means:

in relation to Party A for the purpose of:

<u>Section 5(a)(v)</u> ,	Not applicable.
<u>Section 5(a)(vi)</u> ,	Not applicable.
<u>Section 5(a)(vii)</u> ,	Not applicable.
<u>Section 5(b)(iv)</u> ,	Not applicable.

and in relation to Party B for the purpose of:

<u>Section 5(a)(v)</u> ,	Not applicable.
<u>Section 5(a)(vi)</u> ,	Not applicable.
<u>Section 5(a)(vii)</u> ,	Not applicable.
<u>Section 5(b)(iv)</u> ,	Not applicable.

(b) "Specified Transaction" will have the meaning specified in Section 14 of this Agreement.(c) The "Cross Default" provisions of Section 5(a)(vi) will apply to Party A and Party B and is hereby amended by adding the following at the end thereof:

"provided, however, that, notwithstanding the foregoing, an Event of Default shall not occur under either (1) or (2) above if (A) (I) the default, or other similar event or condition referred to in (1) or the failure to pay referred to in (2) is a failure to pay or deliver caused by an error or omission of an administrative or operational nature, and (II) funds or the asset to be delivered were available to such party to enable it to make the relevant payment or delivery when due and (III) such payment or delivery is made within three (3) Local Business Days following receipt of written notice from an interested party of such failure to pay, or (B) such party was precluded from paying, or was unable to pay, using reasonable means, through the office of the party through which it was acting for purposes of the relevant Specified Indebtedness, by reason of force majeure, act of State, illegality or impossibility."

The following provisions apply:

"Specified Indebtedness" will have the meaning specified in Section 14 of this Agreement.

"Threshold Amount" means the lesser of (i) USD 75 million and (ii) two percent (2%) of the Stockholders' Equity of Lehman Brothers Holdings Inc. ("Lehman Brothers Holdings Inc." or "Holdings"), in the case of Party A and Holdings (or its equivalent in any other currency), and means at any time three

percent (3%) of the Net Asset Value of Party B in the case of Party B (or its equivalent in any other currency).

For the purposes hereof, "Stockholders' Equity" means with respect to an entity, at any time, the sum at such time of (i) its capital stock (including preferred stock) outstanding, taken at par value, (ii) its capital surplus and (iii) its retained earnings, minus (iv) treasury stock, each to be determined in accordance with generally accepted accounting principles consistently applied.

- (d) The "Credit Event Upon Merger" provisions of Section 5(b)(iv) will apply to Party A and Party B; provided, however, that the term "materially weaker" means, with respect to Party A, that Lehman Brothers Holdings Inc. or the resulting, surviving or transferee entity of Lehman Brothers Holdings Inc., as the case may be, fails to maintain a long-term senior unsecured debt rating of at least Baa3 as determined by Moody's Investors Services, Inc. ("Moody's") and BBB- as determined by Standard & Poor's Ratings Services ("S&P"). In the event of a split rating, the lower rating shall be determinative.
- (e) The "Automatic Early Termination" provision of Section 6(a) will not apply to Party A and will not apply to Party B; provided that where there is an Event of Default under Section 5(a)(vii)(1), (3), (4), (5), (6), or, to the extent analogous thereto, (8), and the Defaulting Party is governed by a system of law that does not permit termination to take place after the occurrence of such Event of Default, then the Automatic Early Termination provisions of Section 6(a) will apply.
- (f) **Payments on Early Termination.** For the purpose of Section 6(e) of this Agreement, Market Quotation and the Second Method will apply.
- (g) "Termination Currency" means United States Dollars ("USD").
- (h) **Additional Termination Events** will apply. Each of the following shall constitute an Additional Termination Event:-
- (i) **Material Amendment.** Any Operative Document (as hereinafter defined) or constitutional document (including, without limitation, investment policies or guidelines) of Party B is amended or modified in a manner which, in the reasonable judgment of Party A, will have a materially adverse effect on Party A under this Agreement or any Transaction hereunder or on the ability or authority of Party B to perform its obligations under this Agreement or any Transaction hereunder. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.
- (ii) **Change in Management or Control.** (A) an event listed in Section 5(a)(vii) occurs with respect to the Investment Manager; or (B) the Investment Manager has any of its registrations, authorizations, licenses or memberships with any federal or state governmental or regulatory authority revoked, suspended, terminated, limited or qualified. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.
- (iii) **Change of Investment Manager.** Investment Manager ceases to be the investment manager to Party B, other than in the event that the Investment Manager is replaced as investment manager, at the reasonable discretion of Lehman, to Party B by a new investment manager under the direct or indirect control of [REDACTED]. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.
- (iv) **Decline in Net Asset Value.** On any day during the term hereof, Party A determines that Party B (A) has failed to maintain a Net Asset Value in an amount equal to the greater of (x) USD 15,000,000.00, or (y) 50 percent of Party B's most recent year-end Net Asset Value as reflected in Party B's audited financial statements or (B) Party B's Net Asset Value per share declines by: (i) fifteen per cent (15%) or more from the Net Asset Value per share as of the immediately preceding calendar month-end; or (ii) thirty per cent (30%) or more from the Net Asset Value per share as of the calendar month-end of the month that is three months prior to the immediately preceding month; or (C) Party B's Net Asset Value declines by forty per cent (40%) or more from the Net Asset Value as of the calendar month-end of the month that is twelve months prior to the

immediately preceding month. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.

- (v) **Failure to Deliver Financial Statements.** Party B fails to deliver or provide its audited annual financial statements or its NAV Statement in accordance with Part 3(b) hereof and such failure is not remedied on or before the second Local Business Day after notice of such failure is given by Party A to Party B. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.
- (vi) **Prohibited Transaction.** Either party reasonably determines, and provides to the other party in writing the basis of its determination, that this Agreement and/or any Transaction contemplated hereunder constitutes, or may constitute, a "prohibited transaction" under ERISA or Section 4975 of the Code and that no exemption from the "prohibited transaction" provisions of ERISA or from Section 4975 of the Code is available with respect to this Agreement and/or such Transaction. For the purpose of the foregoing Termination Event, Party B shall be the Affected Party.
- (vii) **Plan Assets.** At any time during the term of this Agreement, "benefit plan investors" (within the meaning of U.S. Department of Labor Regulation 29 C.F.R. 2510.3-101 (the "Plan Asset Regulation")) hold twenty-five percent (25%) or more of the value of any class equity interest in Party B as determined in accordance with the Plan Asset Regulation. For the purposes of the foregoing Termination Event, Party B shall be the Affected Party.

Part 2: Tax Representations

- (a) **Payer Tax Representations.** For the purpose of Section 3(e) of this Agreement, Party A and Party B will each make the following representation:

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Sections 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representation made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction(s) of the agreement of the other party contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement; and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement, provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) of this Agreement by reason of material prejudice to its legal or commercial position.

- (b) **Payee Tax Representations.** For the purpose of Section 3(f) of this Agreement, Party A represents that it is a company incorporated with unlimited liability under the laws of England and Wales and Party B represents that it is a company duly organized and validly existing under the laws of the Cayman Islands.
- (c) **Tax Representations in Confirmations.** For purposes of Sections 2(d)(i)(4) and 3(f), any payee tax representation specified in a Confirmation under this Agreement shall be deemed to be specified in this Schedule.

Part 3: Agreement to Deliver Documents

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

- (a) Party A and Party B will deliver forms and/or documents described in Section 4(a)(iii) of the Agreement upon reasonable demand by the other party.
- (h) Other documents to be delivered are:

<u>Party required to deliver document</u>	<u>Form/Document/ Certificate</u>	<u>Date by which to be delivered</u>	<u>Covered by Section 3(d)</u>
Party A and Party B	An incumbency certificate with respect to the signatories of this Agreement and the Credit Support Documents, (if any).	Upon execution of this Agreement and, with respect to any Confirmation upon request by the other party.	Yes
Party A and Party B	A copy of the resolutions or other actions of (i) in the case of Party A, the board of directors of Party A, and (ii) in the case of Party B, the board of directors, certified by a secretary or assistant secretary of the relevant entity, pursuant to which such party is authorized to enter into this Agreement, the relevant Credit Support Document and each Transaction entered into hereunder.	Upon execution of this Agreement.	Yes
Party A and Party B	A copy of the annual report (i) in the case of Party A, of its Credit Support Provider and (ii) in the case of Party B, Party B containing audited consolidated financial statements for such fiscal year certified by independent public accountants and prepared in accordance with generally accepted accounting principles consistently applied.	Within 180 days after the relevant fiscal year-end.	Yes, but solely with respect to audited financial statements, the phrase "true, accurate and complete in every material respect" in <u>Section 3(d)</u> shall be deleted and the phrase "a fair presentation, in all material respects, of the financial condition of the relevant person" inserted in lieu thereof.
Party A and Party B	Any Credit Support Document(s) specified in Part 4 of the Schedule.	Upon execution of this Agreement.	No
Party B	Monthly statement which includes the Net Asset Value of Party B and the performance of Party B for the preceding month ("NAV Statement").	Within 15 days after each month-end.	Yes

<u>Party required to deliver document</u>	<u>Form/Document/ Certificate</u>	<u>Date by which to be delivered</u>	<u>Covered by Section 3(d)</u>
Party B	Operative Documents specified in Part 5(p) hereof.	Upon execution of this Agreement.	Yes

Part 4: Miscellaneous

- (a) **Addresses for Notices.** For the purpose of Section 12(a) of this Agreement:

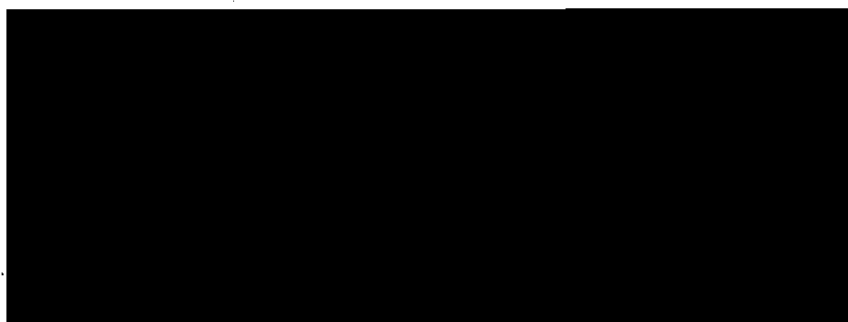
Address for notices or communications to Party A:

Address: Lehman Brothers International (Europe)
25 Bank Street
London E14 5LE
England

Attention: Documentation Manager
Telephone No.: (44) 20 7102 1209
Facsimile No.: (44) 20 7102 2044

For all purposes, except for notices in respect of CFD Transactions for purposes of Part 7, Section 19.1.


Address for notices or communications to Party B:



For all purposes, except for notices in respect of CFD Transactions for purposes of Part 7, Section 19.1.

- (b) **Process Agent.** For the purpose of Section 13(c) of this Agreement:

Party A appoints as its Process Agent: Not applicable.

Party B appoints as its Process Agent: 

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

- (d) **Multibranch Party.** For the purpose of Section 10(c) of this Agreement:

Party A is a Multibranch Party and may act through its head office in London and the following Offices: Amsterdam, Frankfurt, Madrid, Milan, Paris, Stockholm, and Zurich.

Party B is not a Multibranch Party.

- (e) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction. The Calculation Agent shall at all times act in good faith and in a commercially reasonable manner.
- (f) **Credit Support Document.** Details of any Credit Support Document, each of which is incorporated by reference in, constitutes part of, and is in connection with, this Agreement and each Confirmation as if set forth in full in this Agreement or such Confirmation:

In the case of Party A, a guarantee of Party A's obligations hereunder in the form annexed hereto as Exhibit A to this Schedule.

In the case of Party B, paragraph 10 of Part 7 of the Schedule to the Master Agreement.

- (g) **Credit Support Provider.**

Credit Support Provider means in relation to Party A: Lehman Brothers Holdings Inc.

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

- (h) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of England and Wales.
- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will not apply to any Transactions.
- (j) **"Affiliate"** will have the meaning specified in Section 14 of this Agreement provided, however, that with respect to Party A, such definition shall be understood to exclude Lehman Brothers Derivative Products Inc. and Lehman Brothers Financial Products Inc.

Part 5: Other Provisions

- (a) **Representations.** Section 3 of this Agreement is hereby amended by adding the following additional subsections:
- (g) **No Reliance.** It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction; it being understood that information and explanations related to the terms and conditions of the Transaction will not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.
 - (h) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.
 - (i) **Status of Parties.** The other party is not acting as a fiduciary for or an advisor to it in respect of that Transaction.
 - (j) **No Agency.** It is entering into this Agreement, any Credit Support Document to which it is a party, each Transaction and any other documentation relating to this Agreement or any Transaction, as principal and not as agent of any person or entity or in any other capacity, fiduciary or otherwise.
- (b) **Additional Representations of Party B.** Party B represents to Party A in accordance with Section 3 of the Agreement (which representations will be deemed to be repeated by Party B at all times until termination of this Agreement) that:
- (i) **Reliance on the Investment Manager.** Pursuant to the Trading Authorization and the terms hereof, Party B has granted the Investment Manager full discretionary power and authority to make investment decisions for, in the name of, and on behalf of, Party B, including without limitation the power and authority to enter into Transactions as the agent for Party B and to advise and direct Party B to enter into this Agreement and Transactions and to execute and deliver Confirmations in connection therewith. In connection with Party B's entering into this Agreement and any Transactions hereunder, Party A will be entitled to rely conclusively upon any request, instruction, certificate, opinion, or other document which Party A reasonably believes to be genuinely furnished to Party A by an authorized person of the Investment Manager in connection with this Agreement and the Transactions as though such request, instruction, certificate, opinion, or other document were given directly by Party B, until such time that Party B affirmatively, and upon written notice to Party A, revokes, terminates, or modifies the Trading Authorization.
 - (ii) **No Plan Assets.** The assets of Party B do not and will not constitute "plan assets" within the meaning of the Employee Retirement Income Security Act of 1974, as amended, or any successor statute.
- (c) **Additional Obligations of Party B.** Party B agrees with Party A (so long as Party A and Party B has any obligation under this Agreement or under any Credit Support Document to which it is a party) that:
- (i) **Obligations Relating to Representations.** It will not take any action during the term of this Agreement that may render any of the representations and warranties in this Agreement (including this Schedule) untrue, incorrect or incomplete in any material respects, and, if any event or condition should occur that would render any such representations and warranties untrue, incorrect

or incomplete in any material respects, then Party B will immediately give written notice thereof to Party A.

- (ii) **Notice of Certain Events.** It will provide Party A, promptly upon becoming aware of the same, with written notice of: (A) any proposed action, change or modification to any Operative Document or any other action to be voted on in respect of Party B, in each case that is likely to cause a Termination Event or Event of Default; (B) any pending or threatened litigation, action, claim, or proceeding which, if adversely determined, would materially adversely affect the ability of Party B to perform its obligations under this Agreement or any Transaction; or (C) the Investment Manager's impending resignation or termination as investment adviser to Party B.
- (iii) **Net Asset Value.** It will provide Party A, promptly upon request (and in no event more than two Local Business Days after such request), with a verbal estimate of its Net Asset Value and performance.
- (d) **Set-off.** Section 6 of this Agreement is hereby amended by adding the following new subsection 6(f):
 - (f) **Set-off.**

Setoff. Any amount (the "Early Termination Amount") payable to one party (the Payee) by the other party (the Payer) under Section 6(e), in circumstances where there is a Defaulting Party or one Affected Party in the case where a Termination Event under Section 5(b)(iv) has occurred, will, at the option of the party ("X") other than the Defaulting Party or the Affected Party (and without prior notice to the Defaulting Party or the Affected Party), be reduced by its set-off against any amount(s) (the "Other Agreement Amount") payable (whether at such time or in the future or upon the occurrence of a contingency) by the Payee to the Payer (irrespective of the currency, place of payment or booking office of the obligation) under any other agreement(s) between the Payee and the Payer or instrument(s) or undertaking(s) issued or executed by one party to, or in favour of, the other party (and the Other Agreement Amount will be discharged promptly and in all respects to the extent it is so set-off). X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Agreement Amount (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) shall be effective to create a charge or other security interest. This Section 6(f) shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

- (f) **Transfer.** Notwithstanding anything to the contrary in Section 7 of this Agreement, Party A may upon 30 days prior written notice, assign its rights and obligations under this Agreement, in whole and not in part, to any Affiliate of Holdings of equal or greater credit status effective upon delivery to Party B of the guarantee by Holdings, in favor of Party B, of the obligations of such Affiliate, such guarantee to be substantially the same as the guarantee then in effect of the obligations of the transferor, in form and substance satisfactory to Party B and such transfer will not result in: (i) Party B incurring obligations to gross-up payments over and above those it would have had but for such transfer; (ii) Party B receiving any payments for a lesser amount than it would have received but for such transfer; (iii) it being unlawful for either party to perform any obligation under this Agreement; (iv) an Event of Default; and (v) any other circumstances which might reasonably be expected to prejudice Party B's legal or commercial position under this Agreement. Upon such transfer, Party A will be fully released from any and all obligations and liabilities related to the interests assigned.

- (g) **Notices.** For the purposes of subsections (iii) and (v) of Section 12(a), the date of receipt shall be presumed to be the date sent if sent on a Local Business Day or, if not sent on a Local Business Day, the date of receipt shall be presumed to be the first Local Business Day following the date sent. Notwithstanding anything to the contrary in Section 12(a) of this Agreement, in respect of CFD Transactions (as defined in Part 7 hereof), notices under Section 5 may be sent by facsimile or electronic messaging system, and such notice shall be effective for all purposes under the Agreement.
- (h) **Service of Process.** The penultimate sentence of Section 13(c) shall be amended by adding the following language at the end thereof: "if permitted in the jurisdiction where the proceedings are initiated and in the jurisdiction where service is to be made."
- (i) **Outstanding Specified Transactions.** Upon the effectiveness of this Agreement, unless otherwise agreed to in writing by the parties to this Agreement with respect to enumerated Specified Transactions, all Specified Transactions then outstanding between the parties shall be subject to the terms hereof.
- (j) **Waiver of Trial By Jury.** Insofar as is permitted by law, each party irrevocably waives any and all rights to trial by jury in any legal proceeding in connection with this Agreement or any Transaction, and acknowledges that this waiver is a material inducement to the other party's entering into this Agreement and each Transaction hereunder.
- (k) **No Violation or Conflict.** Section 3(a)(iii) is hereby amended by inserting the words "or investment policies, or guidelines, procedures, or restrictions" immediately following the words "documents".
- (l) **Failure to Pay or Deliver.** Section 5(a)(i) of this Agreement is hereby amended by deleting the word "third" and inserting in lieu thereof the word "first".
- (m) **Escrow Payments.** If (whether by reason of the time difference between the cities in which payments are to be made or otherwise), it is not possible for simultaneous payments to be made on any date on which both parties are required to make payments hereunder, either party may, at its option and in its sole discretion, notify the other party that payments on that date are to be made in escrow. In this case, deposit of the payment due earlier on that date shall be made by 2:00 p.m. (local time at the place for the earlier payment if there is a time difference between the cities in which payments are to be made) on that date with an escrow agent selected by the notifying party and reasonably acceptable to the other party, accompanied by irrevocable payment instructions (1) to release the deposited payment to the intended recipient upon receipt by the escrow agent of the required deposit of the corresponding payment from the other party on the same date accompanied by irrevocable payment instructions to the same effect or (2) if the required deposit of the corresponding payment is not made on that same date, to return the payment deposited to the party that paid it into escrow at such party's request. The party that elects to have payments made in escrow shall pay all costs of the escrow arrangements and shall cause those arrangements to provide that the intended recipient of the payment due to be deposited first shall be entitled to interest on that deposited payment for each day in the period of its deposit at the rate offered by the escrow agent for that day for overnight deposits in the relevant currency in the office where it holds that deposited payment (at 11:00 a.m. local time on that day) if that payment is not released by 5:00 p.m. local time on the date it is deposited for any reason, other than the intended recipient's failure to make the escrow deposit it is required to make hereunder in a timely fashion.
- (n) **Severability.** If any term, provision, covenant, or condition of this Agreement, or the application thereof to any party or circumstance, shall be held to be illegal, invalid or unenforceable (in whole or in part) for any reason, the remaining terms, provisions, covenants and conditions hereof shall continue in full force and effect as if this Agreement had been executed with the illegal, invalid or unenforceable portion eliminated, so long as this Agreement as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Agreement and the deletion of such portion of this Agreement will not substantially impair the respective benefits or expectations of the parties to this Agreement. It shall in particular be understood that this Severability clause shall not affect the "single agreement" concept of Section 1(c) of the Master Agreement.
- (o) **Recording of Conversations.** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consents of, and give notice of such recording to

such personnel of it and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings.

- (p) **Additional Definitions.** Section 14 is hereby amended by adding the following definitions in their appropriate alphabetical order:

“Code” means Internal Revenue Code of 1986, as amended, or any successor statute.

“ERISA” means Employee Retirement Income Security Act of 1974, as amended, or any successor statute.

“Investment Manager” means [REDACTED] a limited liability partnership incorporated under the laws of England and Wales.

“Net Asset Value” of Party B means the net asset value as determined by its articles of association.

“Net Asset Value per Share” means, as of any day, the Net Asset Value divided by the number of Shares (as defined in the Prospectus) of Party B in issue on such day.

“Operative Documents” means the prospectus relating to [REDACTED] dated as of 8 February 2005 and the Trading Authorization.

“Trading Authorization” means the Investment Management Agreement dated as of 7 February 2005 between [REDACTED] Party B, [REDACTED] and the Investment Manager authorizing the Investment Manager to act on behalf of Party B.

Part 6: Additional Terms for FX Transactions and Currency Options

(a) Incorporation and Amendment of 1998 FX and Currency Option Definitions

- (i) Incorporation of 1998 FX and Currency Option Definitions. The 1998 FX and Currency Option Definitions, as amended from time to time (the “1998 Definitions”), published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and The Foreign Exchange Committee, are hereby incorporated by reference with respect to any “Currency Option Transactions” and “FX Transactions” as defined by the 1998 Definitions, except as otherwise specifically provided herein or in the Confirmation.

- (ii) Amendment of 1998 FX and Currency Option Definitions. The following amendments are made to the 1998 Definitions:

Section 2.1 of the 1998 Definitions is amended by adding the following as Section 2.1(b):

Currency Obligation. “Currency Obligation” means the undertaking of a party hereunder to receive or deliver an amount of currency, including a netted Currency Obligation, and including any Currency Obligation previously entered into by the parties.

- (b) **Confirmations.** Any confirmation (whether provided by mail, facsimile or other electronic means) in respect of any FX Transaction or Currency Option Transaction into which the parties may enter, or may have entered into prior to the date hereof, that fails by its terms to expressly exclude the application of this Agreement shall (to the extent not otherwise provided for in this Agreement) (i) constitute a “Confirmation” as referred to in this Agreement, even where not so specified in such confirmation; and (ii) supplement, form a part of, and be subject to this Agreement, and all provisions in this Agreement will govern such Confirmation except as expressly modified therein.

- (c) **Netting and Related Provisions.** Section 2(c) shall not apply to FX Transactions or Currency Option Transactions. In lieu thereof, the following shall apply:

- (i) Netting, Discharge and Termination of FX Transactions. The following provisions shall apply to

FX Transactions:

Unless otherwise agreed by the parties, whenever an FX Transaction is entered into between the parties which creates a Currency Obligation in the same currency and for the same Settlement Date as an existing Currency Obligation between the parties, such Currency Obligations shall automatically and without further action be netted, individually cancelled and simultaneously replaced through novation by a new Currency Obligation under which the party having the obligation to deliver the greater aggregate amount of currency shall be obligated to deliver the excess of such greater aggregate currency amount over such lesser aggregate currency amount. Such new Currency Obligation shall be considered a "Currency Obligation" under this Agreement.

- (ii) Netting, Discharge and Termination with Respect to Currency Option Transactions. The following provisions shall apply to Currency Option Transactions:

Unless otherwise agreed by the parties, any Call or Put written by a party will automatically be terminated and discharged, in whole or in part, as applicable, against a Call or a Put, respectively, having the same identical terms, written by the other party; and, upon the occurrence of such termination or discharge, neither party shall have any further obligation to the other party in respect of the parts so terminated and discharged (except for the obligation of either party to pay any Premium due, but not paid, thereunder); and the remaining portion of any Currency Option Transaction, which is partially discharged and terminated, shall continue to be a Currency Option Transaction under this Agreement.

- (d) **Inconsistencies.** In the event of any conflict between:

- (i) the terms of a Deliverable FX Transaction Confirmation and this Agreement, the terms of this Agreement shall supersede;
- (ii) the terms of a Deliverable FX Transaction Confirmation, where the Confirmation explicitly states that it shall so prevail and has been signed by both parties, its terms shall supersede the terms of this Agreement;
- (iii) the terms of a Currency Option Transaction or a Non-Deliverable FX Transaction Confirmation and this Agreement, the terms of the Confirmation shall supersede.

- (e) **Definitions.** Section 14 is hereby amended as follows:

The definition of "Terminated Transactions" shall be deemed to include Currency Obligations.

Part 7 Additional terms for CFD Transactions

General

1.1 Each transaction entered into under this Part (a "**CFD Transaction**") shall be a Transaction under the Agreement, an Equity Swap Transaction for the purposes of the 2002 ISDA Equity Derivatives Definitions (the "**Equity Definitions**") and a Swap Transaction for purposes of the 2000 ISDA Definitions (the "**Swap Definitions**"), each of which are published by the International Swaps and Derivatives Association, Inc., as amended, supplemented or revised from time to time.

1.2 The Equity Definitions, the Swap Definitions and the Terms as defined below are hereby incorporated by reference with respect to any CFD Transaction, except as otherwise specifically provided herein or the Lehman Brothers CFD confirmation or such other written document stipulating relevant terms (the "**Confirmation**"), sent by Party A to Party B and stipulating in respect of that CFD Transaction the Number of Shares, the Initial Price and any other relevant terms. The parties agree that, upon receipt of the Confirmation by electronic means or otherwise, Party B shall have two Local Business Days to object to the terms contained therein, failing which such terms shall be deemed accepted by Party A and Party B absent clear error. The parties further agree that electronic delivery may include electronic mail or any other electronic means that the parties may agree. The requirement in the Agreement that the parties

exchange confirmations shall for all purposes be deemed satisfied by a Confirmation sent and the terms therein accepted or deemed accepted as provided herein.

1.3 If, in relation to any CFD Transaction, there is any inconsistency between the Equity Definitions, the Swap Definitions, this Part, the Agreement (other than this Part) and the related Confirmation and the Terms, the following will prevail for purposes of such CFD Transaction in the order of precedence indicated: (i) such Confirmation; (ii) the Terms; (iii) this Part; (iv) the Equity Definitions; (v) the Swap Definitions; and (vi) the Agreement (other than this Part).

2 DEFINITIONS

Calculation Agent means Party A or Party B if a Section 5(a)(vii) Event of Default has occurred in relation to Party A;

Cash Balance means an account of the payments made and received by Party B under this Part;

Local Business Day means, for purposes of any CFD Transaction, a day which is a London Business Day and a New York Business Day;

Long means, in respect of a CFD Transaction, that the economic effect for Party B of entering into that CFD Transaction is analogous to Party B buying the Shares in the relevant Number of Shares at the Initial Price;

Margin Call means a notification by Party A to Party B of Party B's obligation to deliver margin in order to eliminate a Margin Deficit;

Margin Deficit means the amount by which the Net Equity is less than the Margin Requirement as determined by Party A in its good faith and commercially reasonable discretion;

Margin Excess means the amount by which the Net Equity is greater than the Margin Requirement as determined by Party A in its good faith and commercially reasonable discretion

Margin Requirement means the amount calculated by Party A in its sole and absolute discretion from time to time as the Margin Requirement including, without limitation, any initial and subsequent Margin Requirement notified to Party B by means of any Terms;

Market Value Equivalent means, in respect of any Shares as of any time on any day as determined by Party A in its good faith, an amount equal to the price for the relevant Shares obtained from a source reasonably selected by Party A acting in good faith.

Net Equity has the meaning given in paragraph 0;

Rules means the rules of the Financial Services Authority;

Securities Balance means an account reflecting the Market Value Equivalent of Shares which are the subject of CFD Transactions;

Shares means, in respect of a CFD Transaction, the shares which are the subject of that CFD Transaction;

Short means, in respect of a CFD Transaction, that the economic effect for Party B of entering into that CFD Transaction is analogous to Party B selling the Shares in the relevant Number of Shares at the Initial Price and being obliged to purchase the Number of Shares on the Valuation Date at the Final Price;

Termination Date means in respect of any CFD Transaction, the date, being a Local Business Day and a relevant Exchange Business Day, on which such CFD Transaction is terminated; as determined by Party A or Party B, as appropriate, in accordance with paragraph 19 of this Part; and

Terms means any terms notified by Party A to Party B setting out the fees, interest rates, the Floating Rate Option, the Spread, the Floating Rate Day Count Fraction, and Margin Requirement which Party A in its absolute discretion will apply to the CFD Transactions, as amended from time to time and applicable to all transactions as set out therein, and if more than one, the last terms provided by Party A to Party B.

3 TYPE OF RETURN

3.1 The Type of Return for all CFD Transactions shall be Total Return, and Re-investment of Dividends shall not apply.

4 EXCHANGE AND RELATED EXCHANGES

4.1 In respect of any CFD Transaction, "*Exchange*" means the exchange on which the specified Shares are principally traded, as determined by the Calculation Agent.

4.2 In respect of any CFD Transaction, "*Related Exchange*" shall be All Exchanges.

5 EQUITY AMOUNT PAYER

5.1 The Equity Amount Payer shall be:

- (a) For a Long CFD Transaction, Party A; and
- (b) For a Short CFD Transaction, Party B.

and the Equity Amount Receiver shall be the other party.

6 EQUITY NOTIONAL AMOUNT

6.1 The "*Equity Notional Amount*" for any CFD Transaction on the Trade Date shall be the Number of Shares multiplied by the Initial Price.

7 FINAL PRICE

7.1 The "*Final Price*" for any CFD Transaction shall at the discretion of Party A be either the price per Share at which Party A unwinds its hedge or the price per Share at the Valuation Time on the Valuation Date as determined by Party A or Party B upon the insolvency of Party A.

8 VALUATION DATE AND CASH SETTLEMENT PAYMENT DATE

8.1 In respect of any CFD Transaction, "*Valuation Time*" means the time specified by Party A or Party B upon the insolvency of Party A on the relevant Valuation Date.

8.2 In respect of any CFD Transaction, "*Valuation Date*" means the date specified as such in good faith by the Party A, following the giving of notice of termination under paragraph 19.1 (Applicable Notice") and such Valuation Date being no later than the next Scheduled Trading Day following receipt by Party A of the Applicable Notice, or delivery of the Applicable Notice by Party A to Party B in accordance with clause 19 provided that any Scheduled Trading Day is not a Disrupted Day.

9 SETTLEMENT

9.1 Cash Settlement shall apply for all CFD Transactions.

9.2 In respect of each CFD Transaction, the Cash Settlement Payment Date shall be the Termination Date.

10 MARGIN

10.1 The provisions of paragraph 10 of this Part shall apply only in respect of CFD Transactions. For the avoidance of doubt, (a) Party A shall have regard to no other Transactions or amounts payable by or to Party B under the Agreement when determining the Net Equity, and (b) any Credit Support Annex or any other Credit Support Document (except any Guarantee issued by a Credit Support Provider of either party) shall not be applicable to CFD Transactions. Paragraph 10 of this Part is a Credit Support Document.

10.2 For the purpose of this Part, *Net Equity* means the aggregate of -

- (a) the sum of -
 - (i) the absolute value of all credit balances in respect of Cash Balances; and
 - (ii) the Market Value Equivalent of all Shares comprised in all debit balances in the Securities Balances;
- (b) less the sum of -
 - (i) the absolute value of all debit balances in respect of Cash Balances; and
 - (ii) the Market Value Equivalent of all Shares comprised in all credit balances in the Securities Balances.

10.3 *Intentionally left blank.*

10.4 If, for the purposes of determining the credit or debit balances on the Cash Balances or the Securities Balances (including for the purposes of calculating the Net Equity), the relevant cash or Shares are denominated in a currency other than US dollars, then the Calculation Agent may convert such currencies as are necessary for the purposes of such determination into US dollars at the rate of exchange at which the Calculation Agent would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of US dollars.

10.5 When calculating the value of any balance on any account for the purposes of paragraph 0, the Calculation Agent may in good faith take into account any variation or potential variation in the value of cash or Shares due to the availability, liquidity, solvency or market volatility of such asset or other market variable applicable to that asset.

10.6 If at any time there is a Margin Deficit, Party B shall pay or deliver pursuant to a Margin Call to Party A such cash as will ensure that, following such payment or delivery, such Margin Deficit will be eliminated.

10.7 In the event of a Margin Call, Party B shall make such payment or delivery not later than close of business on the Local Business Day following that on which the Margin Call is made. The parties agree that any failure to make such payment or deliver in accordance with the provisions of this clause 10.7 will be an Event of Default in accordance with Section 5(a)(iii)(1) of this Agreement.

10.8 Provided that no Potential Event of Default, Event of Default or Termination Event, in each case, with respect to Party B has occurred, and is continuing if, at any time, the Net Equity exceeds the Margin Requirement, Party B may by notice to Party A request Party A to pay the amount of such Margin Excess to Party B. Any such payment shall be made no later than the close of business on the Local Business Day following that on which notice is given provided always that such Margin Excess subsists immediately prior to the payment. If only a lesser Margin Excess subsists, the amount thereof will instead be paid upon further direction or instruction amending such request from Party B.

10.9 Party A shall pay interest to Party B on any credit balance on a Cash Balance. Party B shall pay interest to Party A on any debit balances on a Cash Balance. Such interest shall be at such rates as may be notified by the Calculation Agent to Party B from time to time (including by means of the Terms).

10.10 *Intentionally Left Blank.*

10.11 Party A may from time to time specify margin rates which it intends to adopt in connection with its calculation of the Margin Requirement applicable to CFD Transactions. Such specified information may be notified by Party A to Party B in such manner as Party A considers appropriate including, without limitation, by means of any Terms.

11 DIVIDEND AMOUNTS

11.1 In respect of a CFD Transaction, the Dividend Amount shall be the product of:

- (i) For US Securities, the Record Amount and the Number of Shares; and
- (ii) For Non US Securities the Ex Amount and the Number of Shares.

11.2 In respect of any Dividend Amount, the Dividend Payment Date shall be the day that the Dividend Amount is paid by the Issuer and received by Party A or if such day is not a Local Business Day, the next following Local Business Day.

11.3 Dividend Period means the Second Period for all CFD Transactions.

12 METHOD OF ADJUSTMENT

12.1 For all CFD Transactions, the Method of Adjustment shall be Calculation Agent Adjustment.

13 EXTRAORDINARY EVENTS

13.1 **Consequences of Merger Events:**

the consequences of Merger Events shall be as follows:

- (i) Share-for-Share Alternative Obligation or, at the option of Party A, Calculation Agent Adjustment.
- (ii) Share-for-Other Cancellation and Payment.
- (iii) Share-for-CombinedComponent Adjustment.

14 NATIONALISATION, INSOLVENCY OR DELISTING

14.1 The consequences of Nationalisation, Insolvency or Delisting shall be Cancellation and Payment.

15 ADDITIONAL DISRUPTION EVENTS

15.1 "*Hedging Disruption*" and "*Increased Cost of Hedging*" will apply to each CFD Transaction.

15.2 The "*Hedging Party*" and "*Determining Party*" shall be Party A.

16 FLOATING AMOUNT PAYMENTS

16.1 The "*Floating Amount Payer*" in respect of each CFD Transaction shall be:

- (i) For a Long CFD Transaction, Party B; and
- (ii) For a Short CFD Transaction Party A.

16.2 The "*Notional Amount*" in respect of each CFD Transaction shall be the Equity Notional Amount for that CFD Transaction.

16.3 The "*Payment Date*" for Floating Amount Payments in respect of each CFD Transaction shall be the first Local Business Day of each month and in relation to a terminated CFD Transaction the Floating Amount Payment Date will be the Cash Settlement Payment Date for that CFD Transaction.

17 PAYMENTS

17.1 Party A will effect the payment of any Cash Settlement Amount, Dividend Amount, Floating Rate Amounts and any other amounts payable by one party to the other under or in respect of any CFD Transaction by making the appropriate entries to the relevant accounts of Party B. Upon the making of such an entry, the relevant payment obligation shall be discharged.

17.2 Party B acknowledges and agrees that cash held by Party A will not be client money pursuant to the Rules (or any successor provisions thereto) and will not be subject to the protections conferred by the Rules. Such cash held by Party A will not be segregated from the money of Party A or any other counterparty of Party A and will be held free and clear of all trusts. Party B further agrees that Party A will use such cash in the course of its business and that Party B will, therefore, rank as a general creditor of Party A in respect of such cash.

18 FEES

18.1 Party B will pay Party A such fees as may be notified to Party B by means of any Terms from time to time.

19 TERMINATION

19.1 Either party may terminate a CFD Transaction at any time by giving notice to the other party.

19.2 Upon the giving or receipt of a notice of termination, Party A will in its sole discretion determine the Valuation Date, the Termination Date and the amount of the Cash Settlement Amount and the Floating Amount.

20 REPRESENTATIONS

20.1 In addition to the representations made under the Agreement, Party B represents and warrants that its entry into a CFD Transaction does not constitute or form part of market abuse for the purposes of Section 118(1) of the Financial Services and Markets Act 2000.

(i) *Intentionally left blank.*

(ii) it is neither a "United States person" nor a "foreign person controlled by a United States person" as such terms are defined in Regulation X of the Board of Governors of the Federal Reserve System, 12 C.F.R. § 224 (Regulation X defines (1) "United States person" to include "a person which is organised or exists under the laws of any state of the United States of America or, in the case of a natural person, a citizen or resident of the United States; a domestic estate; or a trust in which one or more of the foregoing persons has a cumulative direct or indirect beneficial interest in excess of 50% of the value of the trust" and (2) "foreign person controlled by a United States person" to include "any non corporate entity in which United States persons directly or indirectly have more than a 50% beneficial interest, and any corporation in which one or more United States persons, directly or indirectly, own stock possessing more than 50% of the total combined voting power of all classes of stock entitled to vote, or more than 50% of the total value of shares of all classes of stock").

20.2 Each of Party A and Party B agree that the representations and warranties set out in the Agreement and this paragraph 20 shall be deemed to be repeated (*mutatis mutandis*) on the date each CFD Transaction is entered into.

20.3 Agreements and Acknowledgements Regarding Hedging Activities shall apply.

20.4 Additional Acknowledgements shall apply.

20.5 Non-Reliance shall apply.

21 **RELIANCE ON INSTRUCTIONS**

Party A may rely on any communications in any form which purport to have been given, and which Party A accepts in good faith as having been given by Party B or on its behalf. Party B will be bound by any CFD Transaction entered into or other steps taken in consequence of or in connection with such communication

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

**LEHMAN BROTHERS INTERNATIONAL
(EUROPE)**
Party A

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT A to Schedule

GUARANTEE OF LEHMAN BROTHERS HOLDINGS INC.

LEHMAN BROTHERS INTERNATIONAL (EUROPE) ("Party A") and [REDACTED] ("Party B") have entered into a Master Agreement dated as of [date], as amended from time to time (the "Master Agreement"), pursuant to which Party A and Party B have entered and/or anticipate entering into one or more transactions (each a "Transaction"), the Confirmation of each of which supplements, forms part of, and will be read and construed as one with, the Master Agreement (collectively referred to as the "Agreement"). This Guarantee is a Credit Support Document as contemplated in the Agreement. For value received, and in consideration of the financial accommodation accorded to Party A by Party B under the Agreement, LEHMAN BROTHERS HOLDINGS INC., a corporation organized and existing under the laws of the State of Delaware ("Guarantor"), hereby agrees to the following:

(a) Guarantor hereby unconditionally guarantees to Party B the due and punctual payment of all amounts payable by Party A under each Transaction when and as Party A's obligations thereunder shall become due and payable in accordance with the terms of the Agreement. In case of the failure of Party A to pay punctually any such amounts, Guarantor hereby agrees, upon written demand by Party B, to pay or cause to be paid any such amounts punctually when and as the same shall become due and payable.

(b) Guarantor hereby agrees that its obligations under this Guarantee constitute a guarantee of payment when due and not of collection.

(c) Guarantor hereby agrees that its obligations under this Guarantee shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement against Party A (other than as a result of the unenforceability thereof against Party B), the absence of any action to enforce Party A's obligations under the Agreement, any waiver or consent by Party B with respect to any provisions thereof, the entry by Party A and Party B into any amendments to the Agreement, additional Transactions under the Agreement or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor (excluding the defense of payment or statute of limitations, neither of which is waived) provided, however, that Guarantor shall be entitled to exercise any right that Party A could have exercised under the Agreement to cure any default in respect of its obligations under the Agreement or to setoff, counterclaim or withhold payment in respect of any Event of Default or Potential Event of Default in respect of Party B or any Affiliate, but only to the extent such right is provided to Party A under the Agreement. The Guarantor acknowledges that Party A and Party B may from time to time enter into one or more Transactions pursuant to the Agreement and agrees that the obligations of the Guarantor under this Guarantee will upon the execution of any such Transaction by Party A and Party B extend to all such Transactions without the taking of further action by the Guarantor.

(d) This Guarantee shall remain in full force and effect until such time as Party B shall receive written notice of termination. Termination of this Guarantee shall not affect Guarantor's liability hereunder as to obligations incurred or arising out of Transactions entered into prior to the termination hereof.

(e) Guarantor further agrees that this Guarantee shall continue to be effective or be reinstated, as the case may be, if at any time, payment, or any part thereof, of any obligation or interest thereon is rescinded or must otherwise be restored by Party B upon an Event of Default as set forth in Section 5(a)(vii) of the Master Agreement affecting Party A or Guarantor.

(f) Guarantor hereby waives (i) promptness, diligence, presentment, demand of payment, protest, order and, except as set forth in paragraph (a) hereof, notice of any kind in connection with the Agreement and this Guarantee, or (ii) any requirement that Party B exhaust any right to take any action against Party A or any other person prior to or contemporaneously with proceeding to exercise any right against Guarantor under this Guarantee.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York, without reference to choice of law doctrine. All capitalized terms not defined in this Guarantee, but defined in the Agreement, shall have the meanings assigned thereto in the Agreement.

Any notice hereunder will be sufficiently given if given in accordance with the provisions for notices under the Agreement and will be effective as set forth therein. All notices hereunder shall be delivered to Lehman Brothers Holdings Inc. (London Branch), c/o Lehman Brothers International (Europe), Attention: Head of Transaction Management at 25 Bank Street London E14 5LE, England (Facsimile No. 020-7102-2044).

IN WITNESS WHEREOF, Guarantor has caused this Guarantee to be executed in its corporate name by its duly authorized officer as of the date of the Agreement.

LEHMAN BROTHERS HOLDINGS INC.

By: _____

Name:

Title:

Date:

- **TAB 17**

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Margin Lending Agreement

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

Lehman Brothers International (Europe)
25 Bank Street,
London E14 5LE
United Kingdom

Borrower:	Reference No.:
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This Margin Lending Agreement (this "Agreement") by and among Lehman Brothers International (Europe) ("Lender") and the above-listed borrower ("Borrower") is arranged by Lehman Brothers Inc. ("Agent"), a broker-dealer registered with the U.S. Securities and Exchange Commission ("SEC") under the U.S. Securities and Exchange Act of 1934, as amended, and governs all loans (the "Loans") of money or securities that Lender may, from time to time in its sole and absolute discretion, agree to make to Borrower in connection with transactions entered into by Borrower in the Lehman Brothers Inc. Customer Account Agreement - Prime Brokerage dated _____, as amended from time to time (the "LBI Account Agreement").

1. AGENT AS AGENT OF LENDER AND BORROWER.

(a) Lender and Borrower (the "Principals") each appoints Agent to act as agent with regard to any and all actions necessary to effect Loans as described in this Agreement and Agent acknowledges and accepts such appointment.

(b) As agent of each of the Principals and in compliance with all applicable regulations, Agent will arrange all Loans.

(c) In connection with each Loan, Agent acts solely in its capacity as agent for the Principals pursuant to instructions from the Principals. Agent shall have no responsibility or personal liability to either Principal arising from any failure by a Principal to pay or perform any obligation hereunder. Notwithstanding anything herein to the contrary, Agent shall not have any responsibility for or any obligation or liability to either Principal with respect to the monitoring of margin maintenance hereunder. Each Principal agrees to proceed solely against the other to collect or recover any amount owing to it or to enforce any of its other rights in connection with, or as a result of, any Loan. The Principals acknowledge that Agent is acting solely as an agent hereunder, and the Principals agree to hold Agent harmless from all liability except for losses or damages caused by Agent's gross negligence or wilful misconduct.

(d) Each Principal and Agent hereby agree that any and all notices, demands, communications, payments or deliveries of any kind relating to any Loan may be delivered or made solely through Agent.

2. **PURPOSE OF THE LOANS.** Unless notice is provided to Lender in advance of a Loan, the proceeds of each Loan shall be utilized by Borrower solely to satisfy its payment or delivery obligations under the LBI Account Agreement from time to time in effect between Borrower and Agent.

3. LOAN TERMS.

(a) Subject to all other applicable provisions of this Agreement, all Loans that are loans of securities shall be governed by the terms of a standard-form Global Master Securities Lending Agreement (May 2000 version), as modified and supplemented by the Schedule to GMSLA (collectively, the "GMSLA"), which terms are hereby incorporated into this Agreement as if set forth fully herein. In the event of any conflict between the terms of the GMSLA incorporated herein and the terms expressly set forth herein, the terms expressly set forth herein shall control. In furtherance of the foregoing (and not by way of limitation), Lender, Borrower and Agent agree that: (i)

LEHMAN BROTHERS

the fees payable by Borrower with respect to Loans of securities will be governed by this Agreement (including the TCR (as defined in Section 4 hereof)), not by Paragraph 7 of the GMSLA; (ii) the collateralization and margin requirements and procedures relating to Loans of securities will be governed by this Agreement (including the TCR), not by Paragraph 5 of the GMSLA; (iii) the obligations of Borrower to Lender and Agent will be secured by a first priority security interest in certain property of Borrower (as set forth herein and in the LBI Account Agreement), not by Borrower transferring title in certain property pursuant to the GMSLA, including Paragraphs 2.3 and 4.2 of the GMSLA; and (iv) the term Posted Collateral (as used in Paragraph 9.1 of the GMSLA) will be deemed to be a reference to the collateral held by Lender and Agent pursuant to this Agreement and the LBI Account Agreement.

(b) All Loans are demand loans. Immediately upon Lender's demand from time to time, Borrower shall repay outstanding amounts under any or all Loans of money (together with all accrued interest) and/or redeliver Equivalent Securities (as defined in the GMSLA) under any or all Loans of securities. The inclusion of Section 6 hereof and of provisions in the GMSLA relating to Events of Default (as defined therein) shall not affect the status of the Loans as demand loans or Borrower's obligations set forth in the preceding sentence.

4. INTEREST AND LOAN FEES. Borrower agrees that interest and fees will accrue on all outstanding Loans of money and securities in accordance with the methods described in a terms and conditions rider that has been separately provided to it or in any amendment or revision thereto which may be provided to it (the "TCR"). Borrower agrees that all such accrued interest and/or fees not paid at the close of an applicable period shall constitute an additional Loan of money hereunder.

5. COLLATERAL

(a) Lender may from time to time, in its sole and absolute discretion, demand that Borrower deliver for credit to a securities account maintained by Lender (any such account, "Lender's Account") collateral in the form of cash or securities, in such amounts and/or currencies as are determined by Lender in its sole discretion. Borrower shall immediately comply with any such demand and any failure to immediately comply shall constitute a default under this Agreement. Borrower shall ensure that at all times the Market Value (as defined below) of the cash and securities collateral delivered to Lender's Account exceeds the sum of (i) the aggregate Market Value (as defined below) of the cash and securities lent under outstanding Loans and (ii) the margin requirement determined by Lender from time to time in its sole and absolute discretion and notified to Borrower (the "Margin Requirement").

"Market Value" means:

(i) with respect to cash, the amount of such cash (converted, if necessary, into U.S. dollars at a spot rate obtained from a source selected by Lender in its sole and absolute discretion); and

(ii) with respect to securities, the price for such securities obtained from a source selected by Lender in its sole and absolute discretion; provided that, (A) if prices for such securities are available on an exchange, the price shall be the closing price on such exchange and (B) the price of securities that are suspended, or in respect of which there is no source or a discontinuous source, shall be determined by Lender in its sole and absolute discretion. Market Value is determined by Lender solely for the purposes of determining Margin Requirements and should not be relied on by Borrower for any other purposes.

(b) As security for Borrower's payment and performance of all of its obligations and liabilities (whether or not mature or contingent) from time to time ("Liabilities") to Lender under this Agreement, the GMSLA or in connection with any Loan and for all obligations owing to Lender (the "Obligations"), Lender shall have a lien on and a continuing first priority security interest in all of Borrower's cash, securities, financial assets and other property from time to time delivered under this Agreement or otherwise held by, or under the control of, Lender (the "Collateral"), irrespective of whether or not Lender has made advances to Borrower in connection with such securities or other property. All Collateral shall be free and clear of all prior liens, claims and encumbrances (other than the lien in favor of Lender and its affiliates), and Borrower will not cause or allow any of the Collateral, whether now owned or hereafter acquired, to be or become subject to any liens, claims or encumbrances of any nature other than the security interest created in Lender's favor and in favor of its affiliates. Borrower agrees that any Collateral may be registered and held in the name of Agent or its designee. Borrower shall execute such documents and take such other action as

Lender shall reasonably request in order to perfect Lender's rights with respect to any Collateral. In addition, Borrower hereby appoints Agent and each of its affiliates as Borrower's agent and attorney-in-fact to take any action, including without limitation to sign, seal, execute and deliver all documents, as may be required to perfect Lender's interest in and to realize upon all of Lender's rights in the Collateral or to otherwise accomplish the purposes of this Agreement. In order to satisfy any of Borrower's Obligations, Lender may, to the fullest extent permitted by law, at any time in its discretion and without prior notice to Borrower, use, apply or transfer any and all Collateral.

(c) Except as noted in the last sentence of this subsection, within the limits of applicable law and regulations, Borrower hereby authorizes Lender to lend either to itself or to others any or all Collateral, to convey therewith all attendant rights of ownership (including voting rights and the right to transfer the securities to others), and to use all such Collateral as collateral for its general loans. Any Collateral, together with all attendant rights of ownership, may be pledged, repledged, hypothecated or rehypothecated either separately or in common with other property for any amounts due to Lender thereon or for a greater sum, and Lender shall have no obligation to retain a like amount of similar property in its possession and control. Borrower hereby acknowledges that, as a result of such activities, Lender may receive and retain certain benefits to which Borrower will not be entitled. In certain circumstances, such loans, pledges, repledges, hypothecations and rehypothecations may limit, in whole or in part, Borrower's ability to exercise voting and other attendant rights of ownership with respect to the loaned or pledged securities. Borrower agrees to waive the right to vote, or to provide any consent or to take any similar action with respect to these securities in the event that the record date or deadline for such vote, consent or other action falls during the period of any such loan, pledge, repledge, hypothecation or rehypothecation. Unless otherwise agreed by Lender and Borrower, Borrower will be entitled to receive all distributions, including, but not limited to, cash, stock dividends and interest payments, made on or in respect of any loaned, pledged, repledged, hypothecated or rehypothecated securities which are not otherwise received by Borrower, to the full extent Borrower would be entitled if the securities had not been loaned, pledged, repledged, hypothecated or rehypothecated.

(d) Upon satisfaction by Borrower of all Obligations (and all other obligations owed by Borrower to each affiliate of Lender), Lender shall return to Borrower the Collateral.

(e) Borrower authorizes and requests Agent, as agent for Borrower, to transfer cash or securities from the account(s) of Borrower opened and maintained pursuant to the LBI Account Agreement (the "LBI Customer Account(s)") to Lender's Account as Collateral under this Agreement. In addition, if, at any time, Borrower has provided excess collateral under this Agreement and also (i) is required to deliver margin, collateral or other credit support (including title transfer credit support) to Lender under any other agreement or (ii) is required to deliver day trading margin to LBI for the benefit of any of its LBI Customer Account(s), then Borrower authorizes and requests Lender to transfer such excess collateral to itself (or to LBI, as the case may be) on Borrower's behalf in order to satisfy (to the extent possible) Borrower's obligation to deliver margin or credit support under such other agreement (or, in the case of the LBI Customer Account(s), to deliver day trading margin in compliance with New York Stock Exchange regulations). If Lender or Agent makes a delivery on Borrower's behalf pursuant to this Section 5(e), such delivery shall have the same effect as if Borrower itself had made such delivery under the applicable agreement.

6. **EVENTS OF DEFAULT.** The occurrence of each of the following is an "Event of Default" hereunder:

- (i) any "Event of Default" (as defined in the GMSLA);
- (ii) any event of the type described in Section 4 of the LBI Account Agreement;
- (iii) Borrower's failure to maintain collateral as required by Section 5 hereof;
- (iv) Borrower's failure to make any payment or delivery when required hereunder;
- (v) Borrower's failure to comply with or perform any other agreement or obligation hereunder;
- (vi) the occurrence of an Act of Insolvency (as defined in the GMSLA) with respect to Borrower or with respect to any general partner, managing member or analogous representative entity of Borrower;

(vii) any representation made or deemed to have been made by Borrower shall be incorrect or untrue in any respect when made or deemed made;

(viii) Borrower is suspended or expelled from or surrenders its membership or participation in any securities exchange or association or other self-regulatory organization or is suspended from dealing in securities by any governmental agency, or any of the assets of Borrower or the assets of an investor held by, or to the order of, Borrower are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation;

(ix) Borrower states that it is unable to, or intends not to, perform any of its obligations under this Agreement or any other agreement between Borrower and Lender or Agent or any affiliates of Lender or Agent;

(x) there is a material adverse change in the business affairs of Borrower;

(xi) any event of default or equivalent event occurs under any other agreement between Borrower and Lender or Agent or any of their affiliates; or

(xii) any material document or constitutive document of Borrower is modified in a manner which, in the sole and absolute discretion of Lender, may have a material adverse effect on any Loan or Borrower's ability to perform its obligations under this Agreement or any other agreement between Borrower and Lender or Agent or any affiliates of Lender or Agent.

Upon the occurrence of an Event of Default, all Loans shall become immediately due and payable and Lender shall have all of the rights of a secured party upon default under the Uniform Commercial Code in effect from time to time in the State of New York and other applicable laws, rules and regulations, all rights set forth in the GMSLA arising upon an "Event of Default" thereunder and all rights arising under the LBI Account Agreement after a default thereunder or under a Contract (as defined therein) including, without limitation, the right, without prior notice to Borrower, to cancel any outstanding commitments for or relative to any Loan and/or apply any Collateral to, or sell any or all of the Collateral and apply the proceeds to, any Loan (or to the purchase of securities that are the subject of any Loan); after which Borrower shall be liable to Lender and Agent for any remaining deficiency, loss, costs or expenses incurred or sustained by Lender or Agent in connection therewith. Such purchases and/or sales may be effected by Lender (or Agent, as its agent) publicly or privately without notice or advertisement in such manner as Lender may in its sole discretion determine. At any such sale or purchase, Lender, Agent or any of Lender or Agent's affiliates may purchase or sell the property to or from itself or third parties free of any right of redemption. Lender shall have the right to convert currencies in connection with the exercise of its rights hereunder in such manner as it may determine, in its sole discretion, to be commercially reasonable.

7. MISCELLANEOUS.

(a) Capacity to Contract. Borrower represents and warrants to Lender and Agent that it has the capacity and authority to enter this Agreement and each Loan and make each pledge of Collateral. Each representation or warranty made by Borrower in this Agreement will be deemed to be repeated on each date on which (i) a Loan is made, (ii) Collateral is delivered or released or (iii) any other transaction occurs hereunder.

(b) ERISA. (i) Borrower represents and warrants to Lender and Agent that it is either (i) not (A) an employee benefit plan (an "ERISA Plan") as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or (B) subject to ERISA or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or (ii) (A) an ERISA Plan or subject to ERISA or Section 4975 of the Code and (B) whose Investment Manager or General Partner is (and it covenants and agrees that any successor Investment Manager or General Partner appointed by it will be) a Qualified Professional Asset Manager ("QPAM") as defined by the relevant prohibited transaction class exemption(s) issued pursuant to ERISA and it will provide Lender and Agent with a Investment Advisor Representation Letter.

(ii) The investment manager or advisor for Borrower represents that Borrower is not an ERISA Plan as defined in Section 3(3) ERISA, or subject to ERISA or Section 4975 of the Code, or Similar Law. The investment manager further represents and warrants that Borrower is not a person acting on behalf of an ERISA Plan and that the Borrower's assets do not constitute assets of an ERISA Plan.

(c) Compliance with Regulations. All Loans are subject to the laws, rules and regulations of the United States, England and any other applicable jurisdiction and applicable regulatory and self-regulatory authorities, including but not limited to the SBC, The Financial Services Authority of England and Wales (the "FSA"), all relevant securities and commodities exchanges and the Board of Governors of the Federal Reserve System.

(d) FSA Customer Protections. Lender is authorized by the FSA and is regulated by its rules (the "Rules"). Affiliates (such as Agent) of Lender may not be authorized by the FSA and certain services provided outside of England and Wales pursuant to this Agreement may not be regulated by the Rules. Lender and Borrower acknowledge and agree that cash held for Borrower hereunder is received as collateral with full ownership under a collateral arrangement and is subject to the security interest contained herein. Accordingly, such cash will not be client money pursuant to the Rules (or any successor provisions thereto) and will not be subject to the protections conferred by the Rules. Such cash will not be segregated from the money of Lender or any other counterparty of Lender and will be held free and clear of all trusts. The parties further agree that Lender will use such cash in the course of its business and Borrower will, therefore, rank as a general creditor of Lender in respect of such cash. Notwithstanding the choice of law provision as set forth in Clause (m) in this Section 7 below, this Clause (d) of Section 7 shall be construed in accordance with the laws of England.

(e) Adequate Assurances. Subject to, and not as limitation of, the rights of Lender under this Agreement, if at any time Lender has reasonable grounds for insecurity with respect to Borrower's performance of any Obligation, Lender may demand, and Borrower shall give, adequate assurance of due performance within 24 hours, or within any shorter period of time Lender demands that is reasonable under the circumstances. The adequate assurance of performance that may be demanded by Lender may include, but shall not be limited to, the delivery by Borrower of additional property as Collateral.

(f) Costs and Expenses. Borrower hereby agrees to pay, on demand, all reasonable costs, liabilities and damages incurred by Lender or Agent (including, without limitation, costs of collection, attorneys' fees, court costs and other expenses) in connection with enforcing their rights hereunder or incurred or charged for custody of the Collateral. In each case and whether or not demand has been made therefor, Borrower hereby authorizes Lender to increase the amount of any outstanding Loan by any and all such costs, liabilities and damages, including without limitation, those incurred in connection with the liquidation of any of the Collateral.

(g) Securities Events. Lender shall inform Borrower if Lender becomes aware of the occurrence or prospective occurrence of any of the following with respect to any securities pledged to Lender: conversions, subdivision or consolidation; redemption; a takeover offer; calls, including calls on partly-paid securities and published calls; a capitalization issue; rights issue; distribution of income in the form of securities; or a certificate which may at a future date be exchanged for securities or an entitlement to acquire securities. Subject to 5(c), above, if Lender receives notice from Borrower that Borrower wishes to act on any of the events referenced in this paragraph and such notice is received by Lender within a reasonable time for Lender to act on such event, Lender will act in accordance with Borrower's wishes. Borrower represents that it will review all prospectuses and offering statements that it may receive and understands the risks inherent with the Loans, including any risks associated with the above-described securities events.

(h) Voting Rights. If any right to vote arises with respect to securities pledged to Lender, Borrower may inform Lender that Borrower wishes to exercise such right as Borrower specifies. Subject to 5(c), above, if Lender receives this notice within a reasonable time to act, it will act in accordance with Borrower's wishes. If Lender does not receive such timely notice from Borrower, it will use its discretion to decide whether and how to vote such securities.

Notwithstanding the foregoing, Lender and Agent have hired a third party, [REDACTED] and its affiliate [REDACTED] to carry out proxy services for Lenders' and Agents' prime brokerage clients. In connection therewith, Borrower hereby authorize the transmission

by Lender, Agent or any affiliate of Lender or Agent, of certain data to [REDACTED] or such other service provider as may be chosen by Lender, Agent or any affiliate of Lender or Agent, from time to time, which will include details of Borrower's settled positions held on a record date basis under this Agreement, subject to Section 19 hereof ("Proxy Position Data"). Additionally, Borrower releases Lender or Agent or any affiliate of Lender or Agent, from any confidentiality or any analogous obligation binding under this Agreement occasioned by the transmission of Proxy Position Data to [REDACTED] or such other service provider or the provision of [REDACTED]'s or such other service provider's proxy services.

(i) Waiver, Assignment and Notices. Neither Lender's failure to insist at any time upon strict compliance with this Agreement or with any of the terms hereof nor any continued course of such conduct on its part shall constitute or be considered a waiver by Lender of any of its rights or privileges hereunder. Any purported assignment of your rights and/or obligations hereunder without obtaining the prior written consent of an authorized representative of Lender and Agent shall be null and void. Lender and Agent each reserves the right to assign any of its rights or obligations hereunder or under any other agreement with Borrower to any of their affiliates without prior notice to Borrower. Notices and other communications to you (including without limitation demands for collateral) that are sent by electronic means, including facsimile or electronic mail, sent by express delivery service or mailed, in each case to the address or number provided by Borrower, shall, until Agent has received notice in writing of a different address or number, be deemed to have been personally delivered to Borrower. Demands for additional Collateral may also be communicated orally, without subsequent written confirmation.

(j) Securities Contract; Margin Payment; Settlement Payment. Borrower acknowledges and agrees that each Loan shall be deemed to be a "securities contract" within the meaning of Sections 555 and 741(7) (as may be amended, modified or supplemented) of the U.S. Bankruptcy Code and each payment or delivery hereunder, including each payment or delivery of collateral, shall be deemed to be a "margin payment" or "settlement payment" (each as defined in Section 101 and 741 of the U.S. Bankruptcy Code) made to and held by a "stockbroker" within the meaning of Sections 362 and 546 of the U.S. Bankruptcy Code.

(k) Legally Binding. Borrower hereby agrees that this Agreement and all of the terms hereof shall be binding upon it and its successors and assigns. Borrower hereby waives any and all defences that any oral instruction was not in writing as may be required by any applicable law, rule or regulation. Borrower hereby authorizes Lender and Agent to accept and act on any instructions received by Lender and/or Agent from any investment manager or advisor that Lender and/or Agent believe is authorized to act on Borrower's behalf. Borrower hereby agrees to pay, on demand, all reasonable costs, liabilities and damages incurred by Lender and/or Agent (including, without limitation, attorneys' fees, court costs and other expenses) in connection with Lender and/or Agent acting in reliance upon instructions from any such investment manager or advisor, including, but not limited to, instructions transmitted via electronic means, including facsimile or electronic mail.

(l) Amendment. Borrower agrees that Lender may modify the terms of this Agreement at any time upon prior written notice to Borrower. By failing to immediately discharge all of its Obligations upon delivery of any such notice, Borrower will have indicated its acceptance of any such modification. If Borrower does not accept such modification, Borrower must notify Lender in writing; Lender may then demand immediate discharge of all of Borrower's Obligations. Otherwise, this Agreement may not be modified absent a written instrument signed by an authorized representative of Lender.

(m) GOVERNING LAW. THIS AGREEMENT SHALL BE DEEMED TO HAVE BEEN MADE IN THE STATE OF NEW YORK AND SHALL BE CONSTRUED, AND THE CONTRACTUAL AND ALL OTHER RIGHTS AND LIABILITIES OF THE PARTIES DETERMINED, IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO ANY CONFLICTS OF LAW PRINCIPLES THEREOF, SAVE FOR CLAUSE (D) IN THIS SECTION 7 WHICH SHALL BE CONSTRUED IN ACCORDANCE WITH THE LAWS OF ENGLAND.

(n) JURISDICTION; WAIVER OF JURY TRIAL. The parties shall attempt in good faith to promptly resolve any dispute arising out of, relating to or in connection with this Agreement or any transactions hereunder by negotiations by executives of the parties who have the authority to settle the controversy. With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably submits to the exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of

Manhattan in New York City and waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party. ANY RIGHT TO A TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR ACTION IS HEREBY WAIVED BY ALL THE PARTIES TO THIS AGREEMENT.

(o) NO CONSEQUENTIAL DAMAGES. IN NO EVENT WILL LENDER OR AGENT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF THIS AGREEMENT.

(p) Waiver of Immunities. Lender and Borrower each irrevocably waives, to the fullest extent permitted by applicable law, with respect to itself and its revenues and assets, all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) arbitration, (iv) relief by way of arbitration award, injunction, order for specific performance or recovery of property, (v) attachment of its assets (whether before or after judgment) and (vi) execution or enforcement of any judgment or arbitration award and irrevocably agrees, to the fullest extent permitted by applicable law, that it will not claim any such immunity.

(q) Headings. The headings of the provisions hereof are for ease of reference only and shall not affect the interpretation or application of this Agreement or in any way modify or qualify any of the rights provided for hereunder.

(r) Cumulative Rights; Entire Agreement. The rights, remedies, benefits and protections afforded to Lender and Agent under this Agreement and under any other agreement Borrower may have with Lender or Agent or any affiliate of Lender or Agent, whether heretofore or hereafter entered into, are cumulative and in addition to any other rights, remedies, benefits and protections that Lender or Agent may have. To the extent that the provisions of any agreements Borrower has with Lender or Agent, whether heretofore or hereafter entered into, are inconsistent (whether the inconsistency be between the agreements or within a single agreement), the conflict shall be resolved in favor of the provision which affords Lender or Agent (as applicable) with the maximum rights, remedies, benefits or protections. Except as set forth above, this Agreement represents the entire agreement and understanding between Borrower, Agent and Lender concerning the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on this, the ____ day of _____, ____.

Lender:

LEHMAN BROTHERS INTERNATIONAL (EUROPE)

By: _____

Name:

Title:

Borrower:

By: _____

Name:

Title:

Investment Advisor (for the sole purpose of agreeing to and acknowledging the representation contained in Section 7 (b) (ii))

By: _____

Name:

Title:

Agent hereby agrees to and acknowledges its role as agent for both parties in accordance with Section I.

Agent

LEHMAN BROTHERS INC.

By: _____

Name:

Title:

TAB 18



**Master Institutional Futures Customer Agreement
Lehman Brothers International (Europe)**

This **MASTER INSTITUTIONAL FUTURES CUSTOMER AGREEMENT** (this "Agreement") is made on June 2006.

In consideration of the acceptance of its account by Lehman Brothers International (Europe) ("LBIE") and LBIE's agreement to act as its broker and/or dealer, the undersigned [Insert Details of Counterparty] ("the Customer") agrees to the following with respect to its account with LBIE for the purchase and sale of exchange-traded futures and options contracts (collectively, "Exchange Contracts") and over-the-counter spot, forward and option contracts on foreign exchange and Exchange Contracts as well as on the cash or physical instruments that underlie Exchange Contracts (together with the Exchange Contracts, "Contracts"). LBIE is regulated in the conduct of its investment business in the United Kingdom by The Financial Services Authority ("FSA") at its principal place of business, 25 Bank Street, London, E14 5LE. The FSA has made certain Rules that regulate how we conduct investment business (the "Rules"). The FSA requires that LBIE give its customers notice of certain of the Rules. Those that are not contained in the main text of this Agreement are set out in an attachment to this Agreement.

1. Governmental and Exchange Rules.

The Customer's account shall be maintained in accordance with, and all transactions therein shall be subject to, the constitution, statutes, by-laws, rules, regulations, customs, usages, rulings and interpretations (collectively, "Applicable Law") of all applicable governmental and self-regulatory agencies, including, but not limited to, all exchanges or their clearing houses, if any, on which or subject to whose rules such transactions are executed. LBIE shall not be liable to the Customer as a result of any actions taken to comply with Applicable Law or of any independent floor broker transacting the Customer's Contracts at LBIE's or the Customer's request, including, without limitation, any liquidation, in whole or in part, of the Customer's positions or any other action taken in the event that any exchange declares an emergency. The Customer shall bear all risks and obligations associated with any Contract purchased or sold for its account. Accordingly, LBIE shall have no obligation in respect of any Contract purchased or sold for Customer's account other than to account to the Customer for the value of any such Contract actually realised by LBIE. In the event any exchange fails to honour a Contract or otherwise restricts its value, the Customer will have no recourse to LBIE for such failure or restriction. The Customer shall reimburse LBIE for all amounts that LBIE may become obligated to pay to any exchange in respect of any Contract purchased or sold for the Customer's account. All Property (as defined in Section 4 below) held by LBIE for the Customer shall be held subject to Applicable Law or as the parties mutually agree.

2. Margin.

The Customer agrees to deliver to LBIE immediately upon demand cash or property in such an amount as LBIE in its reasonable discretion may require as initial or variation margin in addition to the amounts required by Applicable Law (the sum of the amounts so required by LBIE and the amounts required by Applicable Law being referred to as the "Margin Requirement"). The Customer agrees to make all deliveries of the Margin Requirement in United States Dollars unless LBIE in its discretion permits otherwise or as agreed between Customer and LBIE. The Customer hereby grants to LBIE the power to appropriate from any account of the Customer with LBIE any cash or property in such account in or towards satisfaction of the Margin Requirement and the power and authority to take any action necessary in respect of such cash or property in order to effect such appropriation.

All right, title and interest in and to all cash or property delivered to LBIE pursuant to the Margin Requirement (including for the avoidance of doubt, cash or property delivered by virtue of any appropriation effected by LBIE from any account of the Customer) shall pass to LBIE upon receipt (or appropriation) of such cash or property by LBIE and LBIE may deal with such rights, title and/or interest as it sees fit. The value of any cash or property delivered to LBIE as margin shall be credited

to the Customer's account, and the net balance of the customer's account taking account of the value of margin delivered and the Contracts purchased or sold for the Customer's account shall be segregated as client money in accordance with the Rules.

The Customer shall pay any applicable VAT, stamp duty, other taxes and levies or other transaction or government duties due in respect of any delivery of any cash or property pursuant to this Agreement or in respect of any account to which this Agreement relates.

3. Events of Default.

In the event that:

- (a) the Customer fails timely to deliver to LBIE cash or property required to satisfy any Margin Requirement;
- (b) the Customer is dissolved or liquidated;
- (c) a proceeding under any applicable bankruptcy or insolvency law or an assignment for the benefit of creditors or an application for a receiver or trustee is filed by or against the Customer or any of its affiliates;
- (d) any attachment, execution or distress is levied against or sought to be levied against, or an encumbrancer takes possession of the whole or any part of, the Property (as defined in Section 4 below), undertaking or assets of the Customer or assets being held at or being sent to LBIE for the Customer's benefit, or any lien created by the Customer becomes enforceable or the lienholder takes steps to enforce such security;
- (e) the Customer fails to perform or comply with any material obligation contained herein or under any other agreement with LBIE;
- (f) the Customer's account incurs a deficit balance;
- (g) LBIE determines that any representation, statement or warranty made by the Customer to LBIE in this Agreement or in any notice or other document, certificate or statement delivered by it pursuant hereto or in connection herewith is untrue, inaccurate or misleading in any material respect;
- (h) LBIE, in its sole and absolute discretion, considers it necessary for its protection; or
- (i) anything analogous to any of the events specified above occurs under the laws of any applicable jurisdiction

(each of such events referred to in the foregoing clauses (a) through (i) being referred to herein as an "Event of Default"), then LBIE may, at the Customer's sole risk and expense, without prejudice to any other rights which LBIE may have, exercise the rights set forth in Section 4 below. If the Customer knows or should know or becomes aware of any event in this Section 3, the Customer shall immediately notify LBIE thereof.

4. Consequences of an Event of Default.

At any time following the occurrence of an Event of Default, LBIE shall be entitled at its sole discretion, as soon as it has attempted to give or has given written or oral notice thereof to the Customer, to take one or more of the following actions:

- (a) apply any margin delivered to LBIE pursuant to Section 2 against any and all amounts owing to LBIE by the Customer;
- (b) liquidate, sell or close out any or all of the Contracts and monies, funds, securities of all kinds, commodities and other property or collateral (collectively, "Property") in the Customer's account;
- (c) hedge and/or offset such Contracts and Property in the cash or other market, including a related but separate market;

- (d) sell any Contracts or Property held by LBIE belonging to the Customer or in which the Customer has an interest;
- (e) cancel any open orders for the purchase and/or sale of any Contracts or Property;
- (f) borrow and/or buy any Contracts or Property required to make delivery against any sales, including a short sale, effected for the Customer;
- (g) exercise any or all option contracts to which LBIE is a party; or
- (h) take such action as LBIE reasonably deems necessary for its protection.

If any such sale or purchase is made in accordance with the foregoing, it may be public or private, and LBIE itself may be the counterparty of such transaction(s). The Customer agrees not to make any claim against LBIE concerning the manner of sale, timing or price thereof. The proceeds of any such transactions shall be applied by LBIE to reduce any and all indebtedness owed to LBIE by the Customer. All costs, fees, expenses and liabilities incurred by LBIE in the exercise of the rights detailed in this Section 4 shall be borne by the Customer. After taking any of the foregoing actions or any of the actions permitted by Section 5 and application of the proceeds of any sales of Property against indebtedness or other amounts owing to LBIE, LBIE shall value in the currency it may select the remaining Property in the Customer's account, deem that value to be immediately due and payable, and apply that value by way of set off against any amounts owing to LBIE not discharged by the application of the proceeds of any sale, with any balance remaining after such set off being payable by the Customer if the amounts owing to LBIE exceed the value of the Property or by LBIE if the value of the Property exceeds the amounts owing to LBIE.

5. Security.

As continuing security for the payment and discharge of all sums due hereunder to LBIE or pursuant to Applicable Law, and all sums that may otherwise be due to LBIE or any of its subsidiaries or affiliates, the Customer hereby, as beneficial owner and with full title guarantee free from encumbrances whatsoever, charges in favour of LBIE by way of first fixed legal charge over each account the subject of this Agreement, all Property from time to time credited to such accounts and all rights in respect of such Property, including any rights the Customer has against LBIE or any third party in respect of the money or investments shown in such account (such Property and all rights in respect of such Property being referred to herein as the "Charged Property").

Upon the occurrence of an Event of Default described in Section 3(b), (c) or (d):

- (a) LBIE may realise the security provided for in Section 5 in such manner as it may deem appropriate, including without limitation by taking any of the steps listed in Section 4, and apply the proceeds of any such realisation against any or all sums due to LBIE. The power of sale conferred by Section 101 of the Law of Property Act 1925 (but free from the restrictions imposed by Sections 93 and 103 of such Act) shall apply.
- (b) The Customer agrees to execute and do all such assurances, acts and things as LBIE may reasonably require for perfecting or protecting the security provided for in Section 5 over the Charged Property or any part thereof.
- (c) The Customer irrevocably and by way of security hereby appoints LBIE to be the Customer's true and lawful attorney for the Customer and, if applicable, the Customer's personal representatives and in the Customer's or their name and on the Customer's or their behalf at any time and from time to time to do anything which the Customer is obliged to do (but has not done) in respect of the Charged Property and to exercise any of the rights conferred on LBIE under the Charged Property. The Customer hereby ratifies and confirms and agrees to ratify and confirm whatever LBIE shall do in the exercise or purported exercise of the above power of attorney.

6. Payment Obligations of Customer.

The Customer shall pay LBIE upon demand:

- (a) all brokerage charges, give-up fees, commissions and service fees as LBIE may from time to time charge;
- (b) all exchange, clearinghouse, National Futures Association ("NFA"), clearing member or electronic trading fees or charges;
- (c) any tax imposed on such transactions by any competent taxing authority;
- (d) the amount of any realised or unrealised losses in the Customer's account;
- (e) any debit balance or deficiency in the Customer's account;
- (f) interest on any debit balance or deficiency in the Customer's account, at the prevailing rate as determined by LBIE, together with costs and reasonable attorneys' and accountants' fees incurred in collecting any such debit balance or deficiency; and
- (g) any other amounts owed by the Customer to LBIE with respect to its account or any transactions therein.

7. Interest.

LBIE shall pay interest on the Customer's cash held by LBIE based on interest rates mutually agreed to by the parties. Unless so agreed, client money and other money held for the Customer will not automatically earn interest. The Customer understands that LBIE may retain for its own account any interest, increment, profit, gain or benefit, direct or indirect, resulting from or relating to the deposit or investment of funds, including Property of the Customer, held in commodity customer segregated accounts, customer secured amount accounts and non-regulated accounts.

8. Customer's Representations and Warranties.

The Customer represents and warrants at the time this Agreement is entered into and at the time each subsequent transaction is entered into under this Agreement that:

- (a) the Customer has full right, power, capacity and authority to enter into this Agreement and each and every transaction entered into hereunder, and that each person executing this Agreement and giving instructions or orders on behalf of the Customer is authorised to do so;
- (b) this Agreement and obligations expressed to be assumed by the Customer herein are legal, valid and binding on the Customer and enforceable against the Customer in accordance with the terms hereof;
- (c) the Customer may lawfully establish and open the accounts for the purpose of effecting purchases and sales of Contracts through LBIE and any financing thereof;
- (d) transactions entered into pursuant to this Agreement will not violate any Applicable Law, including any law to which the Customer is subject or any agreement to which the Customer is subject or a party;
- (e) the Customer will provide on request such information regarding the Customer's financial or business affairs as LBIE may reasonably require or as required by Applicable Law, and that all information provided by the Customer to LBIE hereunder or otherwise is true and correct, and the Customer shall promptly notify LBIE of any change in such information and the Customer shall not omit or withhold any information that would render the information so supplied to be false, inaccurate or misleading in any material respect;
- (f) the Customer has satisfied itself and will continue to satisfy itself as to the tax, accounting, legal and other implications, if any, of the transactions contemplated hereunder;
- (g) the Customer has the full and unqualified right to transfer to LBIE any cash or property delivered to LBIE (including by way of appropriation by LBIE from an account of the Customer) as required by the terms of this Agreement, and any such cash or property so transferred shall be, at the time of transfer, beneficially owned by the Customer and free and

clear of any mortgage, lien, claim, charge or other encumbrance whatsoever;

- (h) no Event of Default described in Section 3 above has occurred with respect to it and is continuing, and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;
- (i) the Customer has received the CFTC Risk Disclosure Statement attached to this Agreement, has read it and understands it; and
- (j) if applicable, the Customer is not an authorised person or the employee of an authorised person under the Financial Services and Markets Act 2000 unless the Customer has specifically notified LBIE to that effect in writing.

9. Trading Recommendations.

The Customer acknowledges and understands that any market recommendations or information or other communication (written or oral) provided by LBIE or by any of its affiliates or agents with respect to the Customer's trading activities is solely incidental to the conduct of its business, shall not serve as a primary basis for any decision by the Customer and does not constitute investment advice nor a recommendation to enter into a transaction unless there is a written agreement between LBIE and the Customer to the contrary. No fiduciary or advisory relationship between LBIE and the Customer is created by this Agreement. All decisions of the Customer are made solely by and at the discretion of the Customer and are based upon the Customer's judgment and upon advice from such professional advisors as the Customer deems it necessary to consult (LBIE is not nor can be considered a professional advisor for the purpose of this Agreement) and do not constitute the exercise of discretionary or fiduciary authority or control by LBIE. The Customer understands that LBIE makes no representation or warranty as to the accuracy, completeness, reliability or prudence of any information provided by LBIE, and any such information may be changed without notice to the Customer. The Customer further understands that LBIE, its affiliates, its officers and its employees may take or hold positions in or advise other customers concerning such transactions which are the subject of information from LBIE to the Customer, which positions and advice may be inconsistent with or contrary to positions which are held by the Customer. LBIE is not acting as a fiduciary, foundation manager, commodity pool operator, commodity trading advisor or investment adviser in respect of any accounts opened by the Customer. LBIE shall have no responsibility hereunder for compliance with Applicable Law governing the conduct of fiduciaries, foundation managers, commodity pool operators, commodity trading advisors or investment advisors. Upon entering into a transaction, the Customer acknowledges and agrees that by entering into the transaction, it understands the terms, conditions and risks of such transaction and is willing to assume those risks, financially or otherwise.

The Customer further acknowledges that LBIE may share any dealing or other charges with any associated company or other third party. Details of any such sharing arrangements shall not be set out in the relevant contract note or confirmation contract note, but the amount of such charges shall be available on request.

10. Position Limits.

The Customer understands that LBIE has, at its discretion, the right to limit positions in the Customer's account, to decline to accept any orders from the Customer, and to require that the Customer's account be transferred to another firm. The Customer shall file or cause to be filed all applications or reports required under Applicable Law with the relevant governmental authority or exchange, contract market or clearing house, and shall provide LBIE with a copy of such applications or reports and such other information as LBIE may reasonably request in connection therewith.

11. Statements and Confirmations.

Final written confirmation of actual transactions and/or orders, purchase and sale notices, correction notices and statements of the Customer's account shall be conclusive if not objected to in writing within seven days of the date of the statement. Communications mailed or electronically transmitted to the Customer's address shown on LBIE's books and records shall, until LBIE has received notice

in writing from the Customer of a different address, be deemed to have been personally delivered to the Customer, and the Customer agrees to waive all claims resulting from any failure to receive such communications.

Any notice or other communication in respect of this Agreement must be given in writing and delivered in person, sent by certified or registered mail or by overnight courier or by telex or facsimile at the address or number set forth opposite such party's name below or as may be subsequently specified in writing between the parties from time to time. Notices delivered by mail shall be deemed to have been received on the next business day where such notice is sent in or from the United Kingdom and on the third business day thereafter where such notice is sent to or from the United States or another country. Notices sent by messenger shall be deemed duly given when delivered to the address of the Customer as reflected on the messenger's records. Notices sent by overnight air courier shall be deemed fully given when delivered to the address of the Customer as reflected on LBIE's records. If delivered by telex or facsimile, such notice shall be deemed to have been delivered on the date that the answerback is received or the date of the date stamp on the facsimile. Notices sent by electronic transmission from the mainframe used by LBIE shall be deemed given when sent. All communications to LBIE shall be sent to the address set forth below or such other place as LBIE notifies in writing to the Customer.

12. Exclusion of Liability and Indemnity.

LBIE shall have no responsibility or liability to the Customer

- (a) in connection with the performance or non-performance by any exchange, clearing house, clearing firm or other third party (including floor brokers and banks) of their obligations in respect of any order, bid, offer, Contract or other Property of the Customer;
- (b) as a result of any prediction or recommendation made or information given by a representative of LBIE whether or not made or given at the request of the Customer;
- (c) as a result of LBIE's reliance on any instructions, notices or communications that it believes to be that of an individual authorised to act on behalf of the Customer;
- (d) as a result of any delay in the performance or non-performance of any of LBIE's obligations hereunder directly or indirectly caused by the occurrences of any contingency beyond the control of LBIE including, but not limited to, the unscheduled closure of an exchange or clearinghouse or delays in the transmission of bids, offers, orders or instructions due to slowdowns, breakdowns or failures of transmission or communication facilities, execution, and/or trading facilities or other systems (including, without limitation, electronic trading systems, facilities or services), it being understood that LBIE shall be excused from performance of its obligations hereunder for such period of time as is reasonably necessary after such occurrence to remedy the effects therefrom;
- (e) as a result of any action taken by LBIE or any clearing firm or executing firm, including floor brokers selected by LBIE, to comply with Applicable Law;
- (f) for any acts or omissions of those neither employed nor supervised by LBIE; or
- (g) for losses suffered by the Customer resulting directly or indirectly from government action, war, strike or national disaster.

LBIE shall not be responsible for any loss, liability, damage or expense except to the extent that it is judicially determined that such loss, liability, damage or expense results directly from LBIE's gross negligence or willful misconduct. In no event shall LBIE be liable to the Customer for consequential, incidental or special damages hereunder.

Nothing in this Agreement, express or implied, is intended to confer or does confer upon any person or entity other than the parties hereto or their respective successors and assigns any rights or remedies under or by reason of this Agreement or as a result of the services to be rendered by LBIE hereunder.

13. Options Transactions.

If a transaction involves an option contract, the Customer acknowledges and agrees that it is responsible for taking or failing to take action to exercise any option contract in the Customer's account and that, unless such option contract is automatically exercised subject to Applicable Law, LBIE shall not take any action to exercise any option contract in the Customer's account without instructions from the Customer.

14. Independent Investment Advisor.

If the Customer directs LBIE in writing to accept trading instructions from an independent commodity trading advisor or investment advisor ("Advisor"), unless otherwise agreed in writing, Customer hereby appoints such Advisor as the Customer's agent for the purpose of receiving all communications, notices and requests for instructions related to this Agreement and the transactions effected pursuant to this Agreement, including, without limitation, trading recommendations or market information, confirmations of trades, statements of account and margin calls (including the Margin Requirement). Nothing in this Clause 14 shall relieve the Customer of any of its obligations under this Agreement. The Customer acknowledges that LBIE is not responsible for the conduct of such Advisor, that such Advisor is independent of and not LBIE's agent and that LBIE's sole responsibilities relate to the execution, clearing and bookkeeping of transactions in the Customer's account with respect to any orders given to LBIE by such Advisor. The Customer represents that it has reviewed the registration requirements of Applicable Law relating to the Advisor and itself and has determined that each is in compliance with such requirements.

15. Currency Risk.

If the Customer initiates transactions in a Contract on an exchange where such transaction is effected in a currency other than U.S. dollars, any profit or loss from a fluctuation in the exchange rate of such currency shall be for the Customer's account and risk. Unless the Customer gives LBIE contrary written instructions, LBIE will debit and credit the Customer's account in U.S. dollars at an exchange rate determined by LBIE in its reasonable discretion based on prevailing currency exchange rates. Unless the Customer instructs LBIE otherwise, monies it deposits with LBIE in currency other than U.S. dollars and unrealised profits in currencies other than U.S. dollars are not intended to margin, guarantee or secure transactions on United States exchanges. LBIE shall be entitled, without prior notice to the Customer, to make any currency conversions LBIE reasonably considers necessary or desirable for the purposes of complying with LBIE's obligations or exercising any of LBIE's rights hereunder. Any such conversion shall be effected by LBIE in such manner and at such rates as LBIE may in its absolute discretion determine having regard to the prevailing rates for freely convertible currencies. If for the purposes of any claim, proof or order, a liability which the Customer owes to LBIE must be converted into a currency other than that in which it would otherwise have been due, the Customer shall pay to LBIE such additional amounts as may be necessary to ensure that, when received and reconverted, LBIE will receive the full amount in the original currency as would have been received had no such conversion been required.

16. Recording.

Each of the parties hereto understands that the other, in its sole discretion, may record, on tape or otherwise, any telephone conversation between such parties. Each of the parties hereto hereby agrees and consents to such recordings and waives any right it may have to object on the basis of consent to the admissibility into evidence of such recordings in any legal or regulatory proceeding between the Customer and LBIE or in any proceeding to which such party is a party or in which such party's records are subpoenaed. Neither party shall have any obligation hereunder to retain or preserve any tapes so made.

17. Information.

LBIE may from time to time be required or requested to provide information regarding the Customer or the Customer's Contracts to one or more regulatory bodies or exchanges. The Customer irrevocably authorises LBIE to provide any such information to such regulatory bodies or exchanges or as may otherwise be required by Applicable Law.

18. Term.

This Agreement shall remain in effect until terminated by the parties. Termination may occur immediately at any time provided the party so terminating this Agreement has given five days' written notice to the other party in accordance with the terms hereof. In the event of the Customer committing an Event of Default as outlined in Section 3 LBIE may immediately terminate this Agreement effective at the time of occurrence of the Event of Default. Sections 3, 4, 5, 6, 8, 9, 12, 16, 23, 24, 25 and 28 shall survive the termination of this Agreement.

19. Governing Law.

This Agreement is governed by the laws of England and Wales. The Customer agrees that LBIE may, in its reasonable discretion, initiate proceedings in the courts of England and Wales and any jurisdiction in which the Customer is resident or in which its assets are situated. In any legal action permitted by or against the Customer, the Customer agrees that the high courts of justice in England and Wales shall have jurisdiction over it. The Customer hereby waives any objection to such jurisdiction and venue.

20. No Waiver.

LBIE's failure to insist at any time upon strict compliance with this Agreement or with any of its terms or any continued course of such conduct on the Customer's part shall not constitute a waiver by LBIE of any of its rights hereunder.

21. Severability.

If any provision of this Agreement is or becomes inapplicable or unenforceable due to a change in Applicable Law, such provision shall be deemed to be rescinded or modified in accordance with any such change. In all other respects, this Agreement shall continue and remain in full force and effect.

22. Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

23. Rights and Remedies Cumulative.

All rights and remedies and powers arising under this Agreement as amended and modified from time to time are cumulative and not exclusive of and shall not prejudice any rights, remedies or powers that may be available to LBIE at law or otherwise.

24. Waiver of Jury Trial.

The Customer hereby waives a trial by jury in any action arising out of or relating to this Agreement or any transaction in connection herewith.

25. Entire Agreement.

This Agreement represents the entire agreement between the Customer and LBIE as to the subject matter hereof. To the extent of any conflict between the terms of any other document or understanding between the parties to this Agreement and the terms of this Agreement, the terms of this Agreement will prevail. This agreement may not be amended or modified except in writing signed by each of the parties. No employee of LBIE is authorised to make any representations contrary to the terms of this Agreement.

26. Additional Terms.

This Agreement is supplemental to and in addition to any other Agreement between the parties relating to other investments or services.

27. Assignment.

Neither party may assign or transfer any rights or obligations arising under this Agreement except that

LBIE may assign or delegate to any other affiliate of Lehman Brothers Holdings Inc. any of LBIE's rights or obligations hereunder and in the event of any reorganisation, reconstitution or merger, LBIE may assign or transfer those rights or obligations to any successor company or any other affiliate of Lehman Brothers Holding Inc. without the Customer's prior consent.

28. Authorisation to Transfer Funds.

LBIE is hereby authorised to transfer from one of the accounts of the Customer to any of its other accounts such excess funds as may be required to allow LBIE to satisfy a Margin Requirement or for any other reason not in conflict with the rules and regulations of the FSA or Applicable Law. Any such transfer shall be in compliance with Applicable Law. It is understood that, within a reasonable time after making any such transfer, LBIE will confirm the same to the Customer.

29. Hedge Letter.

In connection with Contracts traded on US exchanges, if this account is to be designated as a bona fide hedge account, the Customer hereby represents that all orders given by the Customer for the purchase and sale of all Exchange Contracts for its account shall represent bona fide hedges, as defined by the CFTC, against any spot position or commitments in accordance with Section 4a(3) of the CEA and with any amendments or CFTC interpretations which have been made or which may be made in the future. Customer further agrees to notify LBIE if any orders for the purchase or sale of Exchange Contracts are not bona fide hedge transactions. CFTC Regulation 190.06(d)(1) requires a Futures Commission Merchant, such as LBIE, to "provide an opportunity for each customer to specify when undertaking its first hedging contract whether, in the event of the bankruptcy, such customer prefers that open commodity contracts held in a hedging account be liquidated by the trustee without seeking customer instructions."

Yes, I prefer to have my positions not liquidated until the Trustee seeks its specific instructions to do so.

Customer hereby acknowledges that it has received the separate risk disclosure statement required by CFTC regulations prior to the opening of this account and understands the contents of that document.

EXECUTED as a deed by

[Insert Customer Name]

Lehman Brothers International (Europe)

Registered Address:

«Company_or_Fund_Reg_Address_1»	25 Bank Street
«Company_or_Fund_Reg_Address_2»	London
«Company_or_Fund_Reg_Address_3»	E14 5LE

By: _____
 Authorised Signatory

By: _____
 Authorised Signatory

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

By: _____
 Authorised Signatory


Name: _____

Title: _____

Date: _____

Address for notices:

Address for notices:

«Company_or_Fund_Notices_Address_1»		
«Company_or_Fund_Notices_Address_2»		
«Company_or_Fund_Notices_Address_3»		
Attention: «Company_or_Fund_Notices_Name»		
Telephone: «Company_or_Fund_Notices_Tel»		
E-mail: «Company_or_Fund_Notices_Email»		
Facsimile: «Company_or_Fund_Notices_Fax»		

**EXCHANGE RULES, REGULATIONS, CUSTOMS AND PRACTICES APPLICABLE TO
CONTRACTS TRADED ON
THE LONDON INTERNATIONAL FINANCIAL FUTURES AND OPTIONS EXCHANGE
("LIFFE")**

As a member of the LIFFE market, and pursuant to the Rules of LIFFE, we are required to notify the following provisions to you.

Rules of LIFFE and our Capacity

All contracts in the terms of an Exchange Contract made on LIFFE shall be subject to the Rules of LIFFE as from time to time in force. As a member of LIFFE, we contract only as a principal in respect of contracts in the terms of an Exchange Contract. In the event of a conflict between the Rules of LIFFE and the terms of this Agreement, the Rules of LIFFE as from time to time in force, shall prevail.

Matching Contracts

In respect of every contract made between us subject to the Rules of LIFFE, we shall have made an equivalent contract on the LIFFE Connect system, or shall have accepted the allocation of any such contract.

Exclusion of Liability

The London International Financial Futures Exchange (Administration and Management) ("the Exchange") is obliged under the Financial Services and Markets Act 2000 to ensure that business conducted by means of its market facilities is conducted in an orderly manner and so as to afford proper protection to investors.

We and the Exchange wish to draw to your attention that, inter alia, business on the market may from time to time be suspended or restricted or the market may from time to time be closed for a temporary period or for such longer period as may be determined in accordance with LIFFE's Rules on the occurrence of one or more events which require such action to be taken in the interests of, inter alia, maintaining a fair and orderly market. Any such action may result in the inability of one or more members, including LBIE, to enter into contracts (including contracts for your account) in accordance with LIFFE's Rules on the terms of Exchange Contracts by means of contracts entered into through the LIFFE Connect system. Furthermore, a member, including LBIE, may from time to time be prevented from or hindered in entering into contracts (including contracts for your account) on the terms of Exchange Contracts, or errors in orders or in contracts (including contracts for your account) on the terms of Exchange Contracts may arise, as a result of a failure or malfunction of communications, or equipment, or market facilities, or the LIFFE Connect central processing systems, or one or more LIFFE Connect workstations supplied to the member by the Exchange or otherwise used by the member or software supplied to the member by the Exchange or any other person.

We and the Exchange wish to draw the following exclusion of liability to your attention. Unless otherwise expressly provided in LIFFE's Rules or in any other agreement to which the Exchange is party, we and the Exchange shall not be liable to you for loss (including any indirect or consequential loss including, without limitation, loss of profit), damage, injury or delay, whether direct or indirect, arising from any of the circumstances or occurrences referred to above or from any act or omission of the Exchange, its officers, employees agents or representatives under LIFFE's Rules or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its officers, employees, agents or representatives.

Further, in relation to Linked Contracts, we and the Exchange wish to draw to your attention that the Exchange shall have no liability whatsoever to any member or member's client in contract, tort (including, without limitation, negligence), trust, as fiduciary or under any other cause of action (except in respect of gross negligence, willful default or fraud on its part), in respect of any damage, loss, cost or expense of whatsoever nature suffered or incurred by any member or client, as the case may be, as a result of: any suspension, restriction or closure of the market administered by either a Participating Exchange or the Exchange, whether for a temporary period or otherwise, or as a result of a decision taken on the occurrence of a market emergency; any failure by a Participating Exchange,

the Exchange or The London Clearing House Limited ("LCH") to supply each other with data or information in accordance with arrangements from time to time established between all or any of them; the failure of communications facilities or technology supplied, operated or used by either a Participating Exchange, the Exchange or LCH for the purposes of the Link; any event which is outside its or their control; any act or omission of either a Participating Exchange (where a Participating Exchange is acting otherwise than in connection with its clearing function) or the Exchange in connection with any Participating Exchange Contract, Linked LIFFE Contract or Linked Participating Exchange Contract or any act or omission of a Participating Exchange, the Exchange, or LCH (as the case may be) in connection with the operation of the Link or the arrangements for the transfer of contracts.

Client Orders

In respect of LIFFE CONNECT™:

- (a) the Exchange has the power to suspend a member's or responsible trader's access to LIFFE CONNECT™ following a single warning, and to terminate a member's access under certain conditions;
- (b) the Exchange will cancel all outstanding orders on the default of a member;
- (c) orders outside the price limits will be rejected automatically by the Trading Host;
- (d) all orders (with the exception of Good Till Cancelled ("GTC") orders) will be cancelled automatically at Market Close or when the responsible trader logs out without having nominated a replacement responsible trader, whichever is the earlier;
- (e) all orders (including GTC orders) will be cancelled at close of business on the Last Trading Day of the expiry month to which they relate; and
- (f) all orders (with the exception of GTC orders) will be cancelled automatically if the Trading Host fails.

Arbitration

Any dispute arising from or relating to this agreement, in so far as it relates to contracts subject to the Rules of LIFFE, and any dispute arising from or relating to any such contract shall, unless resolved between us, be referred to arbitration under the arbitration rules of LIFFE, or to such other organisation as LIFFE may direct before either of us resort to the jurisdiction of the courts (other than to obtain an injunction or an order for security for a claim).

Error Correction Facility

In our and your interests, the Exchange may from time to time sanction the making of contracts by us outside the pit in order to satisfy your order to purchase or sell contracts for your account, where there has been an error in the execution of your order in the market. Where a better price (an improvement) can be obtained, we will seek to secure and offer that improvement to you. However, you should note that where, in response to your order, we have bought or sold in accordance with the instruction in your order to buy or, as the case may be, to sell but have traded the wrong delivery/expiry month or wrong exercise price of the relevant contract, then we may in accordance with the Exchange's Rules offset any loss arising from that trade against any improvement achieved for you in the course of correctly satisfying your order, thus offering you only the net improvement, if any.

ELECTRONIC TRADING AND ORDER ROUTING SYSTEMS FIA DISCLOSURE STATEMENT

Electronic trading and order routing systems differ from traditional open outcry pit trading and manual order routing methods. Transactions using an electronic system are subject to the rules and regulations of the exchange(s) offering the system and/or listing the contract. Before you engage in transactions using an electronic system, you should carefully review the rules and regulations of the exchange(s) offering the system and/or listing contracts you intend to trade. Each exchange's relevant rules are available upon request from LBIE. Some rules are also available on the exchanges' internet home pages.

Differences Among Electronic Trading Systems

Trading or routing orders through electronic systems varies widely among the different electronic systems. You should consult the rules and regulations of the exchange offering the electronic system and/or listing the contract traded or order routed to understand, among other things, in the case of trading systems, the system's order matching procedure, opening and closing procedures and prices, error trade policies, and trading limitations or requirements; and in the case of all systems, qualifications for access and grounds for termination and limitations on the types of orders that may be entered into the system. Each of these matters may present different risk factors with respect to trading on or using a particular system. Each system may also present risks related to system access, varying response times, and security. In the case of internet-based systems, there may be additional types of risks related to system access, varying response times and security, as well as risks related to service providers and the receipt and monitoring of electronic mail.

Risks Associated with System Failure

Trading through an electronic trading or order routing system exposes you to risks associated with system or component failure. In the event of system or component failure, it is possible that, for a certain time period, you may not be able to enter new orders, execute existing orders, or modify or cancel orders that were previously entered. System or component failure may also result in loss of orders or order priority.

Simultaneous Open Outcry Pit and Electronic Trading

Some contracts offered on an electronic trading system may be traded electronically and through open outcry during the trading hours. You should review the rules and regulations of the exchange offering the system and/or listing the contract to determine how orders that do not designate a particular process will be executed.

Limitation of Liability

Exchanges offering an electronic trading or order routing system and/or listing the contract may have adopted rules to limit their liability, the liability of Futures Commission Merchants ("FCM"), and software and communication system vendors and the amount of damages you may collect for system failure and delays. These limitations of liability provisions vary among the exchanges. You should consult the rules and regulations of the relevant exchange(s) in order to understand these liability limitations.

LEHMAN BROTHERS INTERNATIONAL (EUROPE)
CFTC RISK DISCLOSURE STATEMENT FOR FUTURES AND OPTIONS-ON-FUTURES.

This brief statement does not disclose all of the risks and other significant aspects of trading in futures and options. In light of the risks, you should undertake such transactions only if you understand the nature of the contracts (and contractual relationships) into which you are entering and the extent of your exposure to risk. Trading in futures and options is not suitable for many members of the public. You should carefully consider whether trading is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances.

Futures

1. Effect of "Leverage" or "Gearing".

Transactions in futures carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that transactions are "leveraged" or "geared". A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit: this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited with the firm to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

2. Risk-Reducing Orders or Strategies.

The placing of certain orders (e.g. "stop-loss" orders, where permitted under local law, or "stop-limit" orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as "spread" and "straddle" positions may be as risky as taking simple "long" or "short" positions.

Options

3. Variable Degree of Risk.

Transactions in options carry a high degree of risk. Purchasers and sellers of options should familiarise themselves with the type of option (i.e. put or call) which they contemplate trading and the associated risks. You should calculate the extent to which the value of the options must increase for your position to become profitable, taking into account the premium and all transaction costs.

The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a future, the purchaser will acquire a futures position with associated liabilities for margin (see the section on Futures above). If the purchased options expire worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing deep-out-of-the-money options, you should be aware that the chance of such options becoming profitable ordinarily is remote.

Selling ("writing" or "granting") an option generally entails considerably greater risk than purchasing options. Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavorably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a future, the seller will acquire a position in a future with associated liabilities for margin (see the section on Futures above). If the option is 'covered' by the seller holding a corresponding position in the underlying interest or a future or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited.

Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the

purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

Additional risks common to futures and options

4. Terms and Conditions of Contracts.

You should ask the firm with which you deal about the terms and conditions of the specific futures or options which you are trading and associated obligations (e.g. the circumstances under which you may become obligated to make or take delivery of the underlying interest of a futures contract and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances, the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

5. Suspension or Restriction of Trading and Pricing Relationships.

Market conditions (e.g. illiquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because of price limits or "circuit breakers") may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If you have sold options, this may increase the risk of loss.

Further, normal pricing relationships between the underlying interest and the future, and the underlying interest and the option may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge "fair" value.

6. Deposited Cash and Property.

You should familiarise yourself with the protections accorded money or other property you deposit for domestic and foreign transactions, particularly in the event of a firm insolvency or bankruptcy. The extent to which you may recover your money or property may be governed by specific legislation or local rules. In some jurisdictions, property which has been specifically identifiable as your own will be pro-rated in the same manner as cash for purposes of distribution in the event of a shortfall.

7. Commission and Other Charges.

Before you begin to trade, you should obtain a clear explanation of all commissions, fees and other charges for which you will be liable. These charges will affect your net profit (if any) or increase your loss.

8. Transactions in Other Jurisdictions.

Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may expose you to additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection. Before you trade you should inquire about any rules relevant to your particular transactions. Your local regulatory authority will be unable to compel the enforcement of the rules of regulatory authorities or markets in other jurisdictions where your transactions have been effected. You should ask the firm with which you deal for details about the types of redress available in both your home jurisdiction and other relevant jurisdictions before you start to trade.

9. Currency Risks.

The profit or loss in transactions in foreign currency-denominated contracts (whether they are traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the contract to another currency.

10. Trading Facilities.

Most open-outcry and electronic trading facilities are supported by computer-based component systems for the order-routing, execution, matching, registration or clearing of trades. As with all facilities and systems, they are vulnerable to temporary disruption or failure. Your ability to recover certain losses may be subject to limits on liability imposed by the system provider, the market, the clearing house and/or member firms. Such limits may vary: you should ask the firm with which you deal for details in this respect.

11. Electronic Trading.

Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If you undertake transactions on an electronic trading system, you will be exposed to risks associated with the system including the failure of hardware and software. The result of any system failure may be that your order is either not executed according to your instructions or is not executed at all.

12. Off-Exchange Transactions.

In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. The firm with which you deal may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risks. Off-exchange transactions may be less regulated or subject to a separate regulatory regime. Before you undertake such transactions, you should familiarise yourself with applicable rules and attendant risks.

RULES OF THE FINANCIAL SERVICES AUTHORITY ("FSA")

Being regulated in the conduct of our investment business by the FSA, we are required to notify you about the following provisions of the FSA Rules.

1. Client Money.

Under the Rules we may be required to hold your money as client money subject to the protections conferred by the Rules. As such, we must, among other things, hold your money separately from our own. If we treat your money as client money, the following provisions will apply:

(a) **Banks, Exchanges, Clearing Houses, Intermediate Brokers, Settlement Agents or OTC Counterparties.**

You agree that your client money may be held in or transferred to:

- (i) a client bank account at an approved bank inside the United Kingdom;
- (ii) a client bank account at an approved bank, or a designated bank account at a bank that is not an approved bank, outside the United Kingdom. In such circumstances, the legal and regulatory regime applying to the bank with which your money is held will be different from that of the United Kingdom and, in the event of the failure of the bank, your money may be treated differently from the treatment which would apply if your money were held by an approved bank in the United Kingdom. If the bank does not acknowledge the notice which we are required to serve on it, the bank has not accepted that it has no right of set-off or counterclaim against client money held in respect of any sum owed on any other account of the Firm; or;
- (iii) a client transaction account of an exchange, clearing house, intermediate broker, settlement agent or OTC counterparty, inside or outside the jurisdiction of the United Kingdom. If an exchange or clearing house does not acknowledge the notice which we are required to serve on it, the particular exchange or clearing house has not accepted that it has no right of set-off or counterclaim against money held in a client transaction account in respect of any sum owed on any other account of the Firm.

Where we transfer your money to an intermediate broker, settlement agent or OTC counterparty outside the United Kingdom, the legal and regulatory regime applying to the intermediate broker, settlement agent or OTC counterparty will be different from that of the United Kingdom and, in the event of a failure of the intermediate broker, settlement agent or OTC counterparty, your money may be treated in a different manner from that which would apply if your money was held by an intermediate broker, settlement agent or OTC counterparty in the United Kingdom.

(b) **Group Bank.**

We may hold your client money with Lehman Brothers Bankhaus AG and Banque Lehman Brothers SA which are approved banks and in the same group as the Firm.

(c) **Interest.**

Client money and any other money which we are holding for you will not automatically earn interest unless otherwise agreed between us in writing.

2. Custody of your Investments.

At your request, we may hold certificates or documents of title to investments on your behalf subject to the Rules and provide such other safe custody services as we may agree. Should we agree to provide such services you may be required to execute a Master Custody Agreement. Charges, if any, for safe custody services provided under these terms and conditions shall be notified to you in the Master Custody Agreement or separately.

You will receive from us or our agent from time to time as mutually agreed upon and not less than annually a statement with respect to all of your safe custody assets. These assets will be valued at the market value as at the close of business date indicated on the statement. Such statement may be provided in the form of a printed statement or as electronically transmitted information. Should you

require periodic information regarding your safe custody investments held by us on your behalf you should contact The Manager, Customer Account Services Europe, at the address detailed below.

In the normal course of business your safe custody investments will be held as follows:

(a) **Documents of Title to Bearer Securities.**

Documents of title to bearer securities will be held separately from any documents of title to bearer investments which belong to us;

(b) **Registered Securities.**

Registered Securities will be held either (i) in our physical possession, or (ii) with an eligible custodian, which may be an affiliated company, in a safe custody account designated for customers' safe custody investments. These will be registered in the name of a nominee company controlled by us, by an affiliate, by a recognised or designated investment exchange or by an eligible custodian. You may instruct us to register securities in your own name or that of any other person. Such instructions must be in writing and any consequences of such registration will be at your own risk. Your safe custody investments will generally be held in a pooled account. In the case of investments held in such account it is possible that securities belonging to you may be used to settle another unrelated transaction. Individual customer entitlements may not be identifiable by separate certificates, other physical documents of title or equivalent electronic record and in the event of an irreconcilable shortfall after the default of a custodian, customers may share in that shortfall, pro-rata.

When returning or re-transferring certificates or documents of title to you, we shall not be bound to return the identical instruments which were deposited, lodged, held or transferred and you will accept instruments of the same class and denomination or such investments as shall, when transferred, represent the same. Where you require us to return or re-transfer certificates or documents of title to any party other than yourselves, these instructions must be in writing by letter, facsimile or electronically.

You should be aware that where we arrange for safe custody investments to be held overseas there may be different settlement, legal and regulatory requirements in those jurisdictions from those applying in the UK together with different practices for the separate identification of customer investments.

In certain overseas jurisdictions we may register your investments in the name of an eligible custodian or in our own name, where due to the nature of the law or market practice of the overseas jurisdiction, it is in your best interests or it is not feasible to do otherwise.

Where registration can only be in our name you should be aware that your investments may not be segregated from our own investments and that, in the event of our failure, your investments may not be as well protected from claims made on behalf of the general creditors of the Firm.

An eligible custodian shall have sole responsibility for complying with any legislation or regulation applicable to the provision of custody services by that eligible custodian.

Subject to the Rules, we shall have no responsibility for ensuring compliance by the eligible custodian with such legislation or regulation nor shall we have any liability in the event of an eligible custodian's or third party's default, provided that we will accept liability for the default of any nominee controlled by us or by an affiliate of ours to the same extent that we accept liability for our own acts, including for any losses that may arise from fraud, willful default or negligence.

In respect of those investments registered in the name of a nominee company, eligible custodian or the firm we shall also claim and receive on your behalf any dividends and shall receive such interest payments and other rights as may arise in respect of investments held by us on your behalf pursuant to these terms.

Provided you have given us specific and timely instructions and, where necessary, we have been placed in funds, we will exercise all rights attaching to investments held by us pursuant to these terms of business including all voting, subscription and conversion rights or dealing with takeovers, other offers or capital re-organisations and we shall complete any form of acceptance or election relating to

those investments held by us on your behalf. Failing the receipt by us of such instructions or funds, we shall assume that no action is required to be taken and we shall be under no obligation to act and shall not be responsible for any loss occasioned by the failure to exercise such rights.

(c) **Lien.**

We shall have a general lien on all safe custody investments held by us until the satisfaction of all liabilities and obligations of yours (whether actual or contingent) owed to us or any Lehman Brothers entity. In the event of your failure to discharge any of such liabilities and obligations when due, such non performance remaining unremedied for a period of 3 days after notification by us to yourself, we shall be entitled to sell, in a commercially reasonable manner after notice to you, or otherwise realise any such safe custody investment and to apply any moneys from time to time deposited with us and the proceeds of such sale or realisation to the satisfaction of such liabilities and obligations. For the purpose of such application we may purchase with any moneys standing to the credit of your account such other currencies and at such rate(s) of exchange as may be necessary to effect such application.

3. Agents.

We may appoint any person, including any associated or affiliated company, as agent or otherwise, to perform any of the rights, powers or obligations vested in us or to undertake, as your agent or otherwise, anything in connection with your affairs, on such terms as we think fit, and we shall not be liable for any loss incurred by any misconduct or default on the part of such agent. Unless you notify us to the contrary it will be assumed that you are willing for one of our associates (as defined in the Rules) to provide you with general advisory and dealing services.

4. Research.

We may from time to time publish written recommendations, research or analysis, and we may effect or have effected own account transactions in the investment concerned or in any related investment. We are not obliged to provide you with any such written recommendations, research or analysis in relation to investments generally or any particular transaction.

5. Material Interests.

We may give you investment advice or enter into transactions with or for you where we or an associated or affiliated company or some other connected person may have an interest, relationship or arrangement that is material in relation to the transaction or investment concerned. Examples of such interests are given below.

Without further or prior disclosure to you, we may recommend or advise you to use the services of, or deal directly with or through, an associate or affiliated company including one acting as an intermediary with or through another of our associates or affiliated companies located outside the United Kingdom and dealing in overseas financial markets.

We may also arrange, without further or prior disclosure, for your transactions to be effected, in whole or in part with or through, the agency of any such company or for transactions to be effected between you and us or any of our associated or affiliated companies or our or their customers for the purchase from you or the sale to you of investments. In such circumstances, we or any associated or affiliated company may receive benefit, profit, commission or other remuneration from or share charges with such companies or with third parties, the amount of which shall be available on request, and neither we, nor any associated or affiliated company, will be liable to account to you for any benefit, profit or commission or other remuneration made or received by reason of the transaction or any connected transaction.

Without limitation, you agree that we and any associated or affiliated company may deal as principal or make a market in investments which are the subject of any transaction effected for or on your behalf and provide broking services to other customers who have interests in such investments. Where acting as principal for or on behalf of other customers we may receive information which we will be under no obligation to disclose to you.

The following are examples of the interest, relationship or arrangement referred to above:

- (a) acting as financial advisor or lending banker to the company whose securities you are buying or selling or acting for that company in a take-over bid by or for it;
- (b) dealing in units in a unit trust or other collective investment scheme which is managed by us or an associated or affiliated company;
- (c) dealing in investments which have been underwritten by us or an associated or affiliated company;
- (d) dealing in investments issued by an associated or affiliated company;
- (e) receiving payments or other benefits from the person with whom your order is placed.

6. Data Protection and Confidentiality

(a) **Confidentiality.**

We will treat as confidential any information learned about you, your investment strategy or holdings in the course of our relationship with you under these terms of business and, except in accordance with this section 6, will not disclose the same to any third party.

(b) **Data Protection.**

We may use, store or otherwise process any personal data provided to us under these terms of business or otherwise acquired by us. Such personal data may be processed by us for the purpose of managing our client relationship with you, complying with legal or regulatory obligations, the evaluation of your potential financial needs or otherwise marketing banking or financial services and products to you, and for administering these terms of business. You shall ensure that your employees are notified of the above purposes for which we process their personal data, including the possibility of transfer to third parties.

(e) **Transfer.**

We may transfer personal data to any of our associated companies throughout the world or to any person to whom we are permitted to delegate any of our functions to under these terms of business.

(d) **Disclosure.**

We are authorised by you, either during or after termination of our relationship with you, to take any action or disclose any matters which we consider to be required by, or desirable in relation to, any law, rule or regulation or authority in any part of the world.

(e) **Access Requests.**

Questions regarding personal data processed by us should be directed to:

The Data Protection Officer, Lehman Brothers, 25 Bank Street, London, E14 5LE

7. Market Counterparties.

If you enter into transactions as a Market Counterparty you will cease to be a customer for the purposes of the Rules in respect of those transactions and accordingly not all the Rules will apply to investment business carried out by us on your behalf. Such transactions will be subject to the Inter-professionals Conduct Code of the FSA. For the avoidance of doubt these terms of business will continue to apply.

- **TAB 19**

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DATED.....

OVERSEAS SECURITIES LENDER'S AGREEMENT

Clifford Chance,
200 Aldersgate Street
London, EC1A 4JJ

Ref: TJH

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THIS AGREEMENT is made the day of , 2006

BETWEEN:-

(1) **LEHMAN BROTHERS INTERNATIONAL (EUROPE)**

a company incorporated under the laws of England and Wales whose registered office is at 25 Bank Street, London E14 5LE,
and

(2)

a company incorporated under the laws of [] whose registered office is at [].

WHEREAS:-

1. From time to time the Parties hereto may enter into transactions in which one Party (the "**Lender**") agrees to lend to the other (the "**Borrower**") from time to time Securities (as hereinafter defined), subject to any Inland Revenue provisions then in force.
2. All transactions carried out under this Agreement will be effected in accordance with the Rules (as hereinafter defined) **TOGETHER WITH** current market practices, customs and conventions.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

(A) In this Agreement:-

"Act of Insolvency" means in relation to either Party

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors, or
- (ii) its admitting in writing that it is unable to pay its debts as they become due, or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property, or;
- (iv) the presentation or filing of a petition in respect of it (other than by the other Party to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy,

winding-up or insolvency of such Party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing;

- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such Party over all or any material part of such Party's property; or
- (vi) the convening of any meeting of its creditors for the purpose of considering a voluntary arrangement as referred to in Section 3 of the Insolvency Act 1986 (or any analogous proceeding);

"Agent"

shall have the same meaning given in Clause 14;

"Alternative Collateral"

means Collateral of a Value equal to the Collateral delivered pursuant to Clause 6 and provided by way of substitution for Collateral originally delivered or previously substituted in accordance with the provisions of Clauses 6(F) or 6(G);

"Appropriate Tax Vouchers"

means:-

- (i) either such tax vouchers and/or certificates as shall enable the recipient to claim and receive from any relevant tax authority, in respect of interest, dividends, distributions and/or other amounts (including for the avoidance of doubt any manufactured payment) relating to particular Securities, all and any repayment of tax or benefit of tax credit to which the Lender would have been entitled but for the loan of Securities in accordance with this Agreement and/or to which the Lender is entitled in respect of tax withheld and accounted for in respect of any manufactured payment; or such tax vouchers and/or certificates as are provided by the Borrower which evidence an amount of overseas tax deducted which shall enable the recipient to claim and receive from any relevant tax authority all and any repayment of tax from the UK Inland Revenue or benefits of tax credit in the jurisdiction of the recipient's residence; and
- (ii) such vouchers and/or certificates in respect of interest, dividends, distributions and/or other amounts relating to particular Collateral;

"Approved UK Collecting Agent"

means a person who is approved as such for the purposes of the Rules of the UK Inland Revenue relating to stocklending and manufactured overseas dividends;

"Approved Intermediary"

means a person who is approved as such for the purposes of the Rules of the UK Inland Revenue relating to stocklending and manufactured overseas dividends;

"Assured Payment"

means a payment obligation of a Settlement Bank arising (under the Assured Payment Agreement) as a result of a transfer of stock or other securities to a CGO stock account of a member of the CGO for whom that Settlement Bank is acting;

"Assured Payment Agreement"

means an agreement dated 24 October 1986 between the Bank of England and all the other banks which are for the time being acting as Settlement Banks in relation to the CGO regulating the obligations of such banks to make payments in respect of transfers of securities through the CGO as supplemented and amended from time to time;

"Base Currency"

has the meaning given in the Schedule hereto;

"Bid Price"

in relation to Equivalent Securities or Equivalent Collateral means the best available bid price thereof on the most appropriate market in a standard size;

"Bid Value"

Subject to Clause 8(E) means:-

(A) in relation to Equivalent Collateral at a particular time:-

(i) in relation to Collateral Types B(x) and C (more specifically referred to in the Schedule) the Value thereof as calculated in accordance with such Schedule;

(ii) in relation to all other types of Collateral (more specifically referred to in the Schedule) the amount which would be received on a sale of such Collateral at the Bid Price thereof at such time less all costs, fees and expenses that would be incurred in connection with selling or otherwise realising such Equivalent Collateral, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out such sale or realisation and adding thereto the amount of any interest, dividends, distributions or other amounts paid to the Lender and in respect of which equivalent amounts have not been paid to the Borrower in accordance with Clause 6(G) prior to such time in respect of such Equivalent Collateral or the original Collateral held gross of all and any tax deducted or paid in respect thereof;

and

(B) in relation to Equivalent Securities at a particular time the amount which would be received on a sale of such Equivalent Securities at the Bid Price thereof at such time less all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;

"Borrower"	with respect to a particular loan of Securities means the Borrower as referred to in Recital 1 of this Agreement;
"Borrowing Request"	means a request made (by telephone or otherwise) by the Borrower to the Lender pursuant to Clause 2(A) specifying the description, title and amount of the Securities required by the Borrower, the proposed Settlement Date and duration of such loan and the date, time, mode and place of delivery which shall, where relevant, include the bank agent clearing or settlement system and account to which delivery of the Securities is to be made;
"Business Day"	means a day on which banks and securities markets are open for business generally in London and, in relation to the delivery or redelivery of any of the following in relation to any loan, in the place(s) where the relevant Securities, Equivalent Securities, Collateral (including Cash Collateral) or Equivalent Collateral are to be delivered;
"Cash Collateral"	means Collateral that takes the form of a deposit of currency;
"Central Gilts Office" or "CGO"	means the computer based system managed by the Bank of England to facilitate the book-entry transfer of gilt-edged securities;
"CGO Collateral"	shall have the meaning specified in paragraph A of the Schedule;
"CGO Rules"	means the requirements of the CGO for the time being in force as defined in the membership agreement regulating membership of the CGO;
"Close of Business"	means the time at which banks close in the business centre in which payment is to be made or Collateral is to be delivered;
"Collateral"	means such securities or financial instruments or deposits of currency as are referred to in the Schedule hereto or any combination thereof which are delivered by the Borrower to the Lender in accordance with this Agreement and shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate), and shall include Alternative Collateral;
"Defaulting Party"	shall have the meaning given in Clause 12;

"Equivalent Collateral" or

in relation to any Collateral provided under this Agreement;

"Collateral equivalent to"

means securities, cash or other property, as the case may be, of an identical type, nominal value, description and amount to particular Collateral so provided and shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate). If and to the extent that such Collateral consists of securities that are partly paid or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing, the expression shall have the following meaning:

- (a) in the case of conversion, subdivision or consolidation the securities into which the relevant Collateral has been converted, subdivided or consolidated **PROVIDED THAT**, if appropriate, notice has been given in accordance with Clause 4(B)(vii);
- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
- (c) in the case of a takeover, a sum of money or securities, being the consideration or alternative consideration of which the Borrower has given notice to the Lender in accordance with Clause 4(B)(vii);
- (d) in the case of a call on partly paid securities, the paid-up securities **PROVIDED THAT** the Borrower shall have paid to the Lender an amount of money equal to the sum due in respect of the call;
- (e) in the case of a capitalisation issue, the relevant Collateral **TOGETHER WITH** the securities allotted by way of a bonus thereon;
- (f) in the case of a rights issue, the relevant Collateral **TOGETHER WITH** the securities allotted thereon, **PROVIDED THAT** the Borrower has given notice to the Lender in accordance with Clause 4(B)(vii), and has paid to the Lender all and any sums due in respect thereof;
- (g) in the event that a payment or delivery of Income is made in respect of the relevant Collateral in the form of securities or a certificate which may at a future date be

exchanged for securities or in the event of an option to take Income in the form of securities or a certificate which may at a future date be exchanged for securities, notice has been given to the Borrower in accordance with Clause 4(B)(vii) the relevant Collateral **TOGETHER WITH** securities or a certificate equivalent to those allotted;

- (h) in the case of any event similar to any of the foregoing, the relevant Collateral **TOGETHER WITH** or replaced by a sum of money or securities equivalent to that received in respect of such Collateral resulting from such event;

For the avoidance of doubt, in the case of Bankers' Acceptances (Collateral type B(v)), Equivalent Collateral must bear dates, acceptances and endorsements (if any) by the same entities as the bill to which it is intended to be equivalent and for the purposes of this definition, securities are equivalent to other securities where they are of an identical type, nominal value, description and amount and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate);

"Equivalent Securities"

means securities of an identical type, nominal value, description and amount to particular Securities borrowed and such term shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate). If and to the extent that such Securities are partly paid or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing, the expression shall have the following meaning:

- (a) in the case of conversion, subdivision or consolidation the securities into which the borrowed Securities have been converted, subdivided or consolidated **PROVIDED THAT** if appropriate, notice has been given in accordance with Clause 4(B)(vii);
- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;

- (c) in the case of takeover, a sum of money or securities, being the consideration or alternative consideration of which the Lender has given notice to the Borrower in accordance with Clause 4(B)(vii);
- (d) in the case of a call on partly paid securities, the paid-up securities **PROVIDED THAT** the Lender shall have paid to the Borrower an amount of money equal to the sum due in respect of the call;
- (e) in the case of a capitalisation issue, the borrowed Securities **TOGETHER WITH** the securities allotted by way of a bonus thereon;
- (f) in the case of a rights issue, the borrowed Securities **TOGETHER WITH** the securities allotted thereon, **PROVIDED THAT** the Lender has given notice to the Borrower in accordance with Clause 4(B)(vii), and has paid to the Borrower all and any sums due in respect thereof;
- (g) in the event that a payment or delivery of Income is made in respect of the borrowed Securities in the form of securities or a certificate which may at a future date be exchanged for securities or in the event of an option to take Income in the form of securities or a certificate which may at a future date be exchanged for securities, notice has been given to the Borrower in accordance with Clause 4(B)(vii) the borrowed Securities **TOGETHER WITH** securities or a certificate equivalent to those allotted;
- (h) in the case of any event similar to any of the foregoing, the borrowed Securities **TOGETHER WITH** or replaced by a sum of money or securities equivalent to that received in respect of such borrowed Securities resulting from such event;

For the purposes of this definition, securities are equivalent to other securities where they are of an identical type, nominal value, description and amount and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate);

"Event of Default"	has the meaning given in Clause 12;
"Income"	any interest, dividends or other distributions of any kind whatsoever with respect to any Securities or Collateral;
"Income Payment Date",	with respect to any Securities or Collateral means the date on which Income is paid in respect of such Securities or Collateral, or, in the case of registered Securities or Collateral, the date by reference to which particular registered holders are identified as being entitled to payment of Income;
"Lender"	with respect to a particular loan of Securities means the Lender as referred to in Recital 1 of this Agreement;
"Manufactured Dividend"	shall have the meaning given in Clause 4(B)(ii);
"Margin"	shall have the meaning specified in the Schedule hereto;
"Nominee"	means an agent or a nominee appointed by either Party and approved (if appropriate) as such by the Inland Revenue to accept delivery of, hold or deliver Securities, Equivalent Securities, Collateral and/or Equivalent Collateral on its behalf whose appointment has been notified to the other Party;
"Non-Defaulting Party"	shall have the meaning given in Clause 12;
"Offer Price"	in relation to Equivalent Securities or Equivalent Collateral means the best available offer price thereof on the most appropriate market in a standard size;
"Offer Value"	Subject to Clause 8(E) means:- <ul style="list-style-type: none"> (a) in relation to Collateral equivalent to Collateral types B (ix) and C (more specifically referred to in the Schedule hereto) the Value thereof as calculated in accordance with such Schedule; and (b) in relation to Equivalent Securities or Collateral equivalent to all other types of Collateral (more specifically referred to in the Schedule hereto) the amount it would cost to buy such Equivalent Securities or Equivalent Collateral at the Offer Price thereof at such time together with all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;

"Parties" means the Lender and the Borrower and "Party" shall be construed accordingly;

"Performance Date" shall have the meaning given in Clause 8;

"Principal" shall have the meaning given in Clause 14;

"Reference Price" means:

- (a) in relation to the valuation of Securities, Equivalent Securities, Collateral and/or Collateral equivalent to types B (ii), (viii), (xi) and (xii) (more specifically referred to in the Schedule hereto) such price as is equal to the mid market quotation of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral as derived from a reputable pricing information service (such as the services provided by Reuters, Extel Statistical Services and Telerate) reasonably chosen in good faith by the Lender or if unavailable the market value thereof as derived from the prices or rates bid by a reputable dealer for the relevant instrument reasonably chosen in good faith by the Lender, in each case at Close of Business on the previous Business Day;
- (b) in relation to the valuation of Collateral and/or Collateral equivalent to Collateral types A and B(i) (more specifically referred to in the Schedule hereto), the CGO Reference Price of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral then current as determined in accordance with the CGO Rules from time to time in force.
- (c) in relation to the valuation of Collateral and/or Collateral equivalent to Collateral types B(iii), (iv), (v), (vi) (vii) and (ix), (more specifically referred to in the Schedule hereto), the market value thereof as derived from the rates bid by Barclays Bank PLC for such instruments or, in the absence of such a bid, the average of the rates bid by two leading market makers for such instruments at Close of Business on the previous Business Day;

"Relevant Payment Date" shall have the meaning given in Clause 4(B)(i);

"Rules" means the rules for the time being of the Stock Exchange (where either Party is a member of the Stock Exchange) and/or any other regulatory authority whose

rules and regulations shall from time to time affect the activities of the Parties pursuant to this Agreement including but not limited to the stocklending regulations and guidance notes relating to both stocklending and manufactured interest and dividends for the time being in force of the Commissioners of the Inland Revenue and any associated procedures required pursuant thereto (**PROVIDED THAT** in an Event of Default, where either Party is a member of the Stock Exchange, the Rules and Regulations of the Stock Exchange shall prevail);

"Securities"

means Overseas Securities as defined in paragraph 1(1) of Schedule 23A to the Income and Corporation Taxes Act 1988 which the Borrower is entitled to borrow from the Lender in accordance with the Rules and which are the subject of a loan pursuant to this Agreement and such term shall include the certificates and other documents of title in respect of the foregoing;

"Settlement Bank"

means a settlement member of the CHAPS and Town Clearing systems who has entered into contractual arrangements with the CGO to provide Assured Payment facilities for members of the CGO;

"Settlement Date"

means the date upon which Securities are or are to be transferred to the Borrower in accordance with this Agreement;

"Stock Exchange"

means the London Stock Exchange Limited;

"Value"

at any particular time means in respect of Securities and Equivalent Securities, the Reference Price thereof then current and in respect of Collateral and/or Equivalent Collateral such worth as determined in accordance with the Schedule hereto.

- (B) All headings appear for convenience only and shall not affect the interpretation hereof.
- (C) Notwithstanding the use of expressions such as "borrow", "lend", "Collateral", "Margin", "redeliver" etc. which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, title to Securities "borrowed" or "lent" and "Collateral" provided in accordance with this Agreement shall pass from one Party to another as provided for in this Agreement, the Party obtaining such title being obliged to redeliver Equivalent Securities or Equivalent Collateral as the case may be.

- (D) For the purposes of Clauses 6(H)-6(K) and 8(C)-8(E) of this Agreement or otherwise where a conversion into the Base Currency is required, all prices, sums or values (including any Value, Offer Value and Bid Value) of Securities, Equivalent Securities, Collateral or Equivalent Collateral (including Cash Collateral) stated in currencies other than the Base Currency shall be converted into the Base Currency at the spot rate of exchange at the relevant time in the London interbank market for the purchase of the Base Currency with the currency concerned.
- (E) Where at any time there is in existence any other agreement between the Parties the terms of which make provision for the lending of Securities (as defined in this Agreement) as well as other securities the terms of this Agreement shall apply to the lending of such Securities to the exclusion of any other such agreement.
- (F) Any reference in this Agreement to any act, regulation, or other legislation hereunder shall include a reference to any statutory modification or re-enactment thereof for the time being in force.

2. LOANS OF SECURITIES

- (A) The Lender will lend Securities to the Borrower, and the Borrower will borrow Securities from the Lender in accordance with the terms and conditions of this Agreement and with the Rules **PROVIDED ALWAYS THAT** the Lender shall have received from the Borrower and accepted (by whatever means) a Borrowing Request.
- (B) The Borrower has the right to reduce the amount of Securities referred to in a Borrowing Request **PROVIDED THAT** the Borrower has notified the Lender of such reduction no later than midday London time on the day which is two Business Days prior to the Settlement Date unless otherwise agreed between the Parties and the Lender shall have accepted such reduction (by whatever means).

3. DELIVERY OF SECURITIES

The Lender shall procure the delivery of Securities to the Borrower or deliver such Securities in accordance with the relevant Borrowing Request **TOGETHER WITH** appropriate instruments of transfer duly stamped where necessary and such other instruments as may be requisite to vest title thereto in the Borrower. Such Securities shall be deemed to have been delivered by the Lender to the Borrower on delivery to the Borrower or as it shall direct of the relevant instruments of transfer, or in the case of Securities held by an agent or a clearing or settlement system on the effective instructions to such agent or the operator of such system to hold the Securities absolutely for the Borrower, or by such other means as may be agreed.

4. RIGHTS AND TITLE

- (A) The Parties shall execute and deliver all necessary documents and give all necessary instructions to procure that all right, title and interest in:
- (i) any Securities borrowed pursuant to Clause 2;
 - (ii) any Equivalent Securities redelivered pursuant to Clause 7;
 - (iii) any Collateral delivered pursuant to Clause 6;

- (iv) any Equivalent Collateral redelivered pursuant to Clauses 6 or 7;

shall pass from one Party to the other subject to the terms and conditions mentioned herein and in accordance with the Rules, on delivery or redelivery of the same in accordance with this Agreement, free from all liens, charges and encumbrances. In the case of Securities, Collateral, Equivalent Securities or Equivalent Collateral title to which is registered in a computer based system which provides for the recording and transfer of title to the same by way of book entries, delivery and transfer of title shall take place in accordance with the rules and procedures of such system as in force from time to time. The Party acquiring such right, title and interest shall have no obligation to return or redeliver any of the assets so acquired but, in so far as any Securities are borrowed or any Collateral is delivered to such Party, such Party shall be obliged, subject to the terms of this Agreement, to redeliver Equivalent Securities or Equivalent Collateral as appropriate.

- (B)
- (i) Where Income is paid in relation to any Securities on or by reference to an Income Payment Date on which such Securities are the subject of a loan hereunder, the Borrower shall, on the date of the payment of such Income, or on such other date as the Parties may from time to time agree, (the "**Relevant Payment Date**") pay and deliver a sum of money or property equivalent to the same (with any such endorsements or assignments as shall be customary and appropriate to effect the delivery) to the Lender or its Nominee, irrespective of whether the Borrower received the same. The provisions of sub-paragraphs (ii) to (v) below shall apply in relation thereto.
- (ii) subject to sub-paragraph (iii) below, in the case of any Income comprising a payment, the amount (the "**Manufactured Dividend**") payable by the Borrower shall be equal to the amount of the relevant Income together with an amount equivalent to any deduction, withholding or payment for or on account of tax made by the relevant issuer (or on its behalf) in respect of such Income together with an amount equal to any other tax credit associated with such Income unless a lesser amount is agreed between the Parties or an Appropriate Tax Voucher (together with any further amount which may be agreed between the Parties to be paid) is provided in lieu of such deduction, withholding tax credit or payment.
- (iii) Where either the Borrower, or any person to whom the Borrower has on-lent the Securities, is unable to make payment of the Manufactured Dividend to the Lender without accounting to the Inland Revenue for any amount of relevant tax (as required by Schedule 23A to the Income and Corporation Taxes Act 1988) the Borrower shall pay to the Lender or its Nominee, in cash, the Manufactured Dividend less amounts equal to such tax. The Borrower shall at the same time if requested supply Appropriate Tax Vouchers to the Lender.
- (iv) Unless otherwise agreed between the Parties as indicated in the Schedule to this Agreement, if at any time any Manufactured Dividend falls to be paid and neither of the Parties is an Approved UK Intermediary or an Approved UK Collecting Agent, the Borrower shall procure that the payment is paid through an Approved UK Intermediary or an Approved

UK Collecting Agent agreed by the Parties for this purpose, unless the rate of relevant withholding tax in respect of any Income that would have been payable to the Lender but for the loan of the Securities would have been zero and no income tax liability under Chapter VIIA of Part IV of the Income and Corporation Taxes Act 1988 would have arisen in respect thereof.

- (v) In the event of the Borrower failing to remit either directly or by its Nominee any sum payable pursuant to this Clause, the Borrower hereby undertakes to pay a rate to the Lender (upon demand) on the amount due and outstanding at the rate provided for in Clause 13 hereof. Interest on such sum shall accrue daily commencing on and inclusive of the third Business Day after the Relevant Payment Date, unless otherwise agreed between the Parties.
- (vi) Each Party undertakes that where it holds securities of the same description as any securities borrowed by it or transferred to it by way of collateral at a time when a right to vote arises in respect of such securities, it will use its best endeavours to arrange for the voting rights attached to such securities to be exercised in accordance with the instructions of the Lender or Borrower (as the case may be) **PROVIDED ALWAYS THAT** each Party shall use its best endeavours to notify the other of its instructions in writing no later than seven Business Days prior to the date upon which such votes are exercisable or as otherwise agreed between the Parties and that the Party concerned shall not be obliged so to exercise the votes in respect of a number of Securities greater than the number so lent or transferred to it. For the avoidance of doubt the Parties agree that subject as hereinbefore provided any voting rights attaching to the relevant Securities, Equivalent Securities, Collateral and/or Equivalent Collateral shall be exercisable by the persons in whose name they are registered or in the case of Securities, Equivalent Securities, Collateral and/or Equivalent Collateral in bearer form, the persons by or on behalf of whom they are held, and not necessarily by the Borrower or the Lender (as the case may be).
- (vii) Where, in respect of any borrowed Securities or any Collateral, any rights relating to conversion, sub-division, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Securities or Collateral, become exercisable prior to the redelivery of Equivalent Securities or Equivalent Collateral, then the Lender or Borrower, as the case may be, may, within a reasonable time before the latest time for the exercise of the right or option give written notice to the other Party that on redelivery of Equivalent Securities or Equivalent Collateral, as the case may be, it wishes to receive Equivalent Securities or Equivalent Collateral in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice.
- (viii) Any payment to be made by the Borrower under this Clause shall be made in a manner to be agreed between the Parties.

- (A) In respect of each loan of Securities, the Borrower shall pay to the Lender, in the manner prescribed in sub-Clause (C), sums calculated by applying such rate as shall be agreed between the Parties from time to time to the daily Value of the relevant Securities.
- (B) Where Cash Collateral is deposited with the Lender in respect of any loan of Securities in circumstances where:
- (i) interest is earned by the Lender in respect of such Cash Collateral and that interest is paid to the Lender without deduction of tax, the Lender shall pay to the Borrower, in the manner prescribed in sub-Clause (C), an amount equal to the gross amount of such interest earned. Any such payment due to the Borrower may be set-off against any payment due to the Lender pursuant to sub-Clause (A) hereof if either the Borrower has warranted to the Lender in this Agreement that it is subject to tax in the United Kingdom under Case I of Schedule D in respect of any income arising pursuant to or in connection with the borrowing of Securities hereunder or the Lender has notified the Borrower of the gross amount of such interest or income; and
 - (ii) sub-Clause (B)(i) above does not apply, the Lender shall pay to the Borrower, in the manner presented in sub-Clause (C), sums calculated by applying such rates as shall be agreed between the Parties from time to time to the amount of such Cash Collateral. Any such payment due to the Borrower may be set-off against any payment due to the Lender pursuant to sub-Clause (A) hereof;
- (C) In respect of each loan of Securities, the payments referred to in sub-Clauses (A) and (B) of this Clause shall accrue daily in respect of the period commencing on and inclusive of the Settlement Day and terminating on and exclusive of the Business Day upon which Equivalent Securities are redelivered or Cash Collateral is repaid. Unless otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrears by the Borrower to the Lender or to the Borrower by the Lender (as the case may be) not later than the Business Day which is one week after the last Business Day of the calendar month to which such payments relate or such other date as the Parties shall from time to time agree. Any payment made pursuant to sub-Clauses (A) and (B) hereof shall be in such currency and shall be paid in such manner and at such place as shall be agreed between the Parties.

6. COLLATERAL

- (A) (i) Subject to sub-Clauses (B), (C) and (E) below the Borrower undertakes to deliver Collateral to the Lender (or in accordance with the Lender's instructions) **TOGETHER WITH** appropriate instruments of transfer duly stamped where necessary and such other instruments as may be requisite to vest title thereto in the Lender simultaneously with delivery of the borrowed Securities and in any event no later than Close of Business on the Settlement Date. Collateral may be provided in any of the forms specified in the Schedule hereto (as agreed between the Parties);

- (ii) where Collateral is delivered to the Lender's Nominee any obligation under this Agreement to redeliver or otherwise account for Equivalent Collateral shall be an obligation of the Lender notwithstanding that any such redelivery may be effected in any particular case by the Nominee.
- (B) Where CGO Collateral is provided to the Lender or its Nominee by member-to-member delivery or delivery-by-value in accordance with the provisions of the CGO Rules from time to time in force, the obligation of the Lender shall be to redeliver Equivalent Collateral through the CGO to the Borrower in accordance with this Agreement. Any references, (howsoever expressed) in this Agreement, the Rules, and/or any other agreement or communication between the Parties to an obligation to redeliver such Equivalent Collateral shall be construed accordingly. If the loan of Securities in respect of which such Collateral was provided has not been discharged when the Collateral is redelivered, the Assured Payment obligation generated on such redelivery shall be deemed to constitute a payment of money which shall be treated as Cash Collateral until the loan is discharged, or further Equivalent Collateral is provided later during that Business Day. This procedure shall continue daily where CGO Collateral is delivered-by-value for as long as the relevant loan remains outstanding.
- (C) Where CGO Collateral or other collateral is provided by delivery-by-value to a Lender or its Nominee the Borrower may consolidate such Collateral with other Collateral provided by the same delivery to a third party for whom the Lender or its Nominee is acting.
- (D) Where Collateral is provided by delivery-by-value through an alternative book entry transfer system, not being the CGO, the obligation of the Lender shall be to redeliver Equivalent Collateral through such book entry transfer system in accordance with this Agreement. If the loan of Securities in respect of which such Collateral was provided has not been discharged when the Collateral is redelivered, any payment obligation generated within the book entry transfer system on such redelivery shall be deemed to constitute a payment of money which shall be treated as Cash Collateral until the loan is discharged, or further Equivalent Collateral is provided later during that Business Day. This procedure shall continue when Collateral is delivered-by-value for as long as the relevant loan remains outstanding;
- (E) Where Cash Collateral is provided the sum of money so deposited may be adjusted in accordance with Clause 6(H). Subject to Clause 6(H)(ii), the Cash Collateral shall be repaid at the same time as Equivalent Securities in respect of the Securities borrowed are redelivered, and the Borrower shall not assign, charge, dispose of or otherwise deal with its rights in respect of the Cash Collateral. If the Borrower fails to comply with its obligations for such redelivery of Equivalent Securities the Lender shall have the right to apply the Cash Collateral by way of set-off in accordance with Clause 8.
- (F) The Borrower may from time to time call for the repayment of Cash Collateral or the redelivery of Collateral equivalent to any Collateral delivered to the Lender prior to the date on which the same would otherwise have been repayable or redeliverable **PROVIDED THAT** at the time of such repayment or redelivery the Borrower shall have delivered or delivers Alternative Collateral acceptable to the Lender.

- (G) (i) Where Collateral (other than Cash Collateral) is delivered in respect of which any Income may become payable, the Borrower shall call for the redelivery of Collateral equivalent to such Collateral in good time to ensure that such Equivalent Collateral may be delivered prior to any such Income becoming payable to the Lender, unless in relation to such Collateral the Parties are satisfied before the relevant Collateral is transferred that no tax will be payable to the UK Inland Revenue under Schedule 23A of the Income and Corporation Taxes Act 1988. At the time of such redelivery the Borrower shall deliver Alternative Collateral acceptable to the Lender.
- (ii) Where the Lender receives any Income in circumstances where the Parties are satisfied as set out in Clause 6(G)(i) above, then the Lender shall on the date on which the Lender receives such Income or on such date as the Parties may from time to time agree, pay and deliver a sum of money or property equivalent to such Income (with any such endorsements or assignments as shall be customary and appropriate to effect the delivery) to the Borrower and shall supply Appropriate Tax Vouchers (if any) to the Borrower.
- (H) Unless the Schedule to this Agreement indicates that Clause 6(I) shall apply in lieu of this Clause 6(H), or unless otherwise agreed between the Parties, the Value of the Collateral delivered to or deposited with the Lender or its nominated bank or depositary (excluding any Collateral repaid or redelivered under sub-Clauses (H)(ii) or (I)(ii) below (as the case may be) ("**Posted Collateral**")) in respect of any loan of Securities shall bear from day to day and at any time the same proportion to the Value of the Securities borrowed under such loan as the Posted Collateral bore at the commencement of such loan. Accordingly:
- (i) the Value of the Posted Collateral to be delivered or deposited while the loan of Securities continues shall be equal to the Value of the borrowed Securities and the Margin applicable thereto (the "**Required Collateral Value**");
- (ii) if on any Business Day the Value of the Posted Collateral in respect of any loan of Securities exceeds the Required Collateral Value in respect of such loan, the Lender shall (on demand) repay such Cash Collateral and/or redeliver to the Borrower such Equivalent Collateral as will eliminate the excess; and
- (iii) if on any Business Day the Value of the Posted Collateral falls below the Required Collateral Value, the Borrower shall (on demand) provide such further Collateral to the Lender as will eliminate the deficiency.
- (I) Subject to Clause 6(J), unless the Schedule to this Agreement indicates that Clause 6(H) shall apply in lieu of this Clause 6(I), or unless otherwise agreed between the Parties:-
- (i) the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement shall equal the aggregate of the Required Collateral Values in respect of such loans;

- (ii) if at any time the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement exceeds the aggregate of the Required Collateral Values in respect of such loans, the Lender shall (on demand) repay such Cash Collateral and/or redeliver to the Borrower such Equivalent Collateral as will eliminate the excess;
 - (iii) if at any time the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement falls below the aggregate of Required Collateral Values in respect of all such loans, the Borrower shall (on demand) provide such further Collateral to the Lender as will eliminate the deficiency.
- (J) Where Clause 6(I) applies, unless the Schedule to this Agreement indicates that this Clause 6(J) does not apply, if a Party (the "**first Party**") would, but for this Clause 6(J), be required under Clause 6(I) to repay Cash Collateral, redeliver Equivalent Securities or provide further Collateral in circumstances where the other Party (the "**second Party**") would, but for this Clause 6(J), also be required to repay Cash Collateral or provide or redeliver Equivalent Collateral under Clause 6(I), then the Value of the Cash Collateral or Equivalent Collateral deliverable by the first Party ("X") shall be set-off against the Value of the Cash Collateral, or Equivalent Collateral or further Collateral deliverable by the second Party ("Y") and the only obligation of the Parties under Clause 6(I) shall be, where X exceeds Y, an obligation of the first Party, or where Y exceeds X, an obligation of the second Party, to repay Cash Collateral, redeliver Equivalent Collateral or to deliver further Collateral having a Value equal to the difference between X and Y.
- (K) Where Cash Collateral is repaid, Equivalent Collateral is redelivered or further Collateral is provided by a Party under Clause 6(J), the Parties shall agree to which loan or loans of Securities such repayment, redelivery or further provision is to be attributed and failing agreement it shall be attributed, as determined by the Party making such repayment, redelivery or further provision to the earliest outstanding loan and, in the case of a repayment or redelivery up to the point at which the Value of Collateral in respect of such loan is reduced to zero and, in the case of a further provision up to the point at which the Value of the Collateral in respect of such loan equals the Required Collateral Value in respect of such loan, and then to the next earliest outstanding loan up to the similar point and so on.
- (L) Where any Cash Collateral falls to be repaid or Equivalent Collateral to be redelivered or further Collateral to be provided under this Clause 6, it shall be delivered within the minimum period after demand specified in the Schedule or if no appropriate period is there specified within the standard settlement time for delivery of the relevant type of Cash Collateral, Equivalent Collateral or Collateral, as the case may be.

7. REDELIVERY OF EQUIVALENT SECURITIES

- (A) The Borrower undertakes to redeliver Equivalent Securities in accordance with this Agreement and the terms of the relevant Borrowing Request. For the avoidance of doubt any reference herein or in any other agreement or communication between the Parties (howsoever expressed) to an obligation to redeliver or account for or act in relation to borrowed Securities shall accordingly be construed as a reference to an obligation to redeliver or account for or act in relation to Equivalent Securities.

- (B) Subject to Clause 8 hereof and the terms of the relevant Borrowing Request the Lender may call for the redelivery of all or any Equivalent Securities at any time by giving notice on any Business Day of not less than the standard settlement time for such Equivalent Securities on the exchange or in the clearing organisation through which the relevant borrowed Securities were originally delivered. The Borrower shall as hereinafter provided redeliver such Equivalent Securities not later than the expiry of such notice in accordance with the Lender's instructions. Simultaneously with the redelivery of the Equivalent Securities in accordance with such call, the Lender shall (subject to Clause 6(I), if applicable) repay any Cash Collateral and redeliver to the Borrower Collateral equivalent to the Collateral delivered pursuant to Clause 6 in respect of the borrowed Securities. For the avoidance of doubt any reference herein or in any other agreement or communication between the Parties (however expressed) to an obligation to redeliver or account for or act in relation to Collateral shall accordingly be construed as a reference to an obligation to redeliver or account for or act in relation to Equivalent Collateral.
- (C) If the Borrower does not redeliver Equivalent Securities in accordance with such call, the Lender may elect to continue the loan of Securities **PROVIDED THAT** if the Lender does not elect to continue the loan the Lender may by written notice to the Borrower elect to terminate the relevant loan. Upon the expiry of such notice the provisions of Clauses (8) (B) to (F) shall apply as if upon the expiry of such notice an Event of Default had occurred in relation to the Borrower (who shall thus be the Defaulting Party for the purposes of this Agreement) and as if the relevant loan were the only loan outstanding.
- (D) In the event that as a result of the failure of the Borrower to redeliver Equivalent Securities to the Lender in accordance with this Agreement a "buy-in" is exercised against the Lender then provided that reasonable notice has been given to the Borrower of the likelihood of such a "buy-in", the Borrower shall account to the Lender for the total costs and expenses reasonably incurred by the Lender as a result of such "buy-in".
- (E) Subject to the terms of the relevant Borrowing Request, the Borrower shall be entitled at any time to terminate a particular loan of Securities and to redeliver all and any Equivalent Securities due and outstanding to the Lender in accordance with the Lender's instructions. The Lender shall accept such redelivery and simultaneously therewith (subject to Clause 6(I) if applicable) shall repay to the Borrower any Cash Collateral or, as the case may be, redeliver Collateral equivalent to the Collateral provided by the Borrower pursuant to Clause 6 in respect thereof.
- (F) Where a TALISMAN short term certificate (as described in paragraph C of the Schedule) is provided by way of Collateral, the obligation to redeliver Equivalent Collateral is satisfied by the redelivery of the certificate to the Borrower or its expiry as provided for in the Rules applying to such certificate.
- (G) Where a Letter of Credit is provided by way of Collateral, the obligation to redeliver Equivalent Collateral is satisfied by the Lender redelivering for cancellation the Letter of Credit so provided, or where the Letter of Credit is provided in respect of more than one loan, by the Lender consenting to a reduction in the value of the Letter of Credit.

8. SET-OFF ETC.

- (A) On the date and time (the "**Performance Date**") that Equivalent Securities are required to be redelivered by the Borrower in accordance with the provisions of this Agreement the Lender shall simultaneously redeliver the Equivalent Collateral and repay any Cash Collateral held (in respect of the Equivalent Securities to be redelivered) to the Borrower. Neither Party shall be obliged to make delivery (or make a payment as the case may be) to the other unless it is satisfied that the other Party will make such delivery (or make an appropriate payment as the case may be) to it simultaneously. If it is not so satisfied (whether because an Event of Default has occurred in respect of the other Party or otherwise) it shall notify the other party and unless that other Party has made arrangements which are sufficient to assure full delivery (or the appropriate payment as the case may be) to the notifying Party, the notifying Party shall (provided it is itself in a position, and willing, to perform its own obligations) be entitled to withhold delivery (or payment, as the case may be) to the other Party.
- (B) If an Event of Default occurs in relation to either Party, the Parties' delivery and payment obligations (and any other obligations they have under this Agreement) shall be accelerated so as to require performance thereof at the time such Event of Default occurs (the date of which shall be the "**Performance Date**" for the purposes of this clause) and in such event:
- (i) the Relevant Value of the Securities to be delivered (or payment to be made, as the case may be) by each Party shall be established in accordance with Clause 8(C); and
 - (ii) on the basis of the Relevant Values so established, an account shall be taken (as at the Performance Date) of what is due from each Party to the other and (on the basis that each Party's claim against the other in respect of delivery of Equivalent Securities or Equivalent Collateral or any cash payment equals the Relevant Value thereof) the sums due from one Party shall be set-off against the sums due from the other and only the balance of the account shall be payable (by the Party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be payable on the Performance Date.
- (C) For the purposes of Clause 8(B) the Relevant Value:-
- (i) of any cash payment obligation shall equal its par value (disregarding any amount taken into account under (ii) or (iii) below);
 - (ii) of any securities to be delivered by the Defaulting Party shall, subject to Clause 8(E) below, equal the Offer Value thereof; and
 - (iii) of any securities to be delivered to the Defaulting Party shall, subject to Clause 8(E) below, equal the Bid Value thereof.
- (D) For the purposes of Clause 8(C), but subject to Clause 8(E) below, the Bid Value and Offer Value of any securities shall be calculated as at the Close of Business in the most appropriate market for securities of the relevant description (as determined by the Non-Defaulting Party) on the first Business Day following the Performance Date, or if the relevant Event of Default occurs outside the normal

business hours of such market, on the second Business Day following the Performance Date (the "**Default Valuation Time**");

- (E) (i) Where the Non-Defaulting Party has following the occurrence of an Event of Default but prior to the Default Valuation Time purchased securities forming part of the same issue and being of an identical type and description to those to be delivered by the Defaulting Party and in substantially the same amount as those securities or sold securities forming part of the same issue and being of an identical type and description to those to be delivered by him to the Defaulting Party and in substantially the same amount as those securities, the cost of such purchase or the proceeds of such sale, as the case may be, (taking into account all reasonable costs, fees and expenses that would be incurred in connection therewith) shall be treated as the Offer Value or Bid Value, as the case may be, of the relevant securities for the purposes of this Clause 8.
- (ii) Where the amount of any securities sold or purchased as mentioned in (E)(i) above is not in substantially the same amount as those securities to be valued for the purposes Clause 8(C) the Offer Value or the Bid Value (as the case may be) of those securities shall be ascertained by dividing the net proceeds of sale or cost of purchase by the amount of the securities sold or purchased so as to obtain a net unit price and multiplying that net unit price by the amount of the securities to be valued.
- (F) Any reference in this Clause 8 to securities shall include any asset other than cash provided by way of Collateral.
- (G) If the Borrower or the Lender for any reason fail to comply with their respective obligations under Clauses 6(F) or 6(G) in respect of redelivery of Equivalent Collateral or repayment of Cash Collateral such failure shall be an Event of Default for the purposes of this Clause 8, and the person failing to comply shall thus be the Defaulting Party.
- (H) Subject to and without prejudice to its rights under Clause 8(A) either Party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities, Collateral and cash transfers waive its right under this Agreement in respect of simultaneous delivery and/or payment **PROVIDED THAT** no such waiver in respect of one transaction shall bind it in respect of any other transaction.

9. TAXATION

- (A) The Borrower hereby undertakes promptly to pay and account for any transfer or similar duties or taxes chargeable in connection with any transaction effected pursuant to or contemplated by this Agreement, and shall indemnify and keep indemnified the Lender against any liability arising in respect thereof as a result of the Borrower's failure to do so.
- (B) A Party undertakes to notify the other Party if it becomes or ceases to be an Approved UK Intermediary or an Approved UK Collecting Agent.

10. LENDER'S WARRANTIES

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Lender:

- (A) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
- (B) it is not restricted under the terms of its constitution or in any other manner from lending Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;
- (C) it is absolutely entitled to pass full legal and beneficial ownership of all Securities provided by it hereunder to the Borrower free from all liens, charges and encumbrances;
- (D) where the Schedule to this Agreement specifies that this Clause 10(D) applies, it is not resident in the United Kingdom for tax purposes and either is not carrying on a trade in the United Kingdom through a branch or agency or if it is carrying on such a trade the loan is not entered into in the course of the business of such branch or agency, and it has (i) delivered or caused to be delivered to the Borrower a duly completed Certificate (MOD2) or a photocopy thereof certified by the relevant authorities in the Lender's country of residence and to be filed with the UK Inland Revenue by the Borrower upon receipt or (ii) has taken all necessary steps to enable a specific authorisation to make gross payment of the Manufactured Dividend to be issued by the Inland Revenue.

11. BORROWER'S WARRANTIES

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Borrower:

- (A) it has all necessary licenses and approvals, and is duly authorised and empowered, to perform its duties and obligations under this Agreement and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;
- (B) it is not restricted under the terms of its constitution or in any other manner from borrowing Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;
- (C) it is absolutely entitled to pass full legal and beneficial ownership of all Collateral provided by it hereunder to the Lender free from all liens, charges and encumbrances;
- (D) it is acting as principal in respect of this Agreement;
- (E) where the Schedule to this Agreement specifies this Clause 11(E) applies, it is subject to tax in the United Kingdom under Case I of Schedule D in respect of any

income arising pursuant to or in connection with the borrowing of Securities hereunder.

12. EVENTS OF DEFAULT

Each of the following events occurring in relation to either Party (the "**Defaulting Party**", the other Party being the "**Non-Defaulting Party**") shall be an Event of Default for the purpose of Clause 8:-

- (A) the Borrower or Lender failing to pay or repay Cash Collateral or deliver or redeliver Collateral or Equivalent Collateral upon the due date, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (B) the Lender or Borrower failing to comply with its obligations under Clause 6, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (C) the Borrower failing to comply with Clause 4(B)(i), (ii) or (iii) hereof, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (D) an Act of Insolvency occurring with respect to the Lender or the Borrower and (except in the case of an Act of Insolvency which is the presentation of a petition for winding up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the Non-Defaulting Party serves written notice on the Defaulting Party;
- (E) any representations or warranties made by the Lender or the Borrower being incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (F) the Lender or the Borrower admitting to the other that it is unable to, or it intends not to, perform any of its obligations hereunder and/or in respect of any loan hereunder, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (G) the Lender (if appropriate) or the Borrower being declared in default by the appropriate authority under the Rules or being suspended or expelled from membership of or participation in any securities exchange or association or other self-regulatory organisation, or suspended from dealing in securities by any government agency, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (H) any of the assets of the Lender or the Borrower or the assets of investors held by or to the order of the Lender or the Borrower being transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the Non-Defaulting Party serves written notice on the Defaulting Party, or
- (I) the Lender or the Borrower failing to perform any other of its obligations hereunder and not remedying such failure within 30 days after the Non-Defaulting Party serves written notice requiring it to remedy such failure, and the Non-Defaulting Party serves a further written notice on the Defaulting Party.

Each Party shall notify the other if an Event of Default occurs in relation to it.

13. OUTSTANDING PAYMENTS

In the event of either Party failing to remit either directly or by its Nominee sums in accordance with this Agreement such Party hereby undertakes to pay a rate to the other Party upon demand on the net balance due and outstanding of 1% above the Barclays Bank PLC base rate from time to time in force.

14. TRANSACTIONS ENTERED INTO AS AGENT

(A) Subject to the following provisions of this Clause, the Lender may enter into loans as agent (in such capacity, the "Agent") for a third person (a "Principal"), whether as custodian or investment manager or otherwise (a loan so entered into being referred to in this clause as an "Agency Transaction").

(B) A Lender may enter into an Agency Transaction if, but only if:-

- (i) if specifies that loan as an Agency Transaction at the time when it enters into it;
- (ii) it enters into that loan on behalf of a single Principal whose identity is disclosed to the Borrower (whether by name or by reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal) at the time when it enters into the loan; and
- (iii) it has at the time when the loan is entered into actual authority to enter into the loan and to perform on behalf of that Principal all of that Principal's obligations under the agreement referred to in (D)(ii) below.

(C) The Lender undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware:-

- (i) of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or
- (ii) of any breach of any of the warranties given in Clause 14(E) below or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the current facts;

it will inform the Borrower of that fact and will, if so required by the Borrower, furnish it with such additional information as it may reasonably request.

(D) (i) Each Agency Transaction shall be a transaction between the relevant Principal and the Borrower and no person other than the relevant Principal and the Borrower shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, the Lender shall not be liable as principal for the performance of an Agency Transaction or for breach of any warranty contained in Clause 10(D) or 11(E) of this Agreement, but this is without prejudice to any liability of the Lender under any other provision of this Clause.

- (ii) All the provisions of the Agreement shall apply separately as between the Borrower and each Principal for whom the Agent has entered into an Agency transaction or Agency Transactions as if each such Principal were a party to a separate agreement with the Borrower in all respects identical with this Agreement other than this paragraph and as if the Principal were Lender in respect of that agreement.

PROVIDED THAT

if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if the Borrower served written notice under any sub-Clause of Clause 12, the Borrower shall be entitled by giving written notice to the Principal (which notice shall be validly given if given to the Lender in accordance with Clause 20) to declare that by reason of that event an Event of Default is to be treated as occurring in relation to the Principal. If the Borrower gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given; and

if the Principal is neither incorporated nor has established a place of business in Great Britain, the Principal shall for the purposes of the agreement referred to in (D)(ii) be deemed to have appointed as its agent to receive on its behalf service of process in the courts of England the Agent, or if the Agent is neither incorporated nor has established a place of business in the United Kingdom, the person appointed by the Agent for the purposes of this Agreement, or such other person as the Principal may from time to time specify in a written notice given to the other party.

- (iii) The foregoing provisions of this Clause do not affect the operation of the Agreement as between the Borrower and the Lender in respect of any transactions into which the Lender may enter on its own account as principal.

- (E) The Lender warrants to the Borrower that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, have been duly authorised to enter into that loan and perform the obligations arising thereunder on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the agreement referred to in (D)(ii).

15. TERMINATION OF COURSE OF DEALINGS BY NOTICE

Each Party shall have the right to bring the course of dealing contemplated under this Agreement to an end by giving not less than 15 Business Days' notice in writing to the other Party (which notice shall specify the date of termination) subject to an obligation to ensure that all loans and which have been entered into but not discharged at the time such notice is given are duly discharged in accordance with this Agreement and with the Rules.

16. GOVERNING PRACTICES

The Borrower shall use its best endeavours to notify the Lender (in writing) of any changes in legislation or practices governing or affecting the Lender's rights or obligations under this

Agreement or the treatment of transactions effected pursuant to or contemplated by this Agreement.

17. OBSERVANCE OF PROCEDURES

Each of the Parties hereto agrees that in taking any action that may be required in accordance with this Agreement it shall observe strictly the procedures and timetable applied by the Rules and, further, shall observe strictly any agreement (oral or otherwise) as to the time for delivery or redelivery of any money, Securities, Equivalent Securities, Collateral or Equivalent Collateral entered into pursuant to this Agreement.

18. SEVERANCE

If any provision of this Agreement is declared by any judicial or other competent authority to be void or otherwise unenforceable, that provision shall be severed from the Agreement and the remaining provisions of this Agreement shall remain in full force and effect. The Agreement shall, however, thereafter be amended by the Parties in such reasonable manner so as to achieve, without illegality, the intention of the Parties with respect to that severed provision.

19. SPECIFIC PERFORMANCE

Each Party agrees that in relation to legal proceedings it will not seek specific performance of the other Party's obligation to deliver or redeliver Securities, Equivalent Securities, Collateral or Equivalent Collateral but without prejudice to any other rights it may have.

20. NOTICES

All notices issued under this Agreement shall be in writing (which shall include telex or facsimile messages) and shall be deemed validly delivered if sent by prepaid first class post to or left at the addresses or sent to the telex or facsimile number of the Parties respectively or such other addresses or telex or facsimile numbers as each Party may notify in writing to the other.

21. ASSIGNMENT

Neither Party may charge assign or transfer all or any of its rights or obligations hereunder without the prior consent of the other Party.

22. NON-WAIVER

No failure or delay by either Party to exercise any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege as herein provided.

23. ARBITRATION AND JURISDICTION

(A) All claims, disputes and matters of conflict between the Parties arising hereunder shall be referred to or submitted for arbitration in London in accordance with English Law before a sole arbitrator to be agreed between the Parties or in default of agreement by an arbitrator to be nominated by the Chairman of The Stock Exchange on the application of either Party, and this Agreement shall be deemed

for this purpose to be a submission to arbitration within the Arbitration Acts 1950 and 1979, or any statutory modification or re-enactment thereof for the time being in force.

- (B) This Clause shall take effect notwithstanding the frustration or other termination of this Agreement.
- (C) No action shall be brought upon any issue between the Parties under or in connection with this Agreement until the same has been submitted to arbitration pursuant hereto and an award made.

24. TIME

Time shall be of the essence of the Agreement.

25. RECORDING

The Parties agree that each may electronically record all telephonic conversations between them.

26. GOVERNING LAW

This Agreement is governed by, and shall be construed in accordance with, English Law.

IN WITNESS WHEREOF this Agreement has been executed on behalf of the Parties hereto the day and year first before written.

SIGNED BY)
)
)
 ON BEHALF OF) **LEHMAN BROTHERS INTERNATIONAL (EUROPE)**
)
)
 IN THE PRESENCE OF:)

SIGNED BY)
)
)
 ON BEHALF OF)
)
)
 IN THE PRESENCE OF:)

SCHEDULE

COLLATERAL

Types

Collateral acceptable under this Agreement may include the following or otherwise, as agreed between the Parties from time to time whether transferable by hand or within a depository:-

- A. British Government Stock and other stock registered at the Bank of England which is transferable through the CGO to the Lender or its Nominee against an Assured Payment, hereinbefore referred to as CGO Collateral.

- B.
 - (i) British Government Stock and Sterling Issues by foreign governments (transferable through the CGO), in the form of an enfaced transfer deed or a long term collateral certificate or overnight collateral chit issued by the CGO accompanied (in each case) by an executed unenfaced transfer deed;
 - (ii) Corporation and Commonwealth Stock in the form of registered stock or allotment letters duly renounced;
 - (iii) UK Government Treasury Bills;
 - (iv) U.S. Government Treasury Bills;
 - (v) Bankers' Acceptances;
 - (vi) Sterling Certificates of Deposit;
 - (vii) Foreign Currency Certificates of Deposit;
 - (viii) Local Authority Bonds;
 - (ix) Local Authority Bills;
 - (x) Letters of Credit;
 - (xi) Bonds or Equities in registrable form or allotment letters duly renounced;
 - (xii) Bonds or Equities in bearer form.

- C. Unexpired TALISMAN short-term certificates issued by The Stock Exchange; and

- D. Cash Collateral.

Valuation of Collateral

Collateral provided in accordance with this Agreement shall be evaluated by reference to the following, or by such means as the Parties may from time to time agree:-

- (A) in respect of Collateral types A and B(i), the current CGO value calculated by reference to the middle market price of each stock as determined daily by the Bank of England, adjusted to include the accumulated interest thereon (the CGO Reference Price);
- (B) in respect of Collateral types B(ii) to (ix), (xi) and (xii) the Reference Price thereof;
- (C) in respect of Collateral types B(x) and C the value specified therein.

Margin

The Value of the Collateral delivered pursuant to Clause 6 by the Borrower to the Lender under the terms and conditions of this Agreement shall on each Business Day represent not less than the Value of the borrowed Securities **TOGETHER WITH** the following additional percentages hereinbefore referred to as ("the Margin") unless otherwise agreed between the Parties:-

- (i) in the case of Collateral types A, B(i) to (x) and D: %, (for Certificates of Deposit the Margin shall be the accumulated interest thereon); or
- (ii) in the case of Collateral types B(xi), (xii) and C: %

If the Value of the borrowed Securities includes any margin over the mid market price of the borrowed Securities this shall be taken into account in determining the Margin applicable.

Basis of Margin Maintenance

Clause 6 (I) (global margining) shall apply.

Clause 6(J) (netting of margin where one party both a Borrower and Lender) shall apply.

Minimum period after demand for transferring Cash Collateral or Equivalent Collateral:

- (a) Cash Collateral: within one Business Day;
- (b) Equivalent Collateral: not less than the standard settlement time for such Collateral on the exchange or clearing organisation through which the relevant Collateral was originally delivered.

BASE CURRENCY

The Base Currency applicable to this Agreement is .

LENDER'S WARRANTIES

Where the Lender is Clause 10(D) shall / shall not apply.

Where the Lender is Lehman Brothers International (Europe) Clause 10(D) shall not apply.

BORROWER'S WARRANTIES

Where the Borrower is Clause 11(E) shall/shall not apply.

Where the Borrower is Lehman Brothers International (Europe) Clause 11(E) shall apply.

*NB. DELETE AS APPLICABLE

Additional warranty of Party B

Party B hereby warrants and undertakes to Party A on a continuing basis to the intent that such warranty shall survive the completion of any transaction contemplated herein that:

- (a) it is not an employee benefit plan (an "ERISA" Plan"), as defined in Section 3 (3) of ERISA, subject to Title I of ERISA or Section 4975 of the US Internal Revenue Code of 1986, as amended;
- (b) it is not a person acting on behalf of an ERISA Plan; or
- (c) it's assets (or the assets of it's Principal Lenders) do not constitute assets of an ERISA Plan.

- **TAB 20**

-

[LBIE letterhead]

[counterparty]
[address]

[date]

Dear Sirs

International Prime Brokerage Agreement

This letter is supplemental to the International Prime Brokerage Agreement entered into between us (the *Agreement*). The purpose of this letter is to make certain changes to the Agreement as set out in the following paragraph. These changes are required as a result of the Markets in Financial Instruments Directive (*MIFID*) which will come into force on 1 November 2007.

You acknowledge and agree that any cash held by us for you is received by us as collateral with full ownership under a collateral arrangement and is subject to the security interest contained in the Agreement. Accordingly, such cash will not be client money pursuant to the FSA's rules (the *Rules*) and will not be subject to the protections conferred by the Rules. Such cash held by us will not be segregated from our money or the money of any other counterparty and will be held free and clear of all trusts. You agree that we will use such cash in the course of our business and you will, therefore, rank as a general creditor of us in respect of such cash.

If you carry on dealing with us after 1 November 2007, such dealing will signify your agreement to the above.

Yours faithfully

- **TAB 21**
-

DRAFT: JAN 2004

STRATEGIC CLIENT SERVICES AGREEMENT

AGREEMENT, dated as of _____, between [_____], whose registered office is at [_____] (the "Client"), and Lehman Brothers International (Europe) ("Lehman"), whose registered office is at 25 Bank Street, London E14 5LE.

WHEREAS, Client is in the business of trading debt securities, foreign exchange and fixed income derivatives on its own behalf and engaging in financing transactions with respect thereto; and

WHEREAS, Client requires assistance in processing, clearing and settling certain debt securities trades and fixed income derivatives transactions; and

WHEREAS, Client wishes to engage Lehman as a service provider and thereby access Lehman's capabilities to process, clear, and settle certain debt securities trades and fixed income derivatives transactions which Client has entered into as principal with others.

NOW, THEREFORE, Client and Lehman hereby agree as follows:

I. DEFINITIONS

1. Definitions. As used in this Agreement, the following capitalised terms shall have the meanings respectively assigned to them below:

"Account" shall mean Client's account maintained by Lehman in its books and records to record the Client's positions in the Transactions. The Account will be opened for purposes of preparing a consolidated statement of Client's positions. The Client will not be entitled to the value of any Security or Transaction reflected in the Account. The Client's interests in Securities and Transactions will be held in separate accounts maintained by Lehman affiliates in accordance with Applicable Laws and the terms and conditions on which those accounts are opened.

"Applicable Rules" mean, as to any entity, the applicable constitution, rules, by-laws, regulations and customs of any securities market, association, exchange or Clearing Organisation where Transactions are effected or of which Client or Lehman is a member, and also all applicable laws and regulations ("Applicable Laws"), in each instance as the same may be applicable to such entity.

"Counterparty or Counterparties" shall mean those firms with which Client engages in Transactions.

"Business Day" shall mean any day on which commercial banks and foreign exchange markets settle payments in London.

"Clearing Deposit Requirement" shall mean the amount of Clearing Deposit that Lehman requires the Client to transfer to and maintain with Lehman as security for the performance of Client's obligations to Lehman, as determined by Lehman in its commercially reasonable discretion.

"Clearing Organisation" shall mean Cedelbank, Euroclear, Clearstream, the Federal Reserve Bank book-entry system, The Depository Trust Company, The Participants Trust Company, or any other central depository or clearing agency, system or arrangement which it is, or may become, standard market practice to employ for the comparison and/or settlement of Transactions.

"Cost" shall mean any loss, liability, damage, claim, cost or expense, including but not limited to reasonable fees of legal counsel.

"Securities" shall mean debt securities with respect to which Lehman agrees to provide clearance services hereunder.

"Settlement Date" shall mean the date designated by the parties to a Transaction for the payment of funds and the delivery of Securities.

"Trade Date" shall mean the date on which a Transaction subject to this Agreement is entered into by the parties thereto.

"Transaction(s)" shall mean trades and/or transactions involving Securities, including purchases or sales for regular way, skip or forward settlement, repurchase and reverse repurchase transactions, dollar-rolls and securities lending transactions; or any transaction which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions, any of which Lehman agrees to process, clear and settle for Client).

II. GENERAL SERVICES AND REQUIREMENTS

1. Services Description. Client hereby appoints Lehman as its clearing agent for Transactions and engages Lehman to assist Client in clearing, settling and processing its Transactions with Counterparties. In connection with such Transactions, Lehman or, if appropriate or required by Applicable Law, an affiliate of Lehman will use commercially reasonable efforts to receive, deliver and transfer Securities and funds for Client. Except as otherwise provided herein, Client will be and will for all purposes be treated as the principal in all such Transactions. In accordance with the times and procedures set forth below, Client shall provide Lehman with written details and instructions concerning the Transactions.

2. General Transaction Requirements. Each Transaction shall satisfy the conditions set forth in this Agreement and such additional conditions as Client and Lehman may agree upon in writing from time to time; provided, however, that changes to any conditions which Lehman makes generally for operating its business shall become effective upon reasonable notice to Client except that, if any such change affects conditions previously agreed upon by Client and Lehman, it shall become effective only upon 30 days' prior notice (unless Applicable Rules require such change to become effective in less than 30 days, in which case they shall become effective as required by the Applicable Rules) and provided further that:

- (i) each Transaction must be subject only to such terms and conditions as are customary in the market for Transactions of the same type;
- (ii) each Transaction must be capable of comparison and settlement through a Clearing Organisation in the same manner as transactions of the same type which are undertaken for the account of Lehman at the approximate time of such Transaction; and
- (iii) settlement for Transactions must occur only on days on which commercial banks are open for business in the country in which settlement is to occur.

3. Counterparty Information. Prior to engaging for the first time in a Transaction with an intended Counterparty, Client shall give Lehman the name of the intended Counterparty and such other information common to all Transactions with such Counterparty as is required to permit the clearance and settlement of such Transactions. Lehman shall have no obligation to inquire into or to monitor compliance with any aggregate exposure limits Client may establish from time to time for any such Counterparty.

III. PROCESSING OF TRANSACTIONS

1. Deadlines for Receipt of Instructions. (a) Promptly after a Transaction is arranged, Client shall communicate instructions with respect to that Transaction to Lehman. Lehman must receive instructions for Transactions by the deadlines set forth below:

- (i) "cash" or same day Transactions (including financing transactions) – by no later than 12:00 noon GMT on the Trade Date;
- (ii) all other Transactions – by no later than 4:00 p.m. GMT on the Trade Date.

Such instructions shall be furnished to Lehman in such form and manner as Lehman and Client may agree.

(b) Lehman shall have no obligation to process a "cash" or same day Transaction for which it receives instructions from Client after the deadline therefor which is set forth in Section III 1(a) above; however, Lehman shall nevertheless use commercially diligent

efforts to process such Transaction for settlement. Lehman shall be without liability for any cost or delay which arises from its failure to use commercially diligent efforts unless such failure is willful.

(c) Lehman shall have no obligation to process a Transaction which is not a "cash" or same day Transaction for which it receives instructions from Client after the deadline therefor which is set forth in Section III.1(a) above; however, Lehman shall nevertheless use commercially diligent efforts to process such Transaction for settlement. Lehman shall be without liability for any cost or delay which arises from its failure to use commercially diligent efforts unless such failure is willful.

2. Instructions and Verification.

(a) Provided that the instructions for a Transaction which is not a "cash" or same day Transaction have been received by the deadline set forth in Section III.1(a) above, Lehman shall promptly, on the same day as such instructions are received, verify that such instructions set forth all the types of information required to permit clearance and settlement of such Transaction. If such instructions are insufficient in any respect, Lehman shall promptly, on the same day as such instructions are received, notify Client of such insufficiency. Unless Client, promptly after it receives such notice of insufficiency from Lehman but in no event more than 15 minutes after the deadline set forth in Section III.1(a) above, communicates corrected instructions to Lehman, Lehman shall have no further responsibility for processing such Transaction.

(b) Provided that the instructions for a "cash" or same day Transaction have been received by the deadline set forth in Section III.1(a) above, Lehman shall take steps with respect to such Transaction which are substantially similar to those set forth in Section III.2(a) above, taking into account, however, the exigencies of time and recognizing that the sole obligation of Lehman is to attempt in good faith and in a commercially reasonable manner to process such Transaction.

(c) Upon verification of a Transaction in accordance with this Section, Lehman shall enter such Transaction in its end-of-day records.

3. Comparisons, Confirmations Review, Etc. (a) Client shall receive and review all confirmations, comparisons, statements, commitment letters, notices and related documentation with respect to all Transactions and shall be the one to contact the Counterparties in such Transactions to resolve any non-recognition thereof or any other differences disclosed by such review.

(b) If Lehman, with respect to any Transaction, receives any confirmations, comparisons, statements, commitment letters, notices and related documentation from the Counterparty in such Transaction, Lehman shall promptly, on the same day as received, transmit any such documents to Client.

(c) Lehman shall have no obligation to inquire of Client or of any other person whether a Transaction is compared or not. Lehman shall proceed with the processing under this Agreement of each such Transaction until such time, if any, as it is informed by Client that such Transaction is uncomparing, and Lehman shall not resume such processing until such

time, if any, as Client informs it that all differences with respect to such Transaction have been resolved and such Transaction has been compared.

(d) Lehman shall not be responsible for any failure to settle Transactions, or any failure to allocate Securities or any other irregularities that may arise because Client or an Counterparty has failed to resolve any non-recognition or other differences disclosed during the comparison process. Unless otherwise instructed by Client, Lehman shall not contact the Counterparty in any uncomparing Transaction to resolve any non-recognition thereof or any other difference disclosed during the comparison and confirmation process.

(e) Any comparisons, statements, notices or other documents which, pursuant to this Agreement or at Client's request, may be prepared by Lehman and sent to Counterparties, or by which Client may be bound, shall be prepared on forms which display Client's name in front (and not that of Lehman) and which have been approved by Client in writing. Lehman shall execute any such comparisons, statements, notices and other documents as Client's agent.

4. Settlement Date Exception Report. Subject to the terms and conditions set forth above, Lehman will use its best efforts to process, clear and settle each Transaction for Client on the Settlement Date for the same. On the business day following each Settlement Date, Lehman shall provide Client with a list of any Transactions which were scheduled to settle on such Settlement Date but did not.

IV. AUTHORISED PERSONS

1. Authorised Persons. Lehman may rely upon or act in accordance with any notice, confirmation, instruction or other communication received by it from Client which is reasonably believed by Lehman to be genuine and to have been given, transmitted or signed on behalf of Client in the manner and by the persons specified by Client in Schedule I hereto, as such Schedule may from time to time be revised. Client may revise Schedule I at any time by notice in writing to Lehman given in accordance with this Section IV.1, but no revision of Schedule I shall be effective until Lehman actually receives such notice.

2. Oral Instructions. (a) In exceptional circumstances Lehman may accept instructions orally communicated provided that such oral instructions are reasonably believed by it to have been given on behalf of Client in the manner and by the persons specified by Client in Schedule I hereto. If a written instruction confirming an oral instruction is not received by Lehman prior to a Transaction, it shall in no way affect the validity of the Transaction authorised by such oral instruction or Client's authorisation to process such Transaction. Lehman shall incur no liability to Client in acting upon any oral instruction reasonably believed by Lehman to be genuine and to have been properly made on behalf of Client as hereinabove set forth. To the extent such oral instruction varies from any written confirming instruction, Lehman shall advise Client of such variance, and the confirming written instruction will govern.

(b) Notwithstanding anything in this Agreement to the contrary, Lehman shall have the right to refuse to take any action to clear, settle or process any Transaction if Lehman is in doubt as to the authority of the individual reporting such Transaction or the authenticity of his or her instructions.

V. ACCOUNT AND CREDIT MATTERS

1. Lehman Account. (a) In order for Lehman to provide the services contemplated hereby, Lehman will open the Account on its books and records. All Securities and funds received by Lehman or an affiliate of Lehman on Client's behalf in connection with Transactions will be credited to the Account and all Securities and funds to be transferred by Client in connection with Transactions will be transferred from and debited to the Account, in accordance with Client's written instructions to Lehman, as set forth above; and Lehman may hold in the Account all such Securities and funds as are incidental to the clearing of Transactions.

(b) Lehman or its affiliates shall make deliveries of Securities credited to the Account in accordance with Client's instructions, provided, however, that Lehman shall not be obligated to make any such delivery: (i) if Lehman or an affiliate does not hold sufficient amounts and types of the pertinent Securities to the credit of the Client in order for Lehman to make such delivery in accordance with Client's instructions; or (ii) if after the making of such delivery, Client would be in violation of the margin and other requirements (including the requirement for Clearing Deposit) referred to in Section V.4. below. Lehman shall make payments from the Account in accordance with Client's instructions, provided that: (i) there are sufficient funds standing to the credit of the Client in the Account, whether belonging to Client or advanced by Lehman in its sole and absolute discretion, as set forth in Section V.2. below; and (ii) after the making of such payment, Client would not be in violation of the margin and other requirements (including the requirement for Clearing Deposit) referred to in Section V.4. below.

(c) Not later than 2:00 p.m. London time on each date for the settlement of Transactions, Client shall remit to Lehman immediately available funds in an amount representing Client's reasonable, good faith estimate of the settlement amount to be paid by it on such date. Client agrees to take all necessary actions to ensure that all Securities needed to clear, settle and process Transactions will be in Lehman's or an affiliate's possession and control in good deliverable form by 2:00 p.m. London time (or such earlier time as may be required to settle Transactions outside of London) on the Settlement Date therefor. Lehman will have no responsibility to clear, settle or process Transactions if the Securities or funds needed to complete the same have not been received by Lehman or an affiliate by the time periods specified above subject to the provision of Section V(1)(b).

2. Clearing Credit. Lehman is under no obligation whatsoever to allow overdrafts to the Client, but Lehman may, in its sole and absolute discretion and from time to time, advance funds to Client to facilitate the settlement of Transactions. Any such advance: (i) shall be repayable immediately upon demand made by Lehman; (ii) shall be fully secured by collateral as specified in Schedule II, and (iii) shall bear interest at such rate as Client and Lehman may otherwise agree, provided that if such an agreement cannot be reached, Lehman shall determine such rate in a commercially reasonable manner.

3. Delivery and Payment Conditions for Securities. (a) Any other provision in this Agreement notwithstanding, Lehman shall make and receive all deliveries of Securities in accordance with the delivery practices then prevailing in the market for the relevant Security and shall make and receive all payments for Securities in accordance with such practices as to manner of payment as are then prevailing in the market for the relevant Security.

(b) Lehman shall apply such procedures and time frames as it uses when acting for its own account or on behalf of its affiliates to ascertain whether the Securities tendered to Lehman to settle a transaction in such Securities conform to the good delivery practices then prevailing in the market for the relevant Securities. If Lehman concludes that such Securities do not conform to such good delivery practices, Lehman shall either refuse to accept delivery or take such other steps as it would take when acting on its own behalf or on behalf of its affiliates.

4. Transactions with Clearing Deposit. (a) As security for the performance of Client's obligations to Lehman, Client agrees to transfer to and maintain with Lehman, at all times during the term of this Agreement, funds and/or securities, in such form as Lehman and Client may agree (the "Clearing Deposit"). The amount of such initial Clearing Deposit shall be equivalent to [TBA], the value of each item of Clearing Deposit being determined by Lehman.

(b) Where the value of Clearing Deposit held by Lehman is less than the Client's Clearing Deposit Requirement, Lehman may (but is not obliged to) make a demand for further Clearing Deposit (which will be in writing) and the Client will deliver or pay to Lehman such further Clearing Deposit within the period reasonably specified for payment or delivery.

5. Clearing Deposit and Title. (a) Client shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in such funds and/or securities constituting the Clearing Deposit at any time shall pass to Lehman upon transfer or payment to Lehman, free from all liens, claims, charges and encumbrances.

(b) Lehman shall be under an obligation to transfer to Client funds and/or securities equivalent to those constituting the Clearing Deposit then held by Lehman on termination of this Agreement, provided that Lehman may determine the value of such funds and/or securities constituting Clearing Deposit held by Lehman on termination of this Agreement and apply such value, after conversion to the appropriate currency if required, to reduce by set off the obligations then payable and unpaid by Client to Lehman.

VI. RECORDS AND REPORTS, ETC.

1. Principal and Interest. Lehman shall assist Client in enforcing any rights to payment of principal, interest or other amounts which Client may have against any issuer or guarantor of Securities, subject to the receipt of such indemnification as Lehman, in its sole discretion, may request and Client's agreement to reimburse all costs.

2. Maintenance of Transaction Records. As agent of Client, Lehman shall maintain duplicates or original copies of all confirmations, comparisons, statements, notices or similar documents sent, received or prepared by Lehman or its agents hereunder and shall make such documents available to Client upon reasonable notice.

3. Reports. Lehman shall prepare and provide Client with copies of such reports concerning Client's Securities activities as Lehman and Client shall agree upon in writing.

4. Valuations. Lehman's only obligation with respect to any valuations of Transactions that it uses in preparing any reports pursuant to Section VI.3. above shall be to

use the same valuations for such Transactions that it uses or would use if valuing such Transactions for its own account or for its own reports of similar nature. Lehman makes no warranties or representations to Client or to any third party as to the accuracy or completeness of any such valuations or as to the reasonableness or consistency of the methodology employed and shall have no liability for or with respect to any such valuation, or any uses to which this information is put, unless such valuation was the result of willful misconduct. No warranties or representations are hereby made by LBIE as to the reliability of the valuations and client agrees to rely on its own independent sources for valuations.

5. Use of Clearing Organisations. In the performance of its obligations hereunder with respect to any Transactions, Lehman may use any such Clearing Organisation as is available for the comparison and/or settlement of such Transactions, unless Client shall have given Lehman express, written instructions to not use such Clearing Organisation.

6. Books and Records. Except as otherwise provided in Section III.3. above, Lehman shall maintain all records, materials and documentation belonging to Client, (collectively "Client Records"), which have been prepared or received by Lehman pursuant to this Agreement for such periods of time as Client and Lehman may agree upon or, failing such agreement, for such periods of time as are required under Applicable Rules. Lehman, at Client's expense, shall surrender any or all of such records, materials and documentation to Client, subject to compliance with Applicable Rules: (i) promptly upon Client's request; and (ii) in any event, upon termination of this Agreement. So long as Lehman is required to maintain them under this Agreement, all such records, materials and documentation shall be open to inspection and audit at all reasonable times and upon reasonable prior notice by any person designated by Client. The obligations set forth in this VI.6. shall survive the termination of this Agreement. Lehman agrees to keep the Client Records (and the contents thereof) confidential as provided in Section X(2).

7. Fees and Charges. For the services of Lehman as clearing agent under this Agreement, Client shall pay to Lehman the fees and transaction charges set forth in Schedule III. hereto, as such Schedule may from time to time be amended by Lehman upon 30 days' prior written notice to Client.

VII. REPRESENTATIONS AND WARRANTIES

1. Representations, Warranties and Covenants of Client. (a) Client hereby represents, warrants and covenants to Lehman on the date hereof and continuously during the term of this Agreement that:

(i) Client is duly organised and validly existing and is in good standing under the laws of the jurisdiction of its organisation, with full power and authority to execute and deliver this Agreement and to perform hereunder. Client has all necessary governmental licences and approvals to carry on the business now conducted by it and contemplated by this Agreement.

(ii) The execution and delivery by Client of this Agreement and the performance by it hereunder have been duly authorised by Client in accordance with all requisite corporate action. This Agreement constitutes the valid, legal and binding obligations of Client enforceable in accordance with its terms, except as enforceability

may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganisation and other laws affecting creditors' rights generally and by general equitable principles.

(iii) The execution and delivery of this Agreement and the performance of Client hereunder do not and will not conflict with or violate or result in a breach of or a default under any provision of Client's certificate of incorporation, memorandum and articles of association or other constituent documents, or any agreement, indenture or instrument binding upon it or affecting its properties, or any laws, rules, regulations, judgments or orders applicable to it.

(iv) Client is in compliance with all the Applicable Rules and has in place all regulatory procedures required by the Applicable Rules to deter and detect money laundering.

(v) All Securities and other securities and property delivered to Lehman or its affiliates by, for or on behalf of Client will be delivered free and clear of and unencumbered by any rights, claims or interests of any third party, except for the security interest and charge granted to Lehman under this Agreement.

(vi) Any financial statements of Client and any other information regarding Client which are or have been or will be furnished by Client to Lehman are accurate and complete in all material respects.

(b) Client covenants with Lehman as follows:

(i) Except as otherwise provided herein, Client will be a principal in all Transactions and will conduct each Transaction in accordance with all Applicable Rules.

(ii) Lehman's obligations to Client are strictly limited to the provision of clearing, settling and processing services under this Agreement.

(iii) Client will not view Lehman as an investment advisor and Client will make its own independent decisions to enter into each Transaction and as to whether a Transaction is appropriate or proper for it, based upon its own judgment and upon advice from its professional advisers. Both Client and its advisers are capable of assessing the merits of, understanding and accepting the terms and conditions of each Transaction. Client is not and will not be relying on any communication (written or oral) of Lehman as investment advice, tax advice or as a recommendation to enter into any Transaction, it being understood by Client that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice, tax advice or a recommendation to enter into a Transaction. Specifically, Client acknowledges that nothing in this Agreement nor any act, communication or course of conduct of Lehman or its affiliates pursuant to this Agreement shall constitute the giving of advice on the merits of purchasing, selling, subscribing for, underwriting or otherwise exercising any right in respect of any investment or any other manner of investment advice under the Financial Services and Markets Act 2000 or any other applicable law or regulation.

(iv) Client will ensure that Lehman shall not be prevented by the terms of this Agreement from complying in all respects with its duties under the Applicable Rules. Specifically, Lehman reserves the right not to provide clearing services pursuant to this Agreement and/or to obtain such further information from the Client as Lehman, in its sole discretion, thinks necessary if Lehman has concerns or suspects money laundering with respect to any Transaction.

2. Representations, Warranties and Covenants of Lehman. (a) Lehman hereby represents, warrants and covenants to Client on the date hereof and continuously during the term of this Agreement that:

(i) Lehman is duly organised and validly existing and is in good standing under the laws of the jurisdiction of its organisation, with full power and authority to execute and deliver this Agreement and to perform hereunder. Lehman has all necessary governmental licences and approvals to carry on the business now conducted by it.

(ii) The execution and delivery by Lehman of this Agreement and the performance by it hereunder have been duly authorised by Lehman in accordance with all requisite corporate action. This Agreement constitutes the valid, legal and binding obligation of Lehman enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganisation and other laws affecting creditors' rights generally and by general equitable principles.

(iii) The execution and delivery of this Agreement and the performance of Lehman hereunder does not and will not conflict with or violate or result in a breach of or a default under any provision of its certificate of incorporation, memorandum and articles of association or other constituent documents, or any agreement, indenture or instrument binding upon it or affecting its properties or any laws, rules, regulations, judgments or orders applicable to it.

(b) Lehman covenants with Client as follows:

Lehman and its affiliates shall process each Transaction in accordance with the provisions of this Agreement and all Applicable Rules.

VIII. STANDARD OF CARE, INDEMNIFICATION, ETC.

1. No Guarantee by Lehman. Client acknowledges that Lehman is not guaranteeing performance hereunder, or assuming any liability with respect to performance of Transactions. No representation or warranty of any kind whether express or implied is made by Lehman except for those set forth in Section VI.2. above. Lehman shall have no duties or responsibilities to provide any services other than those expressly set forth herein. Lehman shall have no responsibility for taking any actions or filing any documents in connection with calculating or reporting any tax liabilities on behalf of Client.

2. Standard of Care and Limitation of Lehman Liability. (a) Save where otherwise provided in this Agreement, Lehman shall be held to the exercise of the same standard of care in carrying out its obligations under this Agreement as it generally employs (or would employ) in performing the same activities for its own account and in any event, except as

may be elsewhere in this Agreement expressly provided otherwise, shall be without liability for any Cost or delay which does not arise from willful misconduct on its part in the performance of such obligations.

(b) In no event shall Lehman be liable to Client or any third party for: (i) any Cost or delay caused by war, riots, civil commotion, strikes, labour disputes, governmental acts, laws or regulations, embargoes, natural disasters, electrical failures, telephone communication line failures, computer failures or any other cause or contingency beyond its control which may prevent or delay the performance of its obligations under this Agreement, provided that Lehman (A) has taken measures to prepare for any such event which are substantially in accordance with those it is industry practice to take, and (B) has made such measures available for Transactions to the same extent and in the same manner as for Transactions by Lehman for its own account; (ii) special, incidental or consequential loss suffered by the Client as a result of any actual or alleged breach by Lehman; (iii) any action taken or omitted by Lehman upon instructions from Client which Lehman reasonably believes to be genuine and to have been given, transmitted or signed on behalf of Client by one or more of the persons designated by Client in Schedule I as it may from time to time be revised; and (iv) any Cost which Client may incur as a result of any actions or omissions by an Clearing Organisation employed by Lehman pursuant to Section VI.5. above. (Specifically, in no event shall Lehman be liable to Client or any third party for the acts and/or omissions of any clearing house or custodian.)

3. Security Interest. To secure Client's obligations to pay to Lehman any amounts due to Lehman by Client under this Agreement or otherwise, Client hereby grants to Lehman a continuing security interest in, lien upon and right of set off as to all securities, cash and other property of Client now or hereafter held by, deposited with or otherwise within the possession and control of Lehman (the "Collateral") or any of its affiliates. With respect to the Collateral, Lehman shall have all of the rights and remedies of a secured party under English law.

4. Indemnification. Client shall indemnify and hold harmless Lehman from and against any Cost (other than any operating or overhead expense or any similar costs arising from the performance by Lehman of its obligations under this Agreement) arising, directly or indirectly: (i) from any action taken or omitted by Lehman upon instructions from Client which Lehman reasonably believes to be genuine and to have been given, sent, delivered, transmitted or signed on behalf of Client by one or more of the persons designated by Client in Schedule I as it may from time to time be revised; or (ii) generally, from the performance by Lehman, either directly or through agents, of its obligations under this Agreement; provided, however, that Lehman shall not be indemnified and held harmless from and against any Cost arising from willful misconduct on the part of Lehman or any of its agents. The indemnification obligations set forth in this Section VIII.3 shall survive termination of this Agreement.

5. Controversies With Counterparties. Errors, misunderstandings or controversies, except those specifically otherwise covered in this Agreement, between a Counterparty and Client or any of Client's officers, employees or agents, which arise out of the acts or omissions of Client or any such officers, employees or agents (including, without limiting the foregoing, Client's failure to deliver promptly to Lehman any instructions received by Client from a Counterparty with respect to a Transaction) shall be Client's sole and exclusive responsibility. If by reason of any such error, misunderstanding or controversy, Client in its

discretion deems it advisable to commence an action or proceeding against a Counterparty, Client shall indemnify and hold harmless Lehman from any Cost which Lehman may incur or sustain directly or indirectly in connection therewith or under any settlement thereof; provided that Lehman shall not be so indemnified and held harmless from any Cost arising from willful misconduct. If any such error, misunderstanding or controversy shall result in the bringing of any action or proceeding against Lehman, Client shall indemnify and hold harmless Lehman from any Cost which it may incur or sustain directly or indirectly in connection therewith or under any settlement thereof; provided that Lehman shall not be so indemnified and held harmless from any such Cost arising from its willful misconduct. The indemnification obligations set forth in this Section VIII.4. shall survive the termination of this Agreement.

6. Liabilities to Clearing Organisations. If, after the date hereof, Lehman incurs, directly or indirectly, any additional liability, obligation, interest or other charge, charge-back, assessment or collateralisation requirement pursuant to the rules, regulations, procedures or other binding terms of any Clearing Organisation used by Lehman pursuant to Section V.5. above, Client shall promptly, upon demand by Lehman, transfer immediately available funds or collateral sufficient to satisfy Client's pro rata share of such liability, obligation, interest or other charge, charge-back, or assessment or collateralisation requirement, such pro rata share to be determined between Client and Lehman on a basis similar to that employed by such Clearing Organisation in determining the amount of any such liability, obligation, interest or other charge, charge-back, assessment payable by, or collateralisation requirement imposed upon Lehman. Lehman shall promptly send to Client any written materials it receives from the Clearing Organisation describing any such liability, obligation, interest or other charge, charge-back or assessment or collateralisation requirement.

IX. TERMINATION

1. Occurrence of Termination. This Agreement will terminate on the earliest to occur of the following:

(a) the date specified in a notice given by one party to the other party of its intention to terminate this Agreement, which specified date shall be not less than 30 days after the date of receipt of such notice; or

(b) the occurrence of a Termination Event involving either party, if the party not involved in the Termination Event elects, at its option, to terminate this Agreement, and such termination shall be effective as of the date such notice has been communicated to the other party, provided that no such notice shall be required if the Termination Event is the commencement of a bankruptcy, insolvency or receivership proceeding by or against a party.

2. Survival of Rights and Liabilities. Termination shall not affect any of the rights or liabilities of the parties hereto incurred before the date of termination, including rights to payments and indemnity, and any provisions herein which expressly survive termination.

3. Continuation of Support Services. Lehman shall continue to provide support services at its then current fees and charges for any Transactions pending on the date of termination of this Agreement, unless Client shall direct it not to provide such services.

4. Termination Events. The following events or occurrences shall constitute a Termination Event under this Agreement:

(a) either party hereto fails to perform or observe any material provision hereof and such failure continues unremedied for a period of 10 days after written notice from the other party specifying the failure and demanding that the same be remedied; or

(b) any representation or warranty made by a party hereto proves to be incorrect at the time made in any material respect; or

(c) either party to this Agreement: (i) makes a general assignment for the benefit of, or enters into a reorganisation, arrangement, or composition with, creditors; or (ii) admits in writing that it is unable to pay its debts as they become due; or (iii) seeks, consents to or acquiesces in, the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or (iv) presents or files in any jurisdiction a petition in respect of it in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeks any reorganisation, arrangement, composition, readjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition or winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or offer all or any material part of such party's property; or (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding); or (vii) any act preparatory to any of (i) to (vi) above; or

(d) Client admits to Lehman that it is unable to, or intends not to, perform any of its obligations under this Agreement; or

(e) Client is suspended or expelled from membership or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of Client or the assets of an investor held by or to the order of, Client are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation.

X. CONFIDENTIAL INFORMATION

1. Confidential Treatment of Lehman Information. (a) Except for the disclosure of information (i) to any officer or employee of Client or of any of its affiliates or agents who need to know such information to permit Client to obtain the benefits of this Agreement, and (ii) as required by applicable law, regulation or judicial or regulatory process, Client shall keep confidential any Confidential Information (as defined below) it may acquire as a result of this Agreement (provided that, in the event Client is requested or required by law, regulation or judicial or regulatory process to disclose any such Confidential Information, Client shall promptly give Lehman written notice of such request or requirement so that Lehman may seek a protective order or other appropriate remedy, and Lehman shall indemnify and hold Client

harmless for and against any Costs arising out of actions by Lehman to seek such protective order or other remedy). The obligations of Client under this Section X.1(a) shall survive the termination of this Agreement.

(b) Confidential Information as used in Section X.1(a) above means any non-public information Client may acquire by reason of this Agreement regarding the business, affairs and procedures of Lehman or any of Lehman's affiliates, but shall not include any such Confidential Information which: (i) is in or enters the public domain other than due to breach of Section X.1(a) above by Client or disclosure by any of its affiliates or agents; (ii) is in the possession of Client or that of any of its affiliates or agents prior to receipt under this Agreement; (iii) through no fault of Client or of any of its affiliates or agents, is now or hereafter becomes generally known by persons engaged in the business of Lehman and/or the business of Client or of any of its affiliates or agents; (iv) is obtained by Client or any of its affiliates or agents from a third party through no breach of any agreement (known to Client or such affiliate or agent) between such third party and Lehman or any of its affiliates to keep such information confidential; or (v) is developed independently by Client or any of its affiliates or agents.

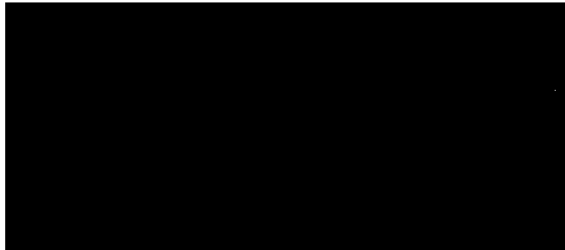
2. Confidential Treatment of Client Information. (a) Except for the disclosure of information (i) to any officer or employee of Lehman or of any of its affiliates or agents who need to know such information to permit Lehman to perform its obligations under this Agreement, and (ii) as required by applicable law, regulation or judicial or regulatory process, Lehman shall (i) keep confidential any Confidential Information (as defined below) it may acquire as a result of this Agreement and (ii) use such Confidential Information solely for performing its obligations under this Agreement (provided that, in the event Lehman is requested or required by law, regulation or judicial or regulatory process to disclose any such Confidential Information, Lehman shall promptly give Client written notice of such request or requirement so that Client may seek a protective order or other appropriate remedy, and Client shall indemnify and hold Lehman harmless for and against any Costs arising out of actions by Client to seek such protective order or other remedy). The obligations of Lehman under this Section X.2(a) shall survive the termination of this Agreement.

(b) Confidential Information as used in Section X.2(a) above means the identity of Counterparties, Customer's trading with Counterparties, Customer's positions in Securities, the size and volume of Transactions and any interest rates and margin requirements related thereto, and any other non-public information concerning Client which Lehman obtains by reason of Lehman's performance of services under this Agreement, but shall not include any such Confidential Information which: (i) is in or enters the public domain other than due to breach of Section X.2(a) above by Lehman or disclosure by any of its affiliates or agents; (ii) is in the possession of Lehman or that of any of its affiliates or agents prior to receipt under this Agreement; (iii) through no fault of Lehman or of any of its affiliates or agents, is now or hereafter becomes generally known by persons engaged in the business of Client and/or the business of Lehman or of any of its affiliates or agents; (iv) is obtained by Lehman or any of its affiliates or agents from a third party through no breach of any agreement (known to Lehman or such affiliate or agent) between such third party and Customer to keep such information confidential; or (v) is developed independently by Lehman or any of its affiliates or agents.

XI. MISCELLANEOUS

1. Addresses. Unless otherwise expressly provided herein, all demands, notices, instructions, and other communications to be given hereunder shall be given, sent, delivered or transmitted to the recipient at the address or telephone numbers set forth after its name herein below:

2.
If to Lehman, to:



If to Client, to:

[]
[]
Telephone: []
Fax: []

Telephone:
Facsimile:

DUPLICATES:

or to such other address or telephone numbers with respect to any party as such party shall have provided to the other by notice given in accordance with this Section XI.1. Writing shall include transmission by or through teletype, facsimile, central processing unit connection, on-line terminal or magnetic tape.

3. Further Assurances. Client hereby agrees to take all such actions and execute and deliver all such documents and instruments as Lehman may reasonably request to enable Lehman to process, claim and settle all Transactions in accordance herewith, and to otherwise perform as required hereunder.

4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of England.

5. Submission to Jurisdiction; Agent for Service of Process. In relation to any legal action or proceedings to enforce this Agreement or arising out of or in connection with this Agreement ("proceedings") each of the parties irrevocably submits to the non-exclusive jurisdiction of the English Courts, and irrevocably waives any objection to proceedings in such Courts on the grounds of venue or on the grounds that proceedings have been brought in an inappropriate forum.

6. Agreement Subject to Applicable Rules. This Agreement and all Transactions shall be subject to all Applicable Rules, and if, in the reasonable opinion of the party which is to take such action, any action proposed to be taken pursuant to this Agreement would violate an Applicable Rule, such party shall notify the other party of such opinion and shall not be required to take such action.

7. Support Services; No Agency. (a) Lehman shall limit its services pursuant to this Agreement to the services expressly set forth herein. Lehman shall not hold itself out as or represent that it is an agent of Client's or of any subsidiary or company controlled directly or indirectly by or affiliated with Client other than under this Agreement or except as otherwise authorised by Client in writing.

(b) Client shall not hold itself out as, or represent that it is, an agent of Lehman or of any other company controlled directly or indirectly by or affiliated with Lehman.

(c) Neither party shall make any public advertisement (whether in sales literature, by general mailing or otherwise) or any public announcement regarding this Agreement or the relationship between the parties unless such advertisement or announcement has first been approved by the other party.

8. Relationship of the Parties. Neither this Agreement nor any operation hereunder shall create a general or limited partnership association or joint venture between Client and Lehman and Lehman shall not be a fiduciary with respect to Client.

9. Exclusion of Third Party Rights. This Agreement is between Client and Lehman and in no circumstances shall any other person (other than an affiliate of Lehman that may be providing services to Client) have any right under this Agreement. The parties expressly contract out of the Contracts (Rights of Third Parties) Act 1999 which Act shall not apply to this Agreement.

10. Availability to Regulators. Each of the parties is authorised to make this Agreement, and the books and records relating to this Agreement, and any Transactions hereunder available to any regulatory agency or self-regulatory organisation, if required by such agency or organisation to do so and provided that such party has given the other party prompt written notice of such requirement or demand so that such other party may seek a protective order or other appropriate remedy (and such other party shall indemnify and hold such party harmless for and against any Costs arising out of actions by such other party to seek such protective order or other remedy).

11. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement shall not be assignable by either party hereto without the written consent of the other party hereto. Any purported assignment in violation of this Section XI.11 shall be void.

12. Severability. If any provision of this Agreement is invalid, illegal or unenforceable in any respect under any applicable law, the validity, legality and enforceability of the remaining provisions shall not be affected or impaired thereby.

13. Headings. The Section headings used herein are for reference and convenience only, and shall not affect the meaning or construction of any provision of this Agreement.

14. Counterparts. This Agreement may be executed in one or more counterparts, and by the parties hereto on separate counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

15. Time References. All time references in this Agreement are to London time.

16. Entire Agreement. This Agreement and any Exhibits and Schedules hereto set forth the entire agreement between Client and Lehman with respect to the subject matter hereof and supersede all prior agreements between them, written or oral, with respect thereto.

17. Amendments. This Agreement cannot be changed orally and no amendment to this Agreement, or waiver of any provision thereof, shall be effective unless evidenced by an instrument in writing executed by the parties hereto.

18. No Waiver. No failure by either party hereto to exercise, and no delay by such party in exercising, any right hereunder shall operate as a waiver thereof. The exercise by either party hereto of any right hereunder shall not preclude the exercise of any other right, and the remedies provided herein are cumulative and not exclusive of any remedies provided at law or in equity.

IN WITNESS WHEREOF, each of the parties hereto has caused this Agreement to be executed in its name and on its behalf by its representative thereunto duly authorized, as of the day and year first above written.

[]

By: _____

Lehman Brothers International (Europe)

By: _____
Authorised Signatory

Schedule I

Authorised Persons

The individuals listed below are the only people Authorised to trade for the account with your firm.

[]

Method of giving instructions is limited to any of the following:

1. using Lehman's SmartTicket® trade capture system,
2. using Lehman's SmartConnect electronic order execution system,
3. fax,
4. email, and

as may be agreed in writing between the parties from time to time.

Schedule II

Acceptable Collateral

- Negotiable debt obligations issued by the U.S. Treasury Department
- Cash
- Any other type of collateral as the parties may from time to time agree in writing to be acceptable collateral

Schedule III

Lehman fees and charges

as may be agreed between the parties from time to time

EXHIBIT C

CWTNYLIB1409689.6