

**Form 603**  
Corporations Act 2001  
Section 671B

**Notice of initial substantial holder**

To Company Name/Scheme Primary Health Care Limited

ACN/ARSN 064 530 516

**1. Details of substantial holder (1)**

Name Morgan Stanley & Co. International plc  
ACN/ARSN (if applicable) Not Applicable

The holder became a substantial holder on March 25, 2011

**2. Details of voting power**

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting power (6)
Ordinary Shares	28,694,410	28,694,410	5.78%
			<b>Based on 496,103,188 shares outstanding</b>

**3. Details of relevant interests**

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
Morgan Stanley & Co. Incorporated	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of stock borrowing businesses.	97,885 Ordinary Shares
Morgan Stanley & Co. International plc	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading and stock borrowing businesses.	28,227,782 Ordinary Shares
Morgan Stanley & Co. International plc	Shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	1,540 Ordinary Shares
Morgan Stanley Australia Securities Limited	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading businesses.	367,203 Ordinary Shares

**4. Details of present registered holders**

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Morgan Stanley & Co. Incorporated	HSBC Custody Nominees (Australia) Limited	Not Applicable	97,885 Ordinary Shares
Morgan Stanley & Co. International plc	HSBC Custody Nominees (Australia) Limited	Not Applicable	28,229,322 Ordinary Shares
Morgan Stanley Australia Securities Limited	Morgan Stanley Australia Securities (Nominee) Pty Limited	Not Applicable	367,203 Ordinary Shares

## 5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial holder became a substantial holder is as follows:

Holder of relevant interest	Date of acquisition	Consideration		Class and number of securities affected
		Cash	Non-Cash	
Morgan Stanley & Co. International plc	November 25, 2010	3.3589	Buy	30452 Ordinary Shares
Morgan Stanley Australia Securities Limited	November 25, 2010	3.3200	Buy	5800 Ordinary Shares
Morgan Stanley & Co. Incorporated	November 25, 2010	N.A	Borrow	32000 Ordinary Shares
Morgan Stanley Australia Securities Limited	November 26, 2010	3.3500	Buy	3600 Ordinary Shares
Morgan Stanley & Co. International plc	November 26, 2010	N.A	Collateral Received	50101 Ordinary Shares
Morgan Stanley & Co. International plc	November 29, 2010	3.3610	Buy	12479 Ordinary Shares
Morgan Stanley Australia Securities Limited	November 29, 2010	3.3256	Buy	62268 Ordinary Shares
Morgan Stanley & Co. International plc	November 29, 2010	N.A	Collateral Received	38492 Ordinary Shares
Morgan Stanley & Co. International plc	November 30, 2010	3.3603	Buy	89246 Ordinary Shares
Morgan Stanley Australia Securities Limited	November 30, 2010	3.3354	Buy	38000 Ordinary Shares
Morgan Stanley & Co. International plc	December 1, 2010	3.2996	Buy	19363 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 1, 2010	3.3060	Buy	18700 Ordinary Shares
Morgan Stanley & Co. International plc	December 1, 2010	N.A	Borrow	14190 Ordinary Shares
Morgan Stanley & Co. International plc	December 2, 2010	3.3677	Buy	22902 Ordinary Shares
Morgan Stanley & Co. International plc	December 2, 2010	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	12481 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 2, 2010	3.3600	Buy	69882 Ordinary Shares
Morgan Stanley & Co. International plc	December 2, 2010	N.A	Borrow	4657 Ordinary Shares
Morgan Stanley & Co. International plc	December 3, 2010	3.3828	Buy	15441 Ordinary Shares
Morgan Stanley & Co. International plc	December 3, 2010	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	4657 Ordinary Shares
Morgan Stanley & Co. International plc	December 6, 2010	3.4922	Buy	7304 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 6, 2010	3.4979	Buy	21400 Ordinary Shares
Morgan Stanley & Co. International plc	December 7, 2010	3.4420	Buy	7540 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 7, 2010	3.4434	Buy	257966 Ordinary Shares
Morgan Stanley & Co. International plc	December 8, 2010	3.4906	Buy	7064 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 8, 2010	3.4793	Buy	47022 Ordinary Shares
Morgan Stanley & Co. International plc	December 8, 2010	N.A	Borrow	52643 Ordinary Shares
Morgan Stanley & Co. International plc	December 9, 2010	3.4854	Buy	8030 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 9, 2010	3.4843	Buy	93763 Ordinary Shares
Morgan Stanley & Co. Incorporated	December 9, 2010	N.A	Borrow	621699 Ordinary Shares
Morgan Stanley & Co. International plc	December 9, 2010	N.A	Borrow	17526 Ordinary Shares
Morgan Stanley & Co. International plc	December 10, 2010	3.4928	Buy	6397 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 10, 2010	3.4877	Buy	170193 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 13, 2010	3.4832	Buy	186069 Ordinary Shares
Morgan Stanley & Co. Incorporated	December 13, 2010	N.A	Borrow	931958 Ordinary Shares
Morgan Stanley & Co. International plc	December 13, 2010	N.A	Collateral Received	90742 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 14, 2010	3.5136	Buy	188426 Ordinary Shares
Morgan Stanley & Co. Incorporated	December 14, 2010	N.A	Borrow	313492 Ordinary Shares
Morgan Stanley & Co. International plc	December 14, 2010	N.A	Collateral Received	400000 Ordinary Shares
Morgan Stanley & Co. International plc	December 15, 2010	3.5377	Buy	30688 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 15, 2010	3.5702	Buy	221894 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 16, 2010	3.4966	Buy	83434 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 17, 2010	3.5306	Buy	136918 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 20, 2010	3.5233	Buy	23500 Ordinary Shares
Morgan Stanley & Co. International plc	December 21, 2010	3.5366	Buy	8544 Ordinary Shares

Morgan Stanley Australia Securities Limited	December 21, 2010	3.5332	Buy	3100 Ordinary Shares
Morgan Stanley & Co. International plc	December 22, 2010	3.5696	Buy	78263 Ordinary Shares
Morgan Stanley & Co. International plc	December 23, 2010	3.6064	Buy	24421 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 23, 2010	3.6100	Buy	17 Ordinary Shares
Morgan Stanley & Co. International plc	December 23, 2010	N.A	Borrow	25584 Ordinary Shares
Morgan Stanley & Co. International plc	December 29, 2010	3.7867	Buy	4525 Ordinary Shares
Morgan Stanley & Co. International plc	December 29, 2010	N.A	Borrow	59495 Ordinary Shares
Morgan Stanley & Co. International plc	December 30, 2010	3.8087	Buy	13125 Ordinary Shares
Morgan Stanley Australia Securities Limited	December 30, 2010	3.8000	Buy	14897 Ordinary Shares
Morgan Stanley & Co. International plc	December 31, 2010	3.7957	Buy	1298 Ordinary Shares
Morgan Stanley & Co. International plc	December 31, 2010	N.A	Borrow	133531 Ordinary Shares
Morgan Stanley & Co. International plc	January 4, 2011	3.9510	Buy	756929 Ordinary Shares
Morgan Stanley & Co. International plc	January 4, 2011	N.A	Borrow	47875 Ordinary Shares
Morgan Stanley & Co. International plc	January 5, 2011	3.9066	Buy	308936 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 5, 2011	3.9164	Buy	12040 Ordinary Shares
Morgan Stanley & Co. International plc	January 5, 2011	N.A	Borrow	54813 Ordinary Shares
Morgan Stanley & Co. International plc	January 6, 2011	3.9758	Buy	371666 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 6, 2011	3.9704	Buy	59085 Ordinary Shares
Morgan Stanley & Co. International plc	January 6, 2011	N.A	Borrow	50902 Ordinary Shares
Morgan Stanley & Co. International plc	January 7, 2011	3.9992	Buy	308232 Ordinary Shares
Morgan Stanley & Co. International plc	January 7, 2011	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	5271 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 7, 2011	3.9933	Buy	8310 Ordinary Shares
Morgan Stanley & Co. International plc	January 7, 2011	N.A	Collateral Received	140874 Ordinary Shares
Morgan Stanley & Co. International plc	January 10, 2011	4.0873	Buy	308232 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 10, 2011	4.0950	Buy	5387 Ordinary Shares
Morgan Stanley & Co. International plc	January 10, 2011	N.A	Borrow	5271 Ordinary Shares
Morgan Stanley & Co. International plc	January 11, 2011	4.0323	Buy	308240 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 11, 2011	4.0025	Buy	18336 Ordinary Shares
Morgan Stanley & Co. International plc	January 11, 2011	N.A	Borrow	5216 Ordinary Shares
Morgan Stanley & Co. International plc	January 12, 2011	3.9843	Buy	308232 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 12, 2011	3.9894	Buy	5811 Ordinary Shares
Morgan Stanley & Co. International plc	January 13, 2011	3.9882	Buy	314360 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 13, 2011	3.9890	Buy	135484 Ordinary Shares
Morgan Stanley & Co. International plc	January 14, 2011	3.9745	Buy	308238 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 14, 2011	3.9737	Buy	165982 Ordinary Shares
Morgan Stanley & Co. International plc	January 17, 2011	3.9200	Buy	19 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 17, 2011	3.9140	Buy	126508 Ordinary Shares
Morgan Stanley & Co. International plc	January 17, 2011	N.A	Collateral Received	303612 Ordinary Shares
Morgan Stanley & Co. International plc	January 18, 2011	3.8700	Buy	5 Ordinary Shares
Morgan Stanley & Co. International plc	January 18, 2011	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	1899 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 18, 2011	3.8978	Buy	228371 Ordinary Shares
Morgan Stanley & Co. International plc	January 19, 2011	3.8603	Buy	36863 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 19, 2011	3.8626	Buy	327271 Ordinary Shares
Morgan Stanley & Co. International plc	January 20, 2011	3.7914	Buy	38688 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 20, 2011	3.7856	Buy	218426 Ordinary Shares
Morgan Stanley & Co. International plc	January 21, 2011	3.7600	Buy	6 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 21, 2011	3.7856	Buy	39988 Ordinary Shares
Morgan Stanley & Co. International plc	January 24, 2011	3.7600	Buy	4725 Ordinary Shares
Morgan Stanley & Co. International plc	January 24, 2011	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	131301 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 24, 2011	3.7755	Buy	17934 Ordinary Shares

Morgan Stanley & Co. International plc	January 25, 2011	3.7800	Buy	4715 Ordinary Shares
			Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	
Morgan Stanley & Co. International plc	January 25, 2011	N.A		23148 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 25, 2011	3.7811	Buy	12980 Ordinary Shares
Morgan Stanley & Co. International plc	January 26, 2011	3.7800	Buy	6 Ordinary Shares
Morgan Stanley & Co. International plc	January 27, 2011	3.7872	Buy	35109 Ordinary Shares
Morgan Stanley & Co. International plc	January 27, 2011	N.A	Collateral Received	9420 Ordinary Shares
Morgan Stanley & Co. International plc	January 28, 2011	3.7300	Buy	6 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 28, 2011	3.7290	Buy	4689 Ordinary Shares
Morgan Stanley & Co. International plc	January 31, 2011	3.6900	Buy	11 Ordinary Shares
			Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	
Morgan Stanley & Co. International plc	January 31, 2011	N.A		853072 Ordinary Shares
Morgan Stanley Australia Securities Limited	January 31, 2011	3.7011	Buy	1901 Ordinary Shares
Morgan Stanley & Co. International plc	February 1, 2011	3.6432	Buy	15536 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 1, 2011	3.6412	Buy	6676 Ordinary Shares
Morgan Stanley & Co. International plc	February 1, 2011	N.A	Borrow	34972 Ordinary Shares
Morgan Stanley & Co. International plc	February 1, 2011	N.A	Collateral Received	758803 Ordinary Shares
Morgan Stanley & Co. International plc	February 2, 2011	3.7100	Buy	1412 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 2, 2011	3.6479	Buy	3271 Ordinary Shares
Morgan Stanley & Co. International plc	February 2, 2011	N.A	Borrow	11302 Ordinary Shares
Morgan Stanley & Co. International plc	February 2, 2011	N.A	Collateral Received	37503 Ordinary Shares
Morgan Stanley & Co. International plc	February 3, 2011	3.6582	Buy	49142 Ordinary Shares
Morgan Stanley & Co. International plc	February 4, 2011	3.6600	Buy	2 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 4, 2011	3.6625	Buy	18582 Ordinary Shares
Morgan Stanley & Co. International plc	February 4, 2011	N.A	Borrow	36391 Ordinary Shares
Morgan Stanley & Co. International plc	February 7, 2011	3.6200	Buy	9420 Ordinary Shares
			Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	
Morgan Stanley & Co. International plc	February 7, 2011	N.A		847059 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 7, 2011	3.6229	Buy	19482 Ordinary Shares
Morgan Stanley & Co. International plc	February 7, 2011	N.A	Borrow	19741 Ordinary Shares
Morgan Stanley & Co. International plc	February 8, 2011	3.6583	Buy	54613 Ordinary Shares
			Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	
Morgan Stanley & Co. International plc	February 8, 2011	N.A		19741 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 8, 2011	3.6600	Buy	17150 Ordinary Shares
Morgan Stanley & Co. International plc	February 9, 2011	3.6400	Buy	4 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 9, 2011	3.6414	Buy	9106 Ordinary Shares
Morgan Stanley & Co. International plc	February 10, 2011	3.5900	Buy	7 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 10, 2011	3.6013	Buy	18248 Ordinary Shares
Morgan Stanley & Co. International plc	February 11, 2011	3.5700	Buy	28279 Ordinary Shares
			Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	
Morgan Stanley & Co. International plc	February 11, 2011	N.A		12150 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 11, 2011	3.5644	Buy	19567 Ordinary Shares
Morgan Stanley & Co. International plc	February 14, 2011	3.5702	Buy	9503 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 14, 2011	3.5892	Buy	15543 Ordinary Shares
Morgan Stanley & Co. International plc	February 15, 2011	3.5156	Buy	25 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 15, 2011	3.4944	Buy	78321 Ordinary Shares
Morgan Stanley & Co. International plc	February 15, 2011	N.A	Collateral Received	3693 Ordinary Shares
Morgan Stanley & Co. International plc	February 16, 2011	3.3602	Buy	30684 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 16, 2011	3.3586	Buy	81127 Ordinary Shares
Morgan Stanley & Co. International plc	February 17, 2011	3.4000	Buy	5 Ordinary Shares

Morgan Stanley Australia Securities Limited	February 17, 2011	3.4048	Buy	19882 Ordinary Shares
Morgan Stanley & Co. International plc	February 17, 2011	N.A	Collateral Received	99474 Ordinary Shares
Morgan Stanley & Co. International plc	February 18, 2011	3.4224	Buy	21768 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 18, 2011	3.4221	Buy	31199 Ordinary Shares
Morgan Stanley & Co. Incorporated	February 18, 2011	N.A	Borrow	689531 Ordinary Shares
Morgan Stanley & Co. International plc	February 18, 2011	N.A	Collateral Received	71008 Ordinary Shares
Morgan Stanley & Co. International plc	February 21, 2011	3.4400	Buy	18 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 21, 2011	3.4334	Buy	7491 Ordinary Shares
Morgan Stanley & Co. Incorporated	February 21, 2011	N.A	Borrow	70564 Ordinary Shares
Morgan Stanley & Co. International plc	February 22, 2011	3.3900	Buy	5 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 22, 2011	3.4023	Buy	44114 Ordinary Shares
Morgan Stanley & Co. International plc	February 23, 2011	3.3900	Buy	1417 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 23, 2011	3.3905	Buy	10392 Ordinary Shares
Morgan Stanley & Co. International plc	February 24, 2011	3.3200	Buy	9427 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 24, 2011	3.3430	Buy	429 Ordinary Shares
Morgan Stanley & Co. International plc	February 24, 2011	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	18953 Ordinary Shares
Morgan Stanley & Co. International plc	February 25, 2011	3.2700	Buy	4 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 25, 2011	3.2686	Buy	25378 Ordinary Shares
Morgan Stanley & Co. International plc	February 25, 2011	N.A	Collateral Received	1007 Ordinary Shares
Morgan Stanley & Co. International plc	February 28, 2011	3.2400	Buy	31 Ordinary Shares
Morgan Stanley Australia Securities Limited	February 28, 2011	3.2695	Buy	6870 Ordinary Shares
Morgan Stanley & Co. International plc	March 1, 2011	3.1296	Buy	65837 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 1, 2011	3.1208	Buy	185182 Ordinary Shares
Morgan Stanley & Co. International plc	March 1, 2011	N.A	Collateral Received	17946 Ordinary Shares
Morgan Stanley & Co. International plc	March 2, 2011	2.9985	Buy	9286 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 2, 2011	3.0050	Buy	115950 Ordinary Shares
Morgan Stanley & Co. International plc	March 3, 2011	3.0188	Buy	4400 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 3, 2011	3.0338	Buy	731788 Ordinary Shares
Morgan Stanley & Co. International plc	March 4, 2011	3.0752	Buy	13650 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 4, 2011	3.0519	Buy	82756 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 7, 2011	3.0292	Buy	29675 Ordinary Shares
Morgan Stanley & Co. International plc	March 8, 2011	3.0600	Buy	941 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 8, 2011	3.0253	Buy	18384 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 9, 2011	3.0438	Buy	74960 Ordinary Shares
Morgan Stanley & Co. International plc	March 9, 2011	N.A	Borrow	11399 Ordinary Shares
Morgan Stanley & Co. International plc	March 10, 2011	3.0533	Buy	2816 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 10, 2011	3.0710	Buy	54527 Ordinary Shares
Morgan Stanley & Co. International plc	March 11, 2011	3.0000	Buy	1877 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 11, 2011	3.0104	Buy	39701 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 14, 2011	2.9967	Buy	14488 Ordinary Shares
Morgan Stanley & Co. International plc	March 15, 2011	2.8900	Buy	1408 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 15, 2011	2.8823	Buy	63750 Ordinary Shares
Morgan Stanley & Co. Incorporated	March 15, 2011	N.A	Borrow	50000 Ordinary Shares
Morgan Stanley & Co. International plc	March 16, 2011	2.8200	Buy	1408 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 16, 2011	2.8378	Buy	57317 Ordinary Shares
Morgan Stanley & Co. International plc	March 16, 2011	N.A	Borrow	28527 Ordinary Shares
Morgan Stanley & Co. International plc	March 17, 2011	2.7200	Buy	2347 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 17, 2011	2.7838	Buy	142634 Ordinary Shares
Morgan Stanley & Co. Incorporated	March 17, 2011	N.A	Borrow	15339 Ordinary Shares
Morgan Stanley & Co. International plc	March 17, 2011	N.A	Borrow	99155 Ordinary Shares
Morgan Stanley & Co. International plc	March 18, 2011	2.8700	Buy	3279 Ordinary Shares
Morgan Stanley & Co. International plc	March 18, 2011	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	8804 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 18, 2011	2.8484	Buy	20148 Ordinary Shares

Morgan Stanley Australia Securities Limited	March 21, 2011	2.8537	Buy	66939 Ordinary Shares
Morgan Stanley & Co. International plc	March 22, 2011	2.8600	Buy	63840 Ordinary Shares
Morgan Stanley & Co. International plc	March 22, 2011	N.A	Increase in shares held or in respect of which the holder may exercise right to rehypothecate or dispose of pursuant to the agreement(s).	2431 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 22, 2011	2.8555	Buy	17074 Ordinary Shares
Morgan Stanley & Co. Incorporated	March 22, 2011	N.A	Borrow	31257 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 23, 2011	2.8293	Buy	21956 Ordinary Shares
Morgan Stanley & Co. Incorporated	March 23, 2011	N.A	Borrow	15300 Ordinary Shares
Morgan Stanley & Co. International plc	March 23, 2011	N.A	Borrow	859 Ordinary Shares
Morgan Stanley & Co. International plc	March 24, 2011	2.9000	Buy	14016 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 24, 2011	2.8681	Buy	25590 Ordinary Shares
Morgan Stanley & Co. International plc	March 25, 2011	2.9485	Buy	76770 Ordinary Shares
Morgan Stanley Australia Securities Limited	March 25, 2011	2.9990	Buy	358272 Ordinary Shares
Morgan Stanley & Co. International plc	March 25, 2011	N.A	Borrow	28000000 Ordinary Shares

#### 6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Morgan Stanley & Co. Incorporated	Is controlled by an entity (i.e. one of the Upstream Corporations) that controls both Morgan Stanley & Co. International plc and Morgan Stanley & Co. Incorporated
Morgan Stanley Australia Securities Limited	Is controlled by an entity (i.e. one of the Upstream Corporations) that controls both Morgan Stanley & Co. International plc and Morgan Stanley Australia Securities Limited

#### 7. Addresses

The addresses of persons named in this form are as follows:

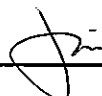
Name	Address
Morgan Stanley & Co. International plc	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
Morgan Stanley & Co. Incorporated	1585 Broadway New York, NY 10036, United States
Morgan Stanley Australia Securities Limited	Level 39 Chifley Tower, 2 Chifley Square, Sydney NSW 2000, Australia

#### Signature

print name Caroline Lai

capacity Vice President

sign here



date March 29, 2011

#### DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
  - (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
  - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown."
- (9) Details of the consideration must include any and all benefits, moneys and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

# GUIDE

This guide does not form part of the prescribed form and is included by ASIC to assist you in completing and lodging form 603.

<b>Signature</b>	This form must be signed by either a director or a secretary of the substantial holder.
<b>Lodging period</b>	Nil
<b>Lodging Fee</b>	Nil
<b>Other forms to be completed</b>	Nil
<b>Additional information</b>	<p>(a) If additional space is required to complete a question, the information may be included on a separate piece of paper annexed to the form.</p> <p>(b) This notice must be given to a listed company, or the responsible entity for a listed managed investment scheme. A copy of this notice must also be given to each relevant securities exchange.</p> <p>(c) The person must give a copy of this notice:</p> <ul style="list-style-type: none"> <li>(i) within 2 business days after they become aware of the information; or</li> <li>(ii) by 9.30 am on the next trading day of the relevant securities exchange after they become aware of the information if: <ul style="list-style-type: none"> <li>(A) a takeover bid is made for voting shares in the company or voting interests in the scheme; and</li> <li>(B) the person becomes aware of the information during the bid period.</li> </ul> </li> </ul>
<b>Annexures</b>	<p>To make any annexure conform to the regulations, you must</p> <ol style="list-style-type: none"> <li>1 use A4 size paper of white or light pastel colour with a margin of at least 10mm on all sides</li> <li>2 show the corporation name and ACN or ARBN</li> <li>3 number the pages consecutively</li> <li>4 print or type in BLOCK letters in dark blue or black ink so that the document is clearly legible when photocopied</li> <li>5 identify the annexure with a mark such as A, B, C, etc</li> <li>6 endorse the annexure with the words: <i>This is annexure (mark) of (number) pages referred to in form (form number and title)</i></li> <li>7 sign and date the annexure.</li> </ol> <p>The annexure must be signed by the same person(s) who signed the form.</p>

Morgan Stanley and Co. International plc.  
25 Cabot Square, Canary Wharf, London, E144QA, United Kingdom  
Tel: +44 (0) 20 7425 8000  
Fax: +44 (0) 20 7425 8990

Morgan Stanley

March 29, 2011

Dear Sir/ Madam,

This is to certify that these are redacted copies of the Securities Loan and Borrowing Agreement and International Prime Brokerage Agreement used by Morgan Stanley & Co. International plc in connection with the securities of Primary Health Care Limited subject to re-hypothecation of collateral, borrowing and lending, as reported in the attached Notice of Initial Substantial holder (Form 603) dated March 29, 2011.

Regards,



Caroline Lai  
Vice President

# Morgan Stanley

## Morgan Stanley & Co. International plc ("MSI plc") – Extract of International Prime Brokerage Agreement

### A.3. Rights and Obligations in Respect of Investments

#### A.3.1. Corporate Actions:

- (i) Where MSI plc is notified that a Corporate Action may be exercised in relation to an Investment credited to a Prime Brokerage Account and registered in the name of an Associated Firm, a sub-custodian appointed by MSI plc or its or such sub-custodian's nominee, it will use reasonable efforts to notify the Client as soon as practicable of such Corporate Action.
- (ii) If the Client wishes to exercise a right relating to a Corporate Action in relation to an Investment credited to a Prime Brokerage Account, it must notify MSI plc in writing of its election as soon as possible, but in any event no later than the expiry of Morgan Stanley's deadline for submissions of elections relating to that Corporate Action as advised to the Client by MSI plc or, where no deadline is advised, no later than 10 Notice Business Days prior to the final date for submission by MSI plc of such elections (or such shorter period as may be agreed in writing). MSI plc will use reasonable efforts to exercise such right, but only (a) on such terms as the Client has notified to MSI plc in writing and as are acceptable to MSI plc, and (b) where the Client has provided MSI plc or any other person (as the case may be) with any funds required to exercise such right.
- (iii) MSI plc will use reasonable efforts to send the Client Corporate Action Information. This will have been sent to MSI plc from a sub-custodian or agent bank for forwarding to shareholders whose shares are held in custody by MSI plc. No representation or warranty, express or implied, is or will be made by MSI plc in relation to the accuracy or completeness of the Corporate Action Information or any other written or oral information made available to the Client or its advisers in connection with the proposed Corporate Action and no responsibility or liability is or will be accepted by Morgan Stanley in relation to it. The Client should make its own investigation of the proposed Corporate Action and all information provided.
- (iv) The distribution of the Corporate Action Information in certain jurisdictions may be restricted by law in the jurisdiction in which the Client resides or conducts business. Any request for MSI plc to exercise or participate on behalf of the Client in the proposed Corporate Action shall be a representation to Morgan Stanley that the Client is entitled to so exercise or participate and that any and all restrictions or qualifications have been complied with. By accepting and executing such request on behalf of the Client, MSI plc is not making any representation or warranty about the Client's eligibility to so exercise or participate in any such action.

**A.3.5. Voting Rights:** Where MSI plc is notified that voting rights may be exercised in relation to an Investment credited to a Prime Brokerage Account and registered in the name of a Morgan Stanley Company, a sub-custodian appointed by MSI plc or its or such sub-custodian's nominee, it will use reasonable efforts to notify the Client as soon as practicable of

such voting rights. MSI plc will only exercise voting rights in respect of the Client's Investments held in the Prime Brokerage Account and registered in the name of a Morgan Stanley Company, a sub-custodian appointed by Morgan Stanley or that of its or such sub-custodian's nominee, where expressly agreed with the Client.

### B.2. Terms of Settlement Facility

- (vii) **Corporate Actions:** Where, prior to delivery of any Equivalent Securities to MSI plc:
  - (a) any voting rights relating to any Settlement Securities the subject of a Settlement Facility become exercisable, then the Client will, where it holds securities of the same description as any made available to it under the Settlement Facility, exercise any such rights in accordance with MSI plc's instructions; and
  - (b) any rights relating to a Corporate Action, including those requiring election arise in respect of any Settlement Securities the subject of a Settlement Facility, then the Client will deliver to MSI plc Equivalent Securities in such form as MSI plc has notified to the Client in relation to the exercise of any such right.

### I.1. Use of Investments

- (i) The Client hereby authorises any Morgan Stanley Company at any time or times to borrow, lend, charge, rehypothecate, dispose of or otherwise use for its own purposes any Investments which are for the time being subject to the Security without giving notice of such borrowing, lending, charge, rehypothecation, disposal or other use to the Client. Such Morgan Stanley Company may retain for its own account all fees, profits and other benefits received in connection with any such borrowing, loan or use. Upon (i) a borrowing, lending or other use, such Investments will become the absolute property of that Morgan Stanley Company (or that of its transferee) free from the Security and from any equity, right, title or interest of the Client's and (ii) a charge or rehypothecation of any of the Client's Investments, all of those Investments, including the Client's interest in those Investments, will be subject to the charge or other security interest created by such charge or rehypothecation. Upon any such use, the Client will have a right against MSI plc for the delivery of Equivalent Investments in accordance with paragraph I.2.
- (ii) Where a Morgan Stanley Company borrows, lends or otherwise uses Hong Kong Securities any such borrowing, lending or use shall be effected by way of a loan of the relevant securities by the Client to the Morgan Stanley Company under the OSLA (as defined in paragraph B.1.1. above). The Morgan Stanley Company shall not be required to issue a Borrowing Request (as defined in the OSLA) in respect of any such loan made.

**C L I F F O R D  
C H A N C E**

**LIMITED LIABILITY PARTNERSHIP**

VERSION: DECEMBER 1995

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OVERSEAS SECURITIES LENDER'S AGREEMENT

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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;

- (e) 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
- (f) 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 (*Transactions Entered into as Agent*).

"Alternative Collateral" means Collateral of a Value equal to the Collateral delivered pursuant to Clause 6 (*Collateral*) and provided by way of substitution for Collateral originally delivered or previously substituted in accordance with the provisions of Clauses 6.6 or 6.7.

"Appropriate Tax Vouchers" means:

- (a) 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
- (b) 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 interest and 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 interest and 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 8.5 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 2.1 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**" means the computer based system managed by the Bank of or "**CGO**" England to facilitate the book-entry transfer of gilt-edged securities.

"**CGO Collateral**" shall have the meaning specified in paragraph 1 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 (*Events of Default*).

"**Equivalent Collateral**" or "**Collateral equivalent to**" in relation to any Collateral provided under this Agreement 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 sub-clause 4.2.6 of Clause 4.2;
- (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 sub-clause 4.2.6 of Clause 4.2;
- (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 sub-clause 4.2.6 of Clause 4.2, 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 sub-clause 4.2.6 of Clause 4.2 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 sub-clause 4.2.6 of Clause 4.2;
- (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 sub-clause 4.2.6 of Clause 4.2;
- (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 sub-clause 4.2.6 of Clause 4.2, 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 sub-clause 4.2.6 of Clause 4.2 the borrowed Securities TOGETHER WITH securities or a certificate equivalent to those allotted; and
- (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 (*Event of Default*).

**"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 sub-clause 4.2.2 of Clause 4.2.

**"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 (*Event of Default*).

**"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 8.5 means:

- (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 (*Set-Off Etc.*).

**"Principal"** shall have the meaning given in Clause 14 (*Transactions Entered into as Agent*).

**"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; and
- (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 sub-clause 4.2.1 of Clause 4.2.

**"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 the Income Tax (Stock Lending) Regulations 1989 (S.I. 1989 No. 1299) (as amended by the Income Tax (Stock Lending) (Amendment) Regulations 1990 (S.I. 1990 No. 2552) and 1993 (S.I. 1993 No. 2003)) or any statutory modification or re-enactment thereof for the time being in force 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.

- 1.2 All headings appear for convenience only and shall not affect the interpretation hereof.
- 1.3 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.
- 1.4 For the purposes of Clauses 6.8 to 6.11 and 8.3 to 8.5 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.

- 1.5 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.

2. **LOANS OF SECURITIES**

- 2.1 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.

- 2.2 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**

- 4.1 The Parties shall execute and deliver all necessary documents and give all necessary instructions to procure that all right, title and interest in:

- 4.1.1 any Securities borrowed pursuant to Clause 2 (*Loans of Securities*);
- 4.1.2 any Equivalent Securities redelivered pursuant to Clause 7 (*Redelivery of Equivalent Securities*);
- 4.1.3 any Collateral delivered pursuant to Clause 6 (*Collateral*);
- 4.1.4 any Equivalent Collateral redelivered pursuant to Clauses 6 (*Collateral*) or 7 (*Redelivery of Equivalent Securities*);

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.

#### 4.2

- 4.2.1 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-clauses 4.2.2 to 4.2.5 of this Clause 4.2 below shall apply in relation thereto.
- 4.2.2 subject to sub-clause 4.2.3 of this Clause 4.2 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.
- 4.2.3 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.
- 4.2.4 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 Section 123 of the Income and Corporation Taxes Act 1988 would have arisen in respect thereof.
- 4.2.5 In the event of the Borrower failing to remit either directly or by its Nominee any sum payable pursuant to this Clause 4.2, 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 (*Outstanding Payments*). 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.

4.2.6 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).

4.2.7 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.

4.2.8 Any payment to be made by the Borrower under this Clause 4.2 shall be made in a manner to be agreed between the Parties.

## 5. RATES

5.1 In respect of each loan of Securities, the Borrower shall pay to the Lender, in the manner prescribed in Clause 5.3, 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.

5.2 Where Cash Collateral is deposited with the Lender in respect of any loan of Securities in circumstances where:

- 5.2.1 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 Clause 5.3, 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 Clause 5.1 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
- 5.2.2 sub-clause 5.2.1 of this Clause 5.2 above does not apply, the Lender shall pay to the Borrower, in the manner presented in Clause 5.3, 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 the Borrower may be set-off against any payment due to the Lender pursuant to Clause 5.1.
- 5.3 In respect of each loan of Securities, the payments referred to in Clauses 5.1 and 5.2 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 Clauses 5.1 and 5.2 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

### 6.1

6.1.1 Subject to Clauses 6.2, 6.3 and 6.5 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);

6.1.2 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.

6.2 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.

- 6.3 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.
- 6.4 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;
- 6.5 Where Cash Collateral is provided the sum of money so deposited may be adjusted in accordance with Clause 6.8. Subject to sub-clause 6.8.2 of Clause 6.8, 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 (*Set-Off Etc.*).
- 6.6 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.
- 6.7
- 6.7.1 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.

- 6.7.2 Where the Lender receives any Income in circumstances where the Parties are satisfied as set out in sub-clause 6.7.1 of this Clause 6.7, 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.
- 6.8 Unless the Schedule to this Agreement indicates that Clause 6.9 shall apply in lieu of this Clause 6.8, 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 6.8.2 or 6.9.2 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:
- 6.8.1 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**");
- 6.8.2 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
- 6.8.3 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.
- 6.9 Subject to Clause 6.10, unless the Schedule to this Agreement indicates that Clause 6.8 shall apply in lieu of this Clause 6.9, or unless otherwise agreed between the Parties:
- 6.9.1 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;
- 6.9.2 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; and
- 6.9.3 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.

- 6.10 Where Clause 6.9 applies, unless the Schedule to this Agreement indicates that this Clause 6.10 does not apply, if a Party (the "**first Party**") would, but for this Clause 6.10, be required under Clause 6.9 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 6.10, also be required to repay Cash Collateral or provide or redeliver Equivalent Collateral under Clause 6.9, 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 6.9 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.
- 6.11 Where Cash Collateral is repaid, Equivalent Collateral is redelivered or further Collateral is provided by a Party under Clause 6.9, 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.
- 6.12 Where any Cash Collateral falls to be repaid or Equivalent Collateral to be redelivered or further Collateral to be provided under this Clause 6 (*Collateral*), 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

- 7.1 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.
- 7.2 Subject to Clause 8 (*Set-Off Etc.*) 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 6.9, if applicable) repay any Cash Collateral and redeliver to the Borrower Collateral equivalent to the Collateral delivered pursuant to Clause 6 (*Collateral*) 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.

- 7.3 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 8.2 to 8.6 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.
- 7.4 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".
- 7.5 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 6.9 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 (*Collateral*) in respect thereof.
- 7.6 Where a TALISMAN short term certificate (as described in paragraph 3 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.
- 7.7 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.**
- 8.1 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.

8.2 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 8.2) and in such event:

8.2.1 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 8.3); and

8.2.2 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.

8.3 For the purposes of Clause 8.2 the Relevant Value:

8.3.1 of any cash payment obligation shall equal its par value (disregarding any amount taken into account under sub-clauses 8.3.2 or 8.3.3 of this Clause 8.3);

8.3.2 of any securities to be delivered by the Defaulting Party shall, subject to Clause 8.5 below, equal the Offer Value thereof; and

8.3.3 of any securities to be delivered to the Defaulting Party shall, subject to Clause 8.5 below, equal the Bid Value thereof.

8.4 For the purposes of Clause 8.3, but subject to Clause 8.5, 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**").

8.5

8.5.1 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 (*Set-Off Etc.*).

- 8.5.2 Where the amount of any securities sold or purchased as mentioned in sub-clause 8.5.1 of this Clause 8.5 is not in substantially the same amount as those securities to be valued for the purposes Clause 8.3 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.
- 8.6 Any reference in this Clause 8 to securities shall include any asset other than cash provided by way of Collateral.
- 8.7 If the Borrower or the Lender for any reason fail to comply with their respective obligations under Clauses 6.6 or 6.7 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.
- 8.8 Subject to and without prejudice to its rights under Clause 8.1 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**
- 9.1 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.
- 9.2 The Borrower shall only make a Borrowing Request where the purpose of the loan meets the requirements of the Rules regarding the conditions that must be fulfilled for Section 129 of the Income and Corporation Taxes Act 1988 (or any statutory modification or re-enactment thereof for the time being in force) to apply to the arrangement concerning the loan, unless the Lender is aware that the transaction is unapproved for the purposes of the Rules of the UK Inland Revenue or such purpose is not met.
- 9.3 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**

10.1 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:

10.1.1 it is duly authorised and empowered to perform its duties and obligations under this Agreement;

10.1.2 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;

10.1.3 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; and

10.1.4 where the Schedule to this Agreement specifies that this sub-clause 10.1.4 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 and certified Certificate (MOD2) or a photocopy thereof bearing an Inland Revenue acknowledgement and unique number and such Certificate or photocopy remains valid 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**

11.1 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:

11.1.1 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;

11.1.2 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;

11.1.3 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;

11.1.4 it is acting as principal in respect of this Agreement; and

11.1.5 where the Schedule to this Agreement specifies this sub-clause 11.1.5 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**

- 12.1 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 Clause 8 (*Set-Off Etc.*):
- 12.1.1 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;
  - 12.1.2 the Lender or Borrower failing to comply with its obligations under Clause 6 (*Collateral*), and the Non-Defaulting Party serves written notice on the Defaulting Party;
  - 12.1.3 the Borrower failing to comply with sub-clauses 4.2.1, 4.2.2 or 4.2.3 of Clause 4.2, and the Non-Defaulting Party serves written notice on the Defaulting Party;
  - 12.1.4 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;
  - 12.1.5 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;
  - 12.1.6 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;
  - 12.1.7 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;
  - 12.1.8 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

12.1.9 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.

12.2 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**

14.1 Subject to the following provisions of this Clause 14, 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 14 as an "**Agency Transaction**").

14.2 A Lender may enter into an Agency Transaction if, but only if:-

14.2.1 if specifies that loan as an Agency Transaction at the time when it enters into it;

14.2.2 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

14.2.3 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 sub-clause 14.4.2 of Clause 14.4.

14.3 The Lender undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware:

14.3.1 of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or

14.3.2 of any breach of any of the warranties given in Clause 14.5 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.

14.4

14.4.1 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 10.1.4 or 11.1.5 of this Agreement, but this is without prejudice to any liability of the Lender under any other provision of this Clause 14.

- 14.4.2 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 sub-clause 14.4.2 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 (*Events of Default*), 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 (*Notices*)) 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 14.4.2 of this Clause 14.4 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.

- 14.4.3 The foregoing provisions of this Clause 14.4 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.
- 14.5 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 sub-clause 14.4.2 of Clause 14.4.

**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**

23.1 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.

23.2 This Clause 23 shall take effect notwithstanding the frustration or other termination of this Agreement.

23.3 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 )

)

)

IN THE PRESENCE OF: )

SIGNED BY )

ON BEHALF OF )  
)  
)  
)  
)  
IN THE PRESENCE OF: )

## SCHEDULE 1

### 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 depositary:

1. 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.
2.
  - (a) 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;
  - (b) Corporation and Commonwealth Stock in the form of registered stock or allotment letters duly renounced;
  - (c) UK Government Treasury Bills;
  - (d) U.S. Government Treasury Bills;
  - (e) Bankers' Acceptances;
  - (f) Sterling Certificates of Deposit;
  - (g) Foreign Currency Certificates of Deposit;
  - (h) Local Authority Bonds;
  - (i) Local Authority Bills;
  - (j) Letters of Credit;
  - (k) Bonds or Equities in registrable form or allotment letters duly renounced;
  - (l) Bonds or Equities in bearer form.
3. Unexpired TALISMAN short-term certificates issued by The Stock Exchange; and
4. 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(i) 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 (*Collateral*) 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 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 6.8 (transaction by transaction margining)\*/Clause 6.9 (global margining)\* shall apply.

Clause 6.10 (netting of margin where one party both a Borrower and Lender) shall/shall not\* apply,

Minimum period after demand for transferring Cash Collateral or Equivalent Collateral:

### **BASE CURRENCY**

The Base Currency applicable to this Agreement is

### **LENDER'S WARRANTIES**

Clause 10.1.4 shall/shall not\* apply.

### **BORROWER'S WARRANTIES**

Clause 11.1.5 shall/shall not\* apply.

[NB\* Delete as appropriate.]

VERSION: MAY 2000



**GLOBAL MASTER SECURITIES LENDING AGREEMENT**

**CLIFFORD CHANCE**

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## 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 1 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 sub-paragraph 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\*