

MinterEllison

L A W Y E R S

RIALTO TOWERS, 525 COLLINS STREET, MELBOURNE VIC 3000, DX 204 MELBOURNE

To Australian Stock Exchange Facsimile 1900 999 279
Telephone +61 3 9617 8611

From Renee Doyle Facsimile +61 3 8608 1277
Email renee.doyle@minterellison.com Direct line +61 3 8608 2603
Our Ref BFO 30-5174587

Date 16 January 2007 Number of pages (including this one): 44

Subject **Mirvac Group – Form 603 - Notice of initial substantial holder &
Form 605 – Notice of ceasing to be a substantial holder**

Dear Sir/Madam

We act for Morgan Stanley Dean Witter Australia Pty Limited. Please find attached a Notice of Initial Substantial Holder and a Notice of ceasing to be a substantial holder in relation to Mirvac Group.

Yours faithfully

MINTER ELLISON

If you do not receive all pages please telephone +61 3 8608 2942

IMPORTANT - The contents of this facsimile may be privileged and confidential. Any unauthorised use of the contents is expressly prohibited. If you have received the document in error, please advise us by telephone (reverse charges) immediately and then shred the document. Thank you.

MR_71128529_1 (16/2003)

Form 605
Corporations Act 2001
Section 671B

Notice of ceasing to be a substantial holder

To Company Name/Scheme Mirvac Group (MGR) formed by the stapling of securities of Mirvac Limited and Mirvac Property Trust.

ACN/ARSN 003 280 699

1. Details of substantial holder (1)

Name Morgan Stanley Dean Witter Australia Securities Limited.

ACN/ARSN (if applicable) N/A

The holder ceased to be a
substantial holder on

January 3, 2007

The previous notice was given to the company on

January 12, 2007

The previous notice was dated

January 12, 2007

2. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest (2) of the substantial holder or an associate (3) in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (4)	Consideration given in relation	Class (8) and number of Securities affected	Person's votes affected
December 22, 2006	Morgan Stanley Investment Management Company	Purchase of stock in the ordinary course Fund Management Business	5,2042	12,250 Stapled Securities	12,250
December 27, 2006	Morgan Stanley Investment Management Company	Purchase of stock in the ordinary course Fund Management Business	5,3265	209,250 Stapled Securities	209,250
January 03, 2007	Morgan Stanley Investment Management Company	Sale of stock in the ordinary course Fund Management Business	5,4627	57,000 Stapled Securities	57,000
December 21, 2006	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	354,700 Stapled Securities	354,700
December 22, 2006	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	13,600 Stapled Securities	13,600
December 27, 2006	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	3,200 Stapled Securities	3,200
December 28, 2006	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	18,200 Stapled Securities	18,200
December 29, 2006	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	43,400 Stapled Securities	43,400
January 3, 2007	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	3,900 Stapled Securities	3,900
January 3, 2007	Morgan Stanley & Co. Incorporated	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	1,100,000 Stapled Securities	1,100,000
December 21, 2006	Morgan Stanley & Co. International Limited	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	36,900 Stapled Securities	36,900
December 22, 2006	Morgan Stanley & Co. International Limited	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	735,533 Stapled Securities	735,533

December 22, 2006	Morgan Stanley & Co. International Limited	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	689,000 Stapled Securities	689,000
December 22, 2006	Morgan Stanley & Co. International Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.24	5,920 Stapled Securities	5,920
December 27, 2006	Morgan Stanley & Co. International Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.36	1,089 Stapled Securities	1,089
December 27, 2006	Morgan Stanley & Co. International Limited	Shares lent to the borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	62,000 Stapled Securities	62,000
December 28, 2006	Morgan Stanley & Co. International Limited	Shares borrowed from lender in the ordinary course of stock borrowing and lending business.	Not Applicable	154,978 Stapled Securities	154,978
December 29, 2006	Morgan Stanley & Co. International Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.29	10,492 Stapled Securities	10,492
January 3, 2007	Morgan Stanley & Co. International Limited	Shares returned by borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	8 Stapled Securities	8
January 3, 2007	Morgan Stanley & Co. International Limited	Shares lent to the borrower in the ordinary course of stock borrowing and lending business.	Not Applicable	5,000 Stapled Securities	5,000
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Purchase of stock in the ordinary course of Sales and Trading business.	5.48	10,830 Stapled Securities	10,830
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.48	19,380 Stapled Securities	19,380
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.49	4,258 Stapled Securities	4,258
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.51	6,841 Stapled Securities	6,841
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.52	1,500 Stapled Securities	1,500
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.53	6,571 Stapled Securities	6,571
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.54	8,019 Stapled Securities	8,019
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.55	654 Stapled Securities	654
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.56	14,784 Stapled Securities	14,784
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.57	12,977 Stapled Securities	12,977
December 22, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.17	190 Stapled Securities	190
December 22, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.19	190 Stapled Securities	190
December 22, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.22	567 Stapled Securities	567
December 27, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.25	1,306 Stapled Securities	1,306
December 27, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.28	2,612 Stapled Securities	2,612
December 27, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.29	1,306 Stapled Securities	1,306
December 27, 2006	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.33	1,306 Stapled Securities	1,306
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.42	504 Stapled Securities	504
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.43	503 Stapled Securities	504

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January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.54	6,300 Stapled Securities	6,300
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Pty Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.56	6,000 Stapled Securities	6,000
January 2, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.57	300 Stapled Securities	300
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.42	500 Stapled Securities	500
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.43	1,173 Stapled Securities	1,173
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.47	527 Stapled Securities	527
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.48	1,400 Stapled Securities	1,400
January 3, 2007	Morgan Stanley Dean Witter Australia Securities Limited	Sale of stock in the ordinary course of Sales and Trading business.	5.49	2,700 Stapled Securities	2,700

3. Changes in association

The persons who have become associates (3) of, ceased to be associates of, or have changed the nature of their association (7) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Not Applicable	

4. Addresses

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

Name	Address
Morgan Stanley Asset & Investment Trust Management Company Limited.	Yebisu Garden Place Tower, 20-3, Ebisu 4-Chome, Shibuya-ku, Tokyo, Japan
Morgan Stanley Investment Management Inc.	1221 Avenue of Americas, New York, NY 10020
Van Kampen Funds Inc. NY	1221 Avenue of Americas, New York, NY 10020
Morgan Stanley Investment Management Company	23 Church Street, #16-01 Capital Square, Singapore 049481
MS Capital (Luxemborg) SA.	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
Morgan Stanley Dean Witter Australia Securities Limited.	33/F, Chiefly Tower 2, Chiefly Square, Sydney NSW 2000, Australia.

Signature

print name

sign here

Michael V. Ryan

[Signature]

capacity

date

Director

16/01/07

GUIDE

This guide does not form part of the prescribed form and is included by ASIC to assist you in completing and lodging form 605.

Signature

This form must be signed by either a director or a secretary of the substantial holder.

Lodging period

Nil

Lodging Fee

Nil

Other forms to be completed

Nil

Additional information

- (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.
- (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.
- (c) The person must give a copy of this notice:
 - (i) within 2 business days after they become aware of the information; or
 - (ii) by 9.30 am on the next trading day of the relevant securities exchange after they become aware of the information if:
 - (A) a takeover bid is made for voting shares in the company or voting interests in the scheme; and
 - (B) the person becomes aware of the information during the bid period.

Annexures

To make any annexure conform to the regulations, you must

- 1 use A4 size paper of white or light pastel colour with a margin of at least 10mm on all sides;
- 2 show the corporation name and ACN or ABN;
- 3 number the pages consecutively;
- 4 print or type in BLOCK letters in dark blue or black ink so that the document is clearly legible when photocopied;
- 5 identify the annexure with a mark such as A, B, C, etc;
- 6 endorse the annexure with the words:
This is annexure (mark) of (number) pages referred to in form (form number and title)
- 7 sign and date the annexure.

The annexure must be signed by the same person(s) who signed the form.

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 4 of the form.
- (2) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (3) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (4) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. 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.
- (5) 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.
- (6) The voting shares of a company constitute one class unless divided into separate classes.
- (7) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

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Form 603
Corporations Act 2001
Section 671B

Notice of initial substantial holder

To Company Name/Scheme Mirvac Group (MGR) formed by the stapling of securities of Mirvac Limited and Mirvac Property Trust.

ACN/ARSN 003 280 699

1. Details of substantial holder (1)

Name Morgan Stanley Dean Witter Australia Securities Limited

ACN/ARSN (if applicable) N/A

The holder became a substantial holder on 20/12/2006

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)
			Based on 684,286,976 shares outstanding
Stapled Securities	56,123,027	56,123,027	5.70%

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
Morgan Stanley Asset & Investment Trust Management Company Limited	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	628,467 Stapled Securities
Morgan Stanley Investment Management Inc.	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	6,636 Stapled Securities
Van Kampen Funds Inc.	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	193,101 Stapled Securities
Morgan Stanley Investment Management Company	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of investment management business.	22,478,187 Stapled Securities
Morgan Stanley Dean Witter 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 business	32,213,478 Stapled Securities
MS Capital (Luxemburg) SA.	Shares held or in respect of which the holder may exercise control over disposal in the ordinary course of sales and trading business	600,938 Stapled Securities
Each corporation in the Morgan Stanley group upstream of the above 6 bodies corporate ("Upstream Corporations")	Each of the above bodies corporate is a body corporate that each Upstream Corporation controls and therefore has the relevant interests that the above bodies corporate collectively have.	56,123,027 Stapled Securities

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
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Morgan Stanley Asset & Investment Trust Management Company Limited	JP MORGAN NOMINEES AUSTRALIA LIMITED	Not Applicable	618,532 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Company Limited	National Custodian Services HIN 103730	Not Applicable	9,955 Stapled Securities
Morgan Stanley Investment Management Inc.	BANCA COMMERCIALE ITALIANA	Not Applicable	8,858 Stapled Securities
Van Kampen Funds Inc.	The Bank of New York	Not Applicable	193,101 Stapled Securities
MS Capital (Luxemburg) SA.	Westpac Custodian Nominees Limited.	Not Applicable	500,936 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	Westpac Custodian Nominees Limited.	Not Applicable	32,213,478 Stapled Securities
Morgan Stanley Investment Management Company and each of its Upstream Corporations	ANZ Nominees Ltd.	Not Applicable	41,403 Stapled Securities
Morgan Stanley Investment Management Company and each of its Upstream Corporations	J.P. Morgan Nominees Australia Limited	Not Applicable	4,163,200 Stapled Securities
Morgan Stanley Investment Management Company and each of its Upstream Corporations	Westpac Custodian Nominees Ltd	Not Applicable	18,012,836 Stapled Securities
Morgan Stanley Investment Management Company and each of its Upstream Corporations	National Nominees Ltd	Not Applicable	117,600 Stapled Securities
Morgan Stanley Investment Management Company and each of its Upstream Corporations	National Australia Bank, Melbourne	Not Applicable	47,314 Stapled Securities
Morgan Stanley Investment Management Company and each of its Upstream Corporations	Citicorp Nominees Pty Limited	Not Applicable	65,834 Stapled Securities

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 (B)		Class and number of securities
		Cash	Non-cash	
MS Capital (Luxemburg) SA.	5/10/2006	4.90		7,154 Stapled Securities
MS Capital (Luxemburg) SA.	1/11/2006	4.90		3,577 Stapled Securities
MS Capital (Luxemburg) SA.	1/11/2006	4.8758604		14,308 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	26/9/2006	Not Applicable (Borrow)		3,030 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	16/10/2006	Not Applicable (Borrow)		59,913 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	17/10/2006	Not Applicable (Borrow)		85,687 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	19/10/2006	Not Applicable (Borrow)		31,017 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	14/11/2006	Not Applicable (Borrow)		183,500 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	16/11/2006	Not Applicable (Borrow)		34,200 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	20/11/2006	Not Applicable (Borrow)		39,500 Stapled Securities

Morgan Stanley Dean Witter Australia Securities Limited	27/11/2006	Not Applicable (Borrow)	76,173 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	28/11/2006	Not Applicable (Borrow)	89,865 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	29/11/2006	Not Applicable (Borrow)	5,623 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	4/12/2006	Not Applicable (Borrow)	275,260 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	7/12/2006	Not Applicable (Borrow)	110,000 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	13/12/2006	Not Applicable (Borrow)	8,800 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	15/12/2006	Not Applicable (Borrow)	5,726 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	18/12/2006	Not Applicable (Borrow)	126,981 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	19/12/2006	Not Applicable (Borrow)	5,000 Stapled Securities
Morgan Stanley Dean Witter Australia Securities Limited	20/12/2006	Not Applicable (Borrow)	32,704,850 Stapled Securities
Morgan Stanley Investment Management Company	August 9, 2006	4.2123	50,700 Stapled Securities
Morgan Stanley Investment Management Company	August 11, 2006	4.2289	136,900 Stapled Securities
Morgan Stanley Investment Management Company	August 16, 2006	4.3600	200 Stapled Securities
Morgan Stanley Investment Management Company	August 17, 2006	4.3649	5,900 Stapled Securities
Morgan Stanley Investment Management Company	August 17, 2006	4.3820	1,900 Stapled Securities
Morgan Stanley Investment Management Company	August 22, 2006	4.4330	18,600 Stapled Securities
Morgan Stanley Investment Management Company	August 23, 2006	4.4662	38,100 Stapled Securities
Morgan Stanley Investment Management Company	August 23, 2006	4.4700	365,300 Stapled Securities
Morgan Stanley Investment Management Company	August 24, 2006	4.4200	2,800 Stapled Securities
Morgan Stanley Investment Management Company	August 31, 2006	4.5704	81,800 Stapled Securities
Morgan Stanley Investment Management Company	September 5, 2006	4.6238	24,500 Stapled Securities
Morgan Stanley Investment Management Company	September 11, 2006	4.5200	4,800 Stapled Securities
Morgan Stanley Investment Management Company	September 14, 2006	4.5890	15,900 Stapled Securities
Morgan Stanley Investment Management Company	September 20, 2006	4.6974	5,600 Stapled Securities
Morgan Stanley Investment Management Company	September 21, 2006	4.6750	2,400 Stapled Securities
Morgan Stanley Investment Management Company	September 26, 2006	4.6757	6,200 Stapled Securities

Morgan Stanley Investment Management Company	September 28, 2006	4.7041	33,900 Stapled Securities
Morgan Stanley Investment Management Company	September 28, 2006	4.7062	10,600 Stapled Securities
Morgan Stanley Investment Management Company	September 29, 2006	4.7044	416,500 Stapled Securities
Morgan Stanley Investment Management Company	October 2, 2006	4.8294	343,300 Stapled Securities
Morgan Stanley Investment Management Company	October 4, 2006	4.8719	6,100 Stapled Securities
Morgan Stanley Investment Management Company	October 6, 2006	4.9781	606,400 Stapled Securities
Morgan Stanley Investment Management Company	October 10, 2006	4.9678	38,400 Stapled Securities
Morgan Stanley Investment Management Company	October 17, 2006	4.8125	204,400 Stapled Securities
Morgan Stanley Investment Management Company	October 24, 2006	5.0400	215,200 Stapled Securities
Morgan Stanley Investment Management Company	October 31, 2006	4.9385	7,100 Stapled Securities
Morgan Stanley Investment Management Company	November 10, 2006	5.0287	3,300 Stapled Securities
Morgan Stanley Investment Management Company	November 15, 2006	4.9706	20,250 Stapled Securities
Morgan Stanley Investment Management Company	November 21, 2006	5.1088	36,500 Stapled Securities
Morgan Stanley Investment Management Company	November 23, 2006	5.2366	85,700 Stapled Securities
Morgan Stanley Investment Management Company	December 1, 2006	5.2962	132,200 Stapled Securities
Morgan Stanley Investment Management Company	December 4, 2006	5.3455	160,800 Stapled Securities
Morgan Stanley Investment Management Company	December 5, 2006	5.2935	27,500 Stapled Securities
Morgan Stanley Investment Management Company	December 6, 2006	5.1880	21,650 Stapled Securities
Morgan Stanley Investment Management Company	December 7, 2006	5.1161	92,900 Stapled Securities
Morgan Stanley Investment Management Company	December 12, 2006	5.1711	443,250 Stapled Securities
Morgan Stanley Investment Management Company	December 20, 2006	5.3296	25,450 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	August 1, 2006	4.2200	655 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	August 2, 2006	4.2400	322 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	August 14, 2006	4.2600	464 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	August 25, 2006	4.4500	429 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	August 30, 2006	4.5400	1,178 Stapled Securities

Morgan Stanley Asset & Investment Trust Management Co., Limited	August 31, 2006	4.5700	13,123 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	August 31, 2006	4.5800	170 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	September 7, 2006	4.6300	291 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	September 26, 2006	4.7000	675 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	October 3, 2006	4.8800	377 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	October 11, 2006	5.0400	306 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	October 17, 2006	4.8200	499 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	October 31, 2006	4.9400	276 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 7, 2006	5.0200	58,775 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 8, 2006	5.0600	5,033 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 14, 2006	5.0200	233 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 15, 2006	4.9600	222 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 27, 2006	5.3000	577 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 30, 2006	5.3041	3,590 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	November 30, 2006	5.2996	341 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	December 5, 2006	5.3100	735 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	December 11, 2006	5.1200	282 Stapled Securities
Morgan Stanley Asset & Investment Trust Management Co., Limited	December 12, 2006	5.1706	596 Stapled Securities

5. 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 Asset & Investment Trust Management Company Limited	is controlled by an entity (i.e. one of the Upstream Corporations) that controls both Morgan Stanley Asset & Investment Trust Management Company Limited and Morgan Stanley Dean Witter Australia Securities Limited
Morgan Stanley Investment Management Inc.	is controlled by an entity (i.e. one of the Upstream Corporations) that controls both Morgan Stanley Investment Management Inc. and Morgan Stanley Dean Witter Australia Securities Pty Limited
Van Kampen Funds Inc.	is controlled by an entity (i.e. one of the Upstream Corporations) that controls both Van Kampen Funds Inc. and Morgan Stanley Dean Witter Australia Securities Pty Limited
Morgan Stanley Investment Management Company	is controlled by an entity (i.e. one of the Upstream Corporations) that controls both Morgan Stanley Investment Management Company and Morgan Stanley Dean Witter Australia Securities Pty Limited
MS Capital (Luxembourg) SA.	is controlled by an entity (i.e. one of the Upstream Corporations) that controls both MS Capital (Luxembourg) SA. and Morgan Stanley Dean Witter Australia Securities Pty Limited
Each of the Upstream Corporations	is controlled by a common holding company

7. Addresses

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

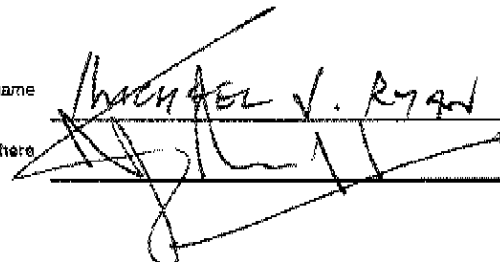
Name	Address
Morgan Stanley Asset & Investment Trust Management Company Limited.	Yebisu Garden Place Tower, 20-3, Ebisu 4-Chome, Shibuya-ku, Tokyo, Japan
Morgan Stanley Investment Management Inc.	1221 Avenue of Americas, New York, NY 10020
Van Kampen Funds Inc.	1221 Avenue of Americas, New York, NY 10020
Morgan Stanley Investment Management Company	23 Church Street, #16-01 Capital Square, Singapore 049481
MS Capital (Luxembourg) SA.	25 Cabot Square, Canary Wharf, London E14 4QA, United Kingdom
Morgan Stanley Dean Witter Australia Securities Limited.	33/F, Chieffy Tower 2, Chieffy Square, Sydney NSW 2000, Australia.

Signature

print name

sign here

Michael V. Ryan



capacity

date

Director

16/01/07

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (e.g. 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 (e.g. 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.

Signature

This form must be signed by either a director or a secretary of the substantial holder.

Lodging period

Nil

Lodging Fee

Nil

Other forms to be completed

Nil

Additional information

- (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.
- (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.
- (c) The person must give a copy of this notice:
 - (i) within 2 business days after they become aware of the information; or
 - (ii) by 9.30 am on the next trading day of the relevant securities exchange after they become aware of the information if:
 - (A) a takeover bid is made for voting shares in the company or voting interests in the scheme; and
 - (B) the person becomes aware of the information during the bid period.

Annexures

To make any annexure conform to the regulations, you must:

- 1 use A4 size paper of white or light pastel colour with a margin of at least 10mm on all sides
- 2 show the corporation name and ACN or ARBN
- 3 number the pages consecutively
- 4 print or type in BLOCK letters in dark blue or black ink so that the document is clearly legible when photocopied
- 5 identify the annexure with a mark such as A, B, C, etc
- 6 endorse the annexure with the words:
This is annexure (mark) of (number) pages referred to in form (form number and title)
- 7 sign and date the annexure.

The annexure must be signed by the same person(s) who signed the form.

Morgan Stanley Dean Witter Australia Securities Pty Limited

33/F, Chief Tower 2, Chief Square,
Sydney NSW 2000, Australia

Morgan Stanley

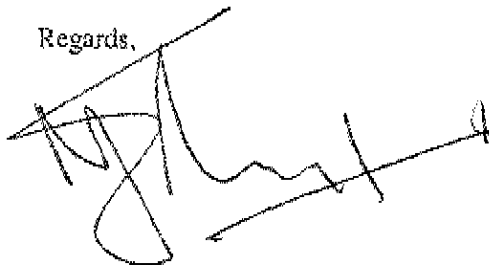
tel +61 2 9770 1111
fax +61 2 9770 1101

January 11, 2007

Dear Sir/Madam:

This is to certify that these are redacted copies of the Securities Loan and Borrowing Agreement used by Morgan Stanley Dean Witter Australia Securities Pty Limited in the borrowing and lending of the securities, as reported in the attached Notice of Substantial Shareholder.

Regards,

A handwritten signature in black ink, appearing to read 'Michael J. Ryan', with a long horizontal stroke extending to the right.

MICHAEL J. RYAN
DIRECTOR

Version: DECEMBER 1995
(Incorporating the amendments
from the 1996 UK Tax Addendum)

DATED

[Date]

[MORGAN STANLEY]

-and-

[COUNTERPARTY]

OVERSEAS SECURITIES LENDER'S AGREEMENT

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THIS AGREEMENT is made [Date]

BETWEEN:-

- (1) [Morgan Stanley], a company incorporated under the the [jurisdiction] whose registered office is at:

[•]
[•]
[•]
[•]

- (2) [Counterparty] a company incorporated under the laws of the [jurisdiction] whose registered office is at:

[•]
[•]
[•]
[•]

WHEREAS:-

1. From time to time the Parties hereto may enter into transactions in which one Party (the "**Lender**") agrees to lend to the other (the "**Borrower**") from time to time Securities (as hereinafter defined), subject to any Inland Revenue provisions then in force.
2. All transactions carried out under this Agreement will be effected in accordance with the Rules (as hereinafter defined) **TOGETHER WITH** current market practices, customs and conventions.

NOW THIS AGREEMENT WITNESSETH AND IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

(A)

In this Agreement:-

"**Act of Insolvency**"

means in relation to either Party

- (i) its making a general assignment for the benefit of, or entering into a reorganisation, arrangement, or composition with creditors, or
- (ii) its admitting in writing that it is unable to pay its debts as they become due, or
- (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property, or;
- (iv) the presentation or filing of a petition in respect of it (other than by the other Party to this Agreement in respect of any

obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such Party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing;

- (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such Party over all or any material part of such Party's property; or
- (vi) the convening of any meeting of its creditors for the purpose of considering a voluntary arrangement as referred to in Section 3 of the Insolvency Act 1986 (or any analogous proceeding);

"Agent"

shall have the same meaning given in Clause 14;

"Alternative Collateral"

Means Collateral of a Value equal to the Collateral delivered pursuant to Clause 6 and provided by way of substitution for Collateral originally delivered or previously substituted in accordance with the provisions of Clauses 6(F) or 6(G);

"Appropriate Tax Vouchers"

means:

- (i) either such tax vouchers and/or certificates as shall enable the recipient to claim and receive from any relevant tax authority, in respect of interest, dividends, distributions and/or other amounts (including for the avoidance of doubt any manufactured payment) relating to particular Securities, all and any repayment of tax or benefit of tax credit to which the Lender would have been entitled but for the loan of Securities in accordance with this Agreement and/or to which the Lender is entitled in respect of tax withheld and accounted for in respect of any manufactured payment; or such tax vouchers and/or certificates as are provided by the Borrower which evidence an amount of overseas tax deducted which shall enable the recipient to claim and receive from any relevant tax authority all and any repayment of tax from the UK Inland Revenue or benefits of tax credit in the jurisdiction of the recipient's residence; and
- (ii) such vouchers and/or certificates in respect of interest, dividends, distributions and/or other amounts relating to particular Collateral;

"Approved UK Collecting Agent"

means a person who is approved as such for the purposes of the Rules of the UK Inland Revenue relating to stocklending and manufactured overseas dividends;

- "Approved Intermediary"** means a person who is approved as such for the purposes of the Rules of the UK Inland Revenue relating to stocklending and manufactured overseas dividends;
- "Assured Payment"** means a payment obligation of a Settlement Bank arising (under the Assured Payment Agreement) as a result of a transfer of stock or other securities to a CGO stock account of a member of the CGO for whom that Settlement Bank is acting;
- "Assured Payment Agreement"** means an agreement dated 24 October 1986 between the Bank of England and all the other banks which are for the time being acting as Settlement Banks in relation to the CGO regulating the obligations of such banks to make payments in respect of transfers of securities through the CGO as supplemented and amended from time to time;
- "Base Currency"** has the meaning given in the Schedule hereto;
- "Bid Price"** in relation to Equivalent Securities or Equivalent Collateral means the best available bid price thereof on the most appropriate market in a standard size;
- "Bid Value"** Subject to Clause 8(E) means:-
- (a) in relation to Equivalent Collateral at a particular time:-
 - (i) in relation to Collateral Types B(x) and C (more specifically referred to in the Schedule) the Value thereof as calculated in accordance with such Schedule;
 - (ii) in relation to all other types of Collateral (more specifically referred to in the Schedule) the amount which would be received on a sale of such Collateral at the Bid Price thereof at such time less all costs, fees and expenses that would be incurred in connection with selling or otherwise realising such Equivalent Collateral, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out such sale or realisation and adding thereto the amount of any interest, dividends, distributions or other amounts paid to the Lender and in respect of which equivalent amounts have not been paid to the Borrower in accordance with Clause 6(G) prior to such time in respect of such Equivalent Collateral or the original Collateral held gross of all and any tax deducted or paid in respect thereof;
 - and
 - (b) in relation to Equivalent Securities at a particular time the

	amount which would be received on a sale of such Equivalent Securities at the Bid Price thereof at such time less all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;
"Borrower"	with respect to a particular loan of Securities means the Borrower as referred to in Recital 1 of this Agreement;
"Borrowing Request"	means a request made (by telephone or otherwise) by the Borrower to the Lender pursuant to Clause 2(A) specifying the description, title and amount of the Securities required by the Borrower, the proposed Settlement Date and duration of such loan and the date, time, mode and place of delivery which shall, where relevant, include the bank agent clearing or settlement system and account to which delivery of the Securities is to be made;
"Business Day"	means a day on which banks and securities markets are open for business generally in London and, in relation to the delivery or redelivery of any of the following in relation to any loan, in the place(s) where the relevant Securities, Equivalent Securities, Collateral (including Cash Collateral) or Equivalent Collateral are to be delivered;
"Cash Collateral"	means Collateral that takes the form of a deposit of currency;
"Central Gilts Office" or "CGO"	means the computer based system managed by the Bank of England to facilitate the book-entry transfer of gilt-edged securities;
"CGO Collateral"	shall have the meaning specified in paragraph A of the Schedule;
"CGO Rules"	means the requirements of the CGO for the time being in force as defined in the membership agreement regulating membership of the CGO;
"Close of Business"	means the time at which banks close in the business centre in which payment is to be made or Collateral is to be delivered;
"Collateral"	means such securities or financial instruments or deposits of currency as are referred to in the Schedule hereto or any combination thereof which are delivered by the Borrower to the Lender in accordance with this Agreement and shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate), and shall include Alternative Collateral;
"Defaulting Party"	shall have the meaning given in Clause 12;
"Equivalent Collateral" or "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 Clause 4(B)(vii);
- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
- (c) in the case of a takeover, a sum of money or securities, being the consideration or alternative consideration of which the Borrower has given notice to the Lender in accordance with Clause 4(B)(vii);
- (d) in the case of a call on partly paid securities, the paid-up securities **PROVIDED THAT** the Borrower shall have paid to the Lender an amount of money equal to the sum due in respect of the call;
- (e) in the case of a capitalisation issue, the relevant Collateral **TOGETHER WITH** the securities allotted by way of a bonus thereon;
- (f) in the case of a rights issue, the relevant Collateral **TOGETHER WITH** the securities allotted thereon, **PROVIDED THAT** the Borrower has given notice to the Lender in accordance with Clause 4(B)(vii), and has paid to the Lender all and any sums due in respect thereof;
- (g) in the event that a payment or delivery of Income is made in respect of the relevant Collateral in the form of securities or a certificate which may at a future date be exchanged for securities or in the event of an option to take Income in the form of securities or a certificate which may at a future date be exchanged for securities, notice has been given to the Borrower in accordance with Clause 4(B)(vii) the relevant Collateral **TOGETHER WITH** securities or a certificate equivalent to those allotted;
- (h) in the case of any event similar to any of the foregoing, the relevant Collateral **TOGETHER WITH** or replaced by a sum of money or securities equivalent to that received in respect of such Collateral resulting from such event;

For the avoidance of doubt, in the case of Bankers' Acceptances

(Collateral type B(v)), Equivalent Collateral must bear dates, acceptances and endorsements (if any) by the same entities as the bill to which it is intended to be equivalent and for the purposes of this definition, securities are equivalent to other securities where they are of an identical type, nominal value, description and amount and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate);

"Equivalent Securities"

means securities of an identical type, nominal value, description and amount to particular Securities borrowed and such term shall include the certificates and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate). If and to the extent that such Securities are partly paid or have been converted, subdivided, consolidated, redeemed, made the subject of a takeover, capitalisation issue, rights issue or event similar to any of the foregoing, the expression shall have the following meaning:

- (a) in the case of conversion, subdivision or consolidation the securities into which the borrowed Securities have been converted, subdivided or consolidated **PROVIDED THAT** if appropriate, notice has been given in accordance with Clause 4(B)(vii);
- (b) in the case of redemption, a sum of money equivalent to the proceeds of the redemption;
- (c) in the case of takeover, a sum of money or securities, being the consideration or alternative consideration of which the Lender has given notice to the Borrower in accordance with Clause 4(B)(vii);
- (d) in the case of a call on partly paid securities, the paid-up securities **PROVIDED THAT** the Lender shall have paid to the Borrower an amount of money equal to the sum due in respect of the call;
- (e) in the case of a capitalisation issue, the borrowed Securities **TOGETHER WITH** the securities allotted by way of a bonus thereon;
- (f) in the case of a rights issue, the borrowed Securities **TOGETHER WITH** the securities allotted thereon, **PROVIDED THAT** the Lender has given notice to the Borrower in accordance with Clause 4(B)(vii), and has paid to the Borrower all and any sums due in respect thereof;
- (g) in the event that a payment or delivery of Income is made in respect of the borrowed Securities in the form of securities or a certificate which may at a future date be exchanged for securities or in the event of an option to take Income in the form of securities or a certificate which may at a future date be exchanged for securities, notice

has been given to the Borrower in accordance with Clause 4(B)(vii) the borrowed Securities **TOGETHER WITH** securities or a certificate equivalent to those allotted;

- (h) in the case of any event similar to any of the foregoing, the borrowed Securities **TOGETHER WITH** or replaced by a sum of money or securities equivalent to that received in respect of such borrowed Securities resulting from such event;

For the purposes of this definition, securities are equivalent to other securities where they are of an identical type, nominal value, description and amount and such term shall include the certificate and other documents of or evidencing title and transfer in respect of the foregoing (as appropriate);

"Event of Default"

has the meaning given in Clause 12;

"Income"

any interest, dividends or other distributions of any kind whatsoever with respect to any Securities or Collateral;

"Income Payment Date"

with respect to any Securities or Collateral means the date on which Income is paid in respect of such Securities or Collateral, or, in the case of registered Securities or Collateral, the date by reference to which particular registered holders are identified as being entitled to payment of Income;

"Lender"

with respect to a particular loan of Securities means the Lender as referred to in Recital 1 of this Agreement;

"Manufactured Dividend"

shall have the meaning given in Clause 4(B)(ii);

"Margin"

shall have the meaning specified in the Schedule hereto;

"Nominee"

means an agent or a nominee appointed by either Party and approved (if appropriate) as such by the Inland Revenue to accept delivery of, hold or deliver Securities, Equivalent Securities, Collateral and/or Equivalent Collateral on its behalf whose appointment has been notified to the other Party;

"Non-Defaulting Party"

shall have the meaning given in Clause 12;

"Offer Price"

in relation to Equivalent Securities or Equivalent Collateral means the best available offer price thereof on the most appropriate market in a standard size;

"Offer Value"

Subject to Clause 8(E) means:-

- (a) in relation to Collateral equivalent to Collateral types B (ix) and C (more specifically referred to in the Schedule hereto) the Value thereof as calculated in accordance with such Schedule; and
- (b) in relation to Equivalent Securities or Collateral equivalent to all other types of Collateral (more

specifically referred to in the Schedule hereto) the amount it would cost to buy such Equivalent Securities or Equivalent Collateral at the Offer Price thereof at such time together with all costs, fees and expenses that would be incurred in connection therewith, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;

"Parties"	means the Lender and the Borrower and "Party" shall be construed accordingly;
"Performance Date"	shall have the meaning given in Clause 8;
"Principal"	shall have the meaning given in Clause 14;
"Reference Price"	means: (a) in relation to the valuation of Securities, Equivalent Securities, Collateral and/or Collateral equivalent to types B (ii), (viii), (xi) and (xii) (more specifically referred to in the Schedule hereto) such price as is equal to the mid market quotation of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral as derived from a reputable pricing information service (such as the services provided by Reuters, Extel Statistical Services and Telerate) reasonably chosen in good faith by the Lender or if unavailable the market value thereof as derived from the prices or rates bid by a reputable dealer for the relevant instrument reasonably chosen in good faith by the Lender, in each case at Close of Business on the previous Business Day; (b) in relation to the valuation of Collateral and/or Collateral equivalent to Collateral types A and B(i) (more specifically referred to in the Schedule hereto), the CGO Reference Price of such Securities, Equivalent Securities, Collateral and/or Equivalent Collateral then current as determined in accordance with the CGO Rules from time to time in force. (c) in relation to the valuation of Collateral and/or Collateral equivalent to Collateral types B(iii), (iv), (v), (vi) (vii) and (ix), (more specifically referred to in the Schedule hereto), the market value thereof as derived from the rates bid by Barclays Bank PLC for such instruments or, in the absence of such a bid, the average of the rates bid by two leading market makers for such instruments at Close of Business on the previous Business Day;
"Relevant Payment Date"	shall have the meaning given in Clause 4(B)(i);
"Rules"	means the rules for the time being of the Stock Exchange (where either Party is a member of the Stock Exchange) and/or any other regulatory authority whose rules and regulations shall from time to time affect the activities of the Parties pursuant to

this Agreement including but not limited to the stocklending regulations and guidance notes relating to both stocklending and manufactured interest and dividends for the time being in force of the Commissioners of the Inland Revenue and any associated procedures required pursuant thereto (**PROVIDED THAT** in an Event of Default, where either Party is a member of the Stock Exchange, the Rules and Regulations of the Stock Exchange shall prevail);

"Securities"

means Overseas Securities as defined in paragraph 1 (i) of Schedule 23A to the Income and Corporation Taxes Act 1988 which the Borrower is entitled to borrow from the Lender in accordance with the Rules and which are the subject of a loan pursuant to this Agreement and such term shall include the certificates and other documents of title in respect of the foregoing;

"Settlement Bank"

means a settlement member of the CHAPS and Town Clearing systems who has entered into contractual arrangements with the CGO to provide Assured Payment facilities for members of the CGO;

"Settlement Date"

means the date upon which Securities are or are to be transferred to the Borrower in accordance with this Agreement;

"Stock Exchange"

means the London Stock Exchange Limited;

"Value"

at any particular time means in respect of Securities and Equivalent Securities, the Reference Price thereof then current and in respect of Collateral and/or Equivalent Collateral such worth as determined in accordance with the Schedule hereto.

(B) All headings appear for convenience only and shall not affect the interpretation hereof.

(C) Notwithstanding the use of expressions such as "borrow", "lend", "Collateral", "Margin", "redeliver" etc. which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, title to Securities "borrowed" or "lent" and "Collateral" provided in accordance with this Agreement shall pass from one Party to another as provided for in this Agreement, the Party obtaining such title being obliged to redeliver Equivalent Securities or Equivalent Collateral as the case may be.

(D) For the purposes of Clauses 6(H)-6(K) and 8(C)-8(E) of this Agreement or otherwise where a conversion into the Base Currency is required, all prices, sums or values (including any Value, Offer Value and Bid Value) of Securities, Equivalent Securities, Collateral or Equivalent Collateral (including Cash Collateral) stated in currencies other than the Base Currency shall be converted into the Base Currency at the spot rate of exchange at the relevant time in the London interbank market for the purchase of the Base Currency with the currency concerned.

(E) Where at any time there is in existence any other agreement between the Parties the terms of which make provision for the lending of Securities (as defined in this Agreement) as well as other securities the terms of this Agreement shall apply to the lending of such Securities to the exclusion of any other such agreement.

(F) Any reference in this Agreement to an act, regulation, or other legislation hereunder shall include a reference to any statutory modification or re-enactment thereof for the time being in force.

2. LOANS OF SECURITIES

- (A) The Lender will lend Securities to the Borrower, and the Borrower will borrow Securities from the Lender in accordance with the terms and conditions of this Agreement and with the Rules **PROVIDED ALWAYS THAT** the Lender shall have received from the Borrower and accepted (by whatever means) a Borrowing Request.
- (B) The Borrower has the right to reduce the amount of Securities referred to in a Borrowing Request **PROVIDED THAT** the Borrower has notified the Lender of such reduction no later than midday London time on the day which is two Business Days prior to the Settlement Date unless otherwise agreed between the Parties and the Lender shall have accepted such reduction (by whatever means).

3. DELIVERY OF SECURITIES

The Lender shall procure the delivery of Securities to the Borrower or deliver such Securities in accordance with the relevant Borrowing Request **TOGETHER WITH** appropriate instruments of transfer duly stamped where necessary and such other instruments as may be requisite to vest title thereto in the Borrower. Such Securities shall be deemed to have been delivered by the Lender to the Borrower on delivery to the Borrower or as it shall direct of the relevant instruments of transfer, or in the case of Securities held by an agent or a clearing or settlement system on the effective instructions to such agent or the operator of such system to hold the Securities absolutely for the Borrower, or by such other means as may be agreed.

4. RIGHTS AND TITLE

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

- (i) any Securities borrowed pursuant to Clause 2;
- (ii) any Equivalent Securities redelivered pursuant to Clause 7;
- (iii) any Collateral delivered pursuant to Clause 6;
- (iv) any Equivalent Collateral redelivered pursuant to Clauses 6 or 7;

shall pass from one Party to the other subject to the terms and conditions mentioned herein and in accordance with the Rules, on delivery or redelivery of the same in accordance with this Agreement, free from all liens, charges and encumbrances. In the case of Securities, Collateral, Equivalent Securities or Equivalent Collateral title to which is registered in a computer based system which provides for the recording and transfer of title to the same by way of book entries, delivery and transfer of title shall take place in accordance with the rules and procedures of such system as in force from time to time. The Party acquiring such right, title and interest shall have no obligation to return or redeliver any of the assets so acquired but, in so far as any Securities are borrowed or any Collateral is delivered to such Party, such Party shall be obliged, subject to the terms of this Agreement, to redeliver Equivalent Securities or Equivalent Collateral as appropriate.

- (B) (i) Where Income is paid in relation to any Securities on or by reference to an Income Payment Date on which such Securities are the subject of a loan hereunder, the Borrower shall, on the date of the payment of such Income, or on such other date as the Parties may from time to time agree, (the "**Relevant Payment Date**") pay and deliver a sum of money or property equivalent to the same (with any such endorsements or assignments as shall be customary and appropriate to effect the delivery) to the Lender or its Nominee, irrespective of whether the Borrower received the same. The provisions of sub-paragraphs (ii) to (v) below shall apply in relation thereto.

- (ii) Subject to sub-paragraph (iii) below, in the case of any Income comprising a payment, the amount (the "**Manufactured Dividend**") payable by the Borrower shall be equal to the amount of the relevant Income together with an amount equivalent to any deduction, withholding or payment for or on account of tax made by the relevant issuer (or on its behalf) in respect of such Income together with an amount equal to any other tax credit associated with such Income unless a lesser amount is agreed between the Parties or an Appropriate Tax Voucher (together with any further amount which may be agreed between the Parties to be paid) is provided in lieu of such deduction, withholding tax credit or payment.
- (iii) Where either the Borrower, or any person to whom the Borrower has on-lent the Securities, is unable to make payment of the Manufactured Dividend to the Lender without accounting to the Inland Revenue for any amount of relevant tax (as required by Schedule 23A to the Income and Corporation Taxes Act 1988) the Borrower shall pay to the Lender or its Nominee, in cash, the Manufactured Dividend less amounts equal to such tax. The Borrower shall at the same time if requested supply Appropriate Tax Vouchers to the Lender.
- (iv) Unless otherwise agreed between the Parties as indicated in the Schedule to this Agreement, if at any time any Manufactured Dividend falls to be paid and neither of the Parties is an Approved UK Intermediary or an Approved UK Collecting Agent, the Borrower shall procure that the payment is paid through an Approved UK Intermediary or an Approved UK Collecting Agent agreed by the Parties for this purpose, unless the rate of relevant withholding tax in respect of any Income that would have been payable to the Lender but for the loan of the Securities would have been zero and no income tax liability under Chapter VIIA of Part IV of the Income and Corporation Taxes Act 1988 would have arisen in respect thereof.
- (v) In the event of the Borrower failing to remit either directly or by its Nominee any sum payable pursuant to this Clause, the Borrower hereby undertakes to pay a rate to the Lender (upon demand) on the amount due and outstanding at the rate provided for in Clause 13 hereof. Interest on such sum shall accrue daily commencing on and inclusive of the third Business Day after the Relevant Payment Date, unless otherwise agreed between the Parties.
- (vi) Each Party undertakes that where it holds securities of the same description as any securities borrowed by it or transferred to it by way of collateral at a time when a right to vote arises in respect of such securities, it will use its best endeavours to arrange for the voting rights attached to such securities to be exercised in accordance with the instructions of the Lender or Borrower (as the case may be) **PROVIDED ALWAYS THAT** each Party shall use its best endeavours to notify the other of its instructions in writing no later than seven Business Days prior to the date upon which such votes are exercisable or as otherwise agreed between the Parties and that the Party concerned shall not be obliged so to exercise the votes in respect of a number of Securities greater than the number so lent or transferred to it. For the avoidance of doubt the Parties agree that subject as hereinbefore provided any voting rights attaching to the relevant Securities, Equivalent Securities, Collateral and/or Equivalent Collateral shall be exercisable by the persons in whose name they are registered or in the case of Securities, Equivalent Securities, Collateral and/or Equivalent Collateral in bearer form, the persons by or on behalf of whom they are held, and not necessarily by the Borrower or the Lender (as the case may be).
- (vii) Where, in respect of any borrowed Securities or any Collateral, any rights relating to conversion, sub-division, consolidation, pre-emption, rights arising under a takeover offer or other rights, including those requiring election by the holder for the time being of such Securities or Collateral, become exercisable prior to the redelivery of Equivalent Securities

or Equivalent Collateral, then the Lender or Borrower, as the case may be, may, within a reasonable time before the latest time for the exercise of the right or option give written notice to the other Party that on redelivery of Equivalent Securities or Equivalent Collateral, as the case may be, it wishes to receive Equivalent Securities or Equivalent Collateral in such form as will arise if the right is exercised or, in the case of a right which may be exercised in more than one manner, is exercised as is specified in such written notice.

- (viii) Any payment to be made by the Borrower under this Clause shall be made in a manner to be agreed between the Parties.

5. RATES

- (A) In respect of each loan of Securities, the Borrower shall pay to the Lender, in the manner prescribed in sub-Clause (C), sums calculated by applying such rate as shall be agreed between the Parties from time to time to the daily Value of the relevant Securities.
- (B) Where Cash Collateral is deposited with the Lender in respect of any loan of Securities in circumstances where:
- (i) interest is earned by the Lender in respect of such Cash Collateral and that interest is paid to the Lender without deduction of tax, the Lender shall pay to the Borrower, in the manner prescribed in sub-Clause (C), an amount equal to the gross amount of such interest earned. Any such payment due to the Borrower may be set-off against any payment due to the Lender pursuant to sub-Clause (A) hereof if either the Borrower has warranted to the Lender in this Agreement that it is subject to tax in the United Kingdom under Case I of Schedule D in respect of any income arising pursuant to or in connection with the borrowing of Securities hereunder or the Lender has notified the Borrower of the gross amount of such interest or income; and
- (ii) sub-Clause (B)(i) above does not apply, the Lender shall pay to the Borrower, in the manner presented in sub-Clause (C), sums calculated by applying such rates as shall be agreed between the Parties from time to time to the amount of such Cash Collateral. Any such payment due to the Borrower may be set-off against any payment due to the Lender pursuant to sub-Clause (A) hereof.
- (C) In respect of each loan of Securities, the payments referred to in sub-Clauses (A) and (B) of this Clause shall accrue daily in respect of the period commencing on and inclusive of the Settlement Day and terminating on and exclusive of the Business Day upon which Equivalent Securities are redelivered or Cash Collateral is repaid. Unless otherwise agreed, the sums so accruing in respect of each calendar month shall be paid in arrears by the Borrower to the Lender or to the Borrower by the Lender (as the case may be) not later than the Business Day which is one week after the last Business Day of the calendar month to which such payments relate or such other date as the Parties shall from time to time agree. Any payment made pursuant to sub-Clauses (A) and (B) hereof shall be in such currency and shall be paid in such manner and at such place as shall be agreed between the Parties.

6. COLLATERAL

- (A) (i) Subject to sub-Clauses (B), (C) and (E) below the Borrower undertakes to deliver Collateral to the Lender (or in accordance with the Lender's instructions) **TOGETHER WITH** appropriate instruments of transfer duly stamped where necessary and such other instruments as may be requisite to vest title thereto in the Lender simultaneously with delivery of the borrowed Securities and in any event no later than Close of Business on the Settlement Date. Collateral may be provided in any of the forms specified in the Schedule

hereto (as agreed between the Parties);

- (ii) where Collateral is delivered to the Lender's Nominee any obligation under this Agreement to redeliver or otherwise account for Equivalent Collateral shall be an obligation of the Lender notwithstanding that any such redelivery may be effected in any particular case by the Nominee.
- (B) Where CGO Collateral is provided to the Lender or its Nominee by member-to-member delivery or delivery-by-value in accordance with the provisions of the CGO Rules from time to time in force, the obligation of the Lender shall be to redeliver Equivalent Collateral through the CGO to the Borrower in accordance with this Agreement. Any references, (howsoever expressed) in this Agreement, the Rules, and/or any other agreement or communication between the Parties to an obligation to redeliver such Equivalent Collateral shall be construed accordingly. If the loan of Securities in respect of which such Collateral was provided has not been discharged when the Collateral is redelivered, the Assured Payment obligation generated on such redelivery shall be deemed to constitute a payment of money which shall be treated as Cash Collateral until the loan is discharged, or further Equivalent Collateral is provided later during that Business Day. This procedure shall continue daily where CGO Collateral is delivered-by-value for as long as the relevant loan remains outstanding.
- (C) Where CGO Collateral or other collateral is provided by delivery-by-value to a Lender or its Nominee the Borrower may consolidate such Collateral with other Collateral provided by the same delivery to a third party for whom the Lender or its Nominee is acting.
- (D) Where Collateral is provided by delivery-by-value through an alternative book entry transfer system, not being the CGO, the obligation of the Lender shall be to redeliver Equivalent Collateral through such book entry transfer system in accordance with this Agreement. If the loan of Securities in respect of which such Collateral was provided has not been discharged when the Collateral is redelivered, any payment obligation generated within the book entry transfer system on such redelivery shall be deemed to constitute a payment of money which shall be treated as Cash Collateral until the loan is discharged, or further Equivalent Collateral is provided later during that Business Day. This procedure shall continue when Collateral is delivered-by-value for as long as the relevant loan remains outstanding;
- (E) Where Cash Collateral is provided the sum of money so deposited may be adjusted in accordance with Clause 6(H). Subject to Clause 6(H)(ii), the Cash Collateral shall be repaid at the same time as Equivalent Securities in respect of the Securities borrowed are redelivered, and the Borrower shall not assign, charge, dispose of or otherwise deal with its rights in respect of the Cash Collateral. If the Borrower fails to comply with its obligations for such redelivery of Equivalent Securities the Lender shall have the right to apply the Cash Collateral by way of set-off in accordance with Clause 8.
- (F) The Borrower may from time to time call for the repayment of Cash Collateral or the redelivery of Collateral equivalent to any Collateral delivered to the Lender prior to the date on which the same would otherwise have been repayable or redeliverable **PROVIDED THAT** at the time of such repayment or redelivery the Borrower shall have delivered or delivers Alternative Collateral acceptable to the Lender.
- (G)
 - (i) Where Collateral (other than Cash Collateral) is delivered in respect of which any Income may become payable, the Borrower shall call for the redelivery of Collateral equivalent to such Collateral in good time to ensure that such Equivalent Collateral may be delivered prior to any such Income becoming payable to the Lender, unless in relation to such Collateral the Parties are satisfied before the relevant Collateral is transferred that no tax will be payable to the UK Inland Revenue under Schedule 23A of the Income and Corporation Taxes Act 1988. At the time of such redelivery the Borrower shall deliver

Alternative Collateral acceptable to the Lender.

- (ii) Where the Lender receives any Income in circumstances where the Parties are satisfied as set out in Clause 6(G)(i) above, then the Lender shall on the date on which the Lender receives such Income or on such date as the Parties may from time to time agree, pay and deliver a sum of money or property equivalent to such Income (with any such endorsements or assignments as shall be customary and appropriate to effect the delivery) to the Borrower and shall supply Appropriate Tax Vouchers (if any) to the Borrower.
- (H) Unless the Schedule to this Agreement indicates that Clause 6(I) shall apply in lieu of this Clause 6(H), or unless otherwise agreed between the Parties, the Value of the Collateral delivered to or deposited with the Lender or its nominated bank or depositary (excluding any Collateral repaid or redelivered under sub-Clauses (H)(ii) or (I)(ii) below (as the case may be) ("**Posted Collateral**")) in respect of any loan of Securities shall bear from day to day and at any time the same proportion to the Value of the Securities borrowed under such loan as the Posted Collateral bore at the commencement of such loan. Accordingly:
 - (i) the Value of the Posted Collateral to be delivered or deposited while the loan of Securities continues shall be equal to the Value of the borrowed Securities and the Margin applicable thereto (the "**Required Collateral Value**");
 - (ii) if on any Business Day the Value of the Posted Collateral in respect of any loan of Securities exceeds the Required Collateral Value in respect of such loan, the Lender shall (on demand) repay such Cash Collateral and/or redeliver to the Borrower such Equivalent Collateral as will eliminate the excess; and
 - (iii) if on any Business Day the Value of the Posted Collateral falls below the Required Collateral Value, the Borrower shall (on demand) provide such further Collateral to the Lender as will eliminate the deficiency.
- (I) Subject to Clause 6(J), unless the Schedule to this Agreement indicates that Clause 6(H) shall apply in lieu of this Clause 6(I), or unless otherwise agreed between the Parties:-
 - (i) the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement shall equal the aggregate of the Required Collateral Values in respect of such loans;
 - (ii) if at any time the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement exceeds the aggregate of the Required Collateral Values in respect of such loans, the Lender shall (on demand) repay such Cash Collateral and/or redeliver to the Borrower such Equivalent Collateral as will eliminate the excess;
 - (iii) if at any time the aggregate Value of the Posted Collateral in respect of all loans of Securities outstanding under this Agreement falls below the aggregate of Required Collateral Values in respect of all such loans, the Borrower shall (on demand) provide such further Collateral to the Lender as will eliminate the deficiency.
- (J) Where Clause 6(I) applies, unless the Schedule to this Agreement indicates that this Clause 6(J) does not apply, if a Party (the "**first Party**") would, but for this Clause 6(J), be required under Clause 6(I) to repay Cash Collateral, redeliver Equivalent Securities or provide further Collateral in circumstances where the other Party (the "**second Party**") would, but for this Clause 6(J), also be required to repay Cash Collateral or provide or redeliver Equivalent Collateral under Clause 6(I), then the Value of the Cash Collateral or Equivalent Collateral deliverable by the first Party ("**X**") shall be set-off against the Value of the Cash Collateral, or Equivalent Collateral or further

Collateral deliverable by the second Party ("Y") and the only obligation of the Parties under Clause 6(I) shall be, where X exceeds Y, an obligation of the first Party, or where Y exceeds X, an obligation of the second Party, to repay Cash Collateral, redeliver Equivalent Collateral or to deliver further Collateral having a Value equal to the difference between X and Y.

- (K) Where Cash Collateral is repaid, Equivalent Collateral is redelivered or further Collateral is provided by a Party under Clause 6(H), the Parties shall agree to which loan or loans of Securities such repayment, redelivery or further provision is to be attributed and failing agreement it shall be attributed, as determined by the Party making such repayment, redelivery or further provision to the earliest outstanding loan and, in the case of a repayment or redelivery up to the point at which the Value of Collateral in respect of such loan is reduced to zero and, in the case of a further provision up to the point at which the Value of the Collateral in respect of such loan equals the Required Collateral Value in respect of such loan, and then to the next earliest outstanding loan up to the similar point and so on.
- (L) Where any Cash Collateral falls to be repaid or Equivalent Collateral to be redelivered or further Collateral to be provided under this Clause 6, it shall be delivered within the minimum period after demand specified in the Schedule or if no appropriate period is there specified within the standard settlement time for delivery of the relevant type of Cash Collateral, Equivalent Collateral or Collateral, as the case may be.

7. REDELIVERY OF EQUIVALENT SECURITIES

- (A) The Borrower undertakes to redeliver Equivalent Securities in accordance with this Agreement and the terms of the relevant Borrowing Request. For the avoidance of doubt any reference herein or in any other agreement or communication between the Parties (howsoever expressed) to an obligation to redeliver or account for or act in relation to borrowed Securities shall accordingly be construed as a reference to an obligation to redeliver or account for or act in relation to Equivalent Securities.
- (B) Subject to Clause 8 hereof and the terms of the relevant Borrowing Request the Lender may call for the redelivery of all or any Equivalent Securities at any time by giving notice on any Business Day of not less than the standard settlement time for such Equivalent Securities on the exchange or in the clearing organisation through which the relevant borrowed Securities were originally delivered. The Borrower shall as hereinafter provided redeliver such Equivalent Securities not later than the expiry of such notice in accordance with the Lender's instructions. Simultaneously with the redelivery of the Equivalent Securities in accordance with such call, the Lender shall (subject to Clause 6(I), if applicable) repay any Cash Collateral and redeliver to the Borrower Collateral equivalent to the Collateral delivered pursuant to Clause 6 in respect of the borrowed Securities. For the avoidance of doubt any reference herein or in any other agreement or communication between the Parties (however expressed) to an obligation to redeliver or account for or act in relation to Collateral shall accordingly be construed as a reference to an obligation to redeliver or account for or act in relation to Equivalent Collateral.
- (C) If the Borrower does not redeliver Equivalent Securities in accordance with such call, the Lender may elect to continue the loan of Securities **PROVIDED THAT** if the Lender does not elect to continue the loan the Lender may by written notice to the Borrower elect to terminate the relevant loan. Upon the expiry of such notice the provisions of Clauses (8) (B) to (F) shall apply as if upon the expiry of such notice an Event of Default had occurred in relation to the Borrower (who shall thus be the Defaulting Party for the purposes of this Agreement) and as if the relevant loan were the only loan outstanding.
- (D) In the event that as a result of the failure of the Borrower to redeliver Equivalent Securities to the Lender in accordance with this Agreement a "buy-in" is exercised against the Lender then provided that reasonable notice has been given to the Borrower of the likelihood of such a "buy-in", the Borrower shall account to the Lender for the total costs and expenses reasonably incurred by the

Lender as a result of such "buy-in".

- (E) Subject to the terms of the relevant Borrowing Request, the Borrower shall be entitled at any time to terminate a particular loan of Securities and to redeliver all and any Equivalent Securities due and outstanding to the Lender in accordance with the Lender's instructions. The Lender shall accept such redelivery and simultaneously therewith (subject to Clause 6(I) if applicable) shall repay to the Borrower any Cash Collateral or, as the case may be, redeliver Collateral equivalent to the Collateral provided by the Borrower pursuant to Clause 6 in respect thereof.
- (F) Where a TALISMAN short term certificate (as described in paragraph C of the Schedule) is provided by way of Collateral, the obligation to redeliver Equivalent Collateral is satisfied by the redelivery of the certificate to the Borrower or its expiry as provided for in the Rules applying to such certificate.
- (G) Where a Letter of Credit is provided by way of Collateral, the obligation to redeliver Equivalent Collateral is satisfied by the Lender redelivering for cancellation the Letter of Credit so provided, or where the Letter of Credit is provided in respect of more than one loan, by the Lender consenting to a reduction in the value of the Letter of Credit.

8. SET-OFF ETC.

- (A) On the date and time (the "**Performance Date**") that Equivalent Securities are required to be redelivered by the Borrower in accordance with the provisions of this Agreement the Lender shall simultaneously redeliver the Equivalent Collateral and repay any Cash Collateral held (in respect of the Equivalent Securities to be redelivered) to the Borrower. Neither Party shall be obliged to make delivery (or make a payment as the case may be) to the other unless it is satisfied that the other Party will make such delivery (or make an appropriate payment as the case may be) to it simultaneously. If it is not so satisfied (whether because an Event of Default has occurred in respect of the other Party or otherwise) it shall notify the other party and unless that other Party has made arrangements which are sufficient to assure full delivery (or the appropriate payment as the case may be) to the notifying Party, the notifying Party shall (provided it is itself in a position, and willing, to perform its own obligations) be entitled to withhold delivery (or payment, as the case may be) to the other Party.
- (B) If an Event of Default occurs in relation to either Party, the Parties' delivery and payment obligations (and any other obligations they have under this Agreement) shall be accelerated so as to require performance thereof at the time such Event of Default occurs (the date of which shall be the "**Performance Date**" for the purposes of this clause) and in such event:
 - (i) the Relevant Value of the Securities to be delivered (or payment to be made, as the case may be) by each Party shall be established in accordance with Clause 8(C); and
 - (ii) on the basis of the Relevant Values so established, an account shall be taken (as at the Performance Date) of what is due from each Party to the other and (on the basis that each Party's claim against the other in respect of delivery of Equivalent Securities or Equivalent Collateral or any cash payment equals the Relevant Value thereof) the sums due from one Party shall be set-off against the sums due from the other and only the balance of the account shall be payable (by the Party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be payable on the Performance Date.
- (C) For the purposes of Clause 8(B) the Relevant Value:-
 - (i) of any cash payment obligation shall equal its par value (disregarding any amount taken into account under (ii) or (iii) below);

- (ii) of any securities to be delivered by the Defaulting Party shall, subject to Clause 8(E) below, equal the Offer Value thereof; and
 - (iii) of any securities to be delivered to the Defaulting Party shall, subject to Clause 8(E) below, equal the Bid Value thereof.
- (D) For the purposes of Clause 8(C), but subject to Clause 8(E) below, the Bid Value and Offer Value of any securities shall be calculated as at the Close of Business in the most appropriate market for securities of the relevant description (as determined by the Non-Defaulting Party) on the first Business Day following the Performance Date, or if the relevant Event of Default occurs outside the normal business hours of such market, on the second Business Day following the Performance Date (the "Default Valuation Time");
- (E)
 - (i) Where the Non-Defaulting Party has following the occurrence of an Event of Default but prior to the Default Valuation Time purchased securities forming part of the same issue and being of an identical type and description to those to be delivered by the Defaulting Party and in substantially the same amount as those securities or sold securities forming part of the same issue and being of an identical type and description to those to be delivered by him to the Defaulting Party and in substantially the same amount as those securities, the cost of such purchase or the proceeds of such sale, as the case may be, (taking into account all reasonable costs, fees and expenses that would be incurred in connection therewith) shall be treated as the Offer Value or Bid Value, as the case may be, of the relevant securities for the purposes of this Clause 8.
 - (ii) Where the amount of any securities sold or purchased as mentioned in (E)(i) above is not in substantially the same amount as those securities to be valued for the purposes Clause 8(C) the Offer Value or the Bid Value (as the case may be) of those securities shall be ascertained by dividing the net proceeds of sale or cost of purchase by the amount of the securities sold or purchased so as to obtain a net unit price and multiplying that net unit price by the amount of the securities to be valued.
- (F) Any reference in this Clause 8 to securities shall include any asset other than cash provided by way of Collateral.
- (G) If the Borrower or the Lender for any reason fail to comply with their respective obligations under Clauses 6(F) or 6(G) in respect of redelivery of Equivalent Collateral or repayment of Cash Collateral such failure shall be an Event of Default for the purposes of this Clause 8, and the person failing to comply shall thus be the Defaulting Party.
- (H) Subject to and without prejudice to its rights under Clause 8(A) either Party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities, Collateral and cash transfers waive its right under this Agreement in respect of simultaneous delivery and/or payment **PROVIDED THAT** no such waiver in respect of one transaction shall bind it in respect of any other transaction.

9. TAXATION

- (A) The Borrower hereby undertakes promptly to pay and account for any transfer or similar duties or taxes chargeable in connection with any transaction effected pursuant to or contemplated by this Agreement, and shall indemnify and keep indemnified the Lender against any liability arising in respect thereof as a result of the Borrower's failure to do so.
- (B) A Party undertakes to notify the other Party if it becomes or ceases to be an Approved UK Intermediary or an Approved UK Collecting Agent.

10. LENDER'S WARRANTIES

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Lender:

- (A) it is duly authorised and empowered to perform its duties and obligations under this Agreement;
- (B) it is not restricted under the terms of its constitution or in any other manner from lending Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;
- (C) it is absolutely entitled to pass full legal and beneficial ownership of all Securities provided by it hereunder to the Borrower free from all liens, charges and encumbrances;
- (D) where the Schedule to this Agreement specifies that this Clause 10(D) applies, it is not resident in the United Kingdom for tax purposes and either is not carrying on a trade in the United Kingdom through a branch or agency or if it is carrying on such a trade the loan is not entered into in the course of the business of such branch or agency, and it has (i) delivered or caused to be delivered to the Borrower a duly completed 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

Each Party hereby warrants and undertakes to the other on a continuing basis to the intent that such warranties shall survive the completion of any transaction contemplated herein that, where acting as a Borrower:

- (A) it has all necessary licenses and approvals, and is duly authorised and empowered, to perform its duties and obligations under this Agreement and will do nothing prejudicial to the continuation of such authorisation, licences or approvals;
- (B) it is not restricted under the terms of its constitution or in any other manner from borrowing Securities in accordance with this Agreement or from otherwise performing its obligations hereunder;
- (C) it is absolutely entitled to pass full legal and beneficial ownership of all Collateral provided by it hereunder to the Lender free from all liens, charges and encumbrances;
- (D) it is acting as principal in respect of this Agreement;
- (E) where the Schedule to this Agreement specifies this Clause 11(E) applies, it is subject to tax in the United Kingdom under Case I of Schedule D in respect of any income arising pursuant to or in connection with the borrowing of Securities hereunder.

12. EVENTS OF DEFAULT

Each of the following events occurring in relation to either Party (the "**Defaulting Party**", the other Party being the "**Non-Defaulting Party**") shall be an Event of Default for the purpose of Clause 8:-

- (A) the Borrower or Lender failing to pay or repay Cash Collateral or deliver or redeliver Collateral or Equivalent Collateral upon the due date, and the Non-Defaulting Party serves written notice on the

Defaulting Party;

- (B) the Lender or Borrower failing to comply with its obligations under Clause 6, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (C) the Borrower failing to comply with Clause 4(B)(i), (ii) or (iii) hereof, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (D) an Act of Insolvency occurring with respect to the Lender or the Borrower and (except in the case of an Act of Insolvency which is the presentation of a petition for winding up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the Non-Defaulting Party serves written notice on the Defaulting Party;
- (E) any representations or warranties made by the Lender or the Borrower being incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (F) the Lender or the Borrower admitting to the other that it is unable to, or it intends not to, perform any of its obligations hereunder and/or in respect of any loan hereunder, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (G) the Lender (if appropriate) or the Borrower being declared in default by the appropriate authority under the Rules or being suspended or expelled from membership of or participation in any securities exchange or association or other self-regulatory organisation, or suspended from dealing in securities by any government agency, and the Non-Defaulting Party serves written notice on the Defaulting Party;
- (H) any of the assets of the Lender or the Borrower or the assets of investors held by or to the order of the Lender or the Borrower being transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the Non-Defaulting Party serves written notice on the Defaulting Party, or
- (I) the Lender or the Borrower failing to perform any other of its obligations hereunder and not remedying such failure within 30 days after the Non-Defaulting Party serves written notice requiring it to remedy such failure, and the Non-Defaulting Party serves a further written notice on the Defaulting Party.

Each Party shall notify the other if an Event of Default occurs in relation to it.

13. OUTSTANDING PAYMENTS

In the event of either Party failing to remit either directly or by its Nominee sums in accordance with this Agreement such Party hereby undertakes to pay a rate to the other Party upon demand on the net balance due and outstanding of 1% above the Barclays Bank PLC base rate from time to time in force.

14. TRANSACTIONS ENTERED INTO AS AGENT

- (A) Subject to the following provisions of this Clause, the Lender may enter into loans as agent (in such capacity, the "Agent") for a third person (a "Principal"), whether as custodian or investment manager or otherwise (a loan so entered into being referred to in this clause as an "Agency Transaction").
- (B) A Lender may enter into an Agency Transaction if, but only if:-

- (i) if specifies that loan as an Agency Transaction at the time when it enters into it;
 - (ii) it enters into that loan on behalf of a single Principal whose identity is disclosed to the Borrower (whether by name or by reference to a code or identifier which the Parties have agreed will be used to refer to a specified Principal) at the time when it enters into the loan; and
 - (iii) it has at the time when the loan is entered into actual authority to enter into the loan and to perform on behalf of that Principal all of that Principal's obligations under the agreement referred to in (D)(ii) below.
- (C) The Lender undertakes that, if it enters as agent into an Agency Transaction, forthwith upon becoming aware:-
- (i) of any event which constitutes an Act of Insolvency with respect to the relevant Principal; or
 - (ii) of any breach of any of the warranties given in Clause 14(E) below or of any event or circumstance which has the result that any such warranty would be untrue if repeated by reference to the current facts;

it will inform the Borrower of that fact and will, if so required by the Borrower, furnish it with such additional information as it may reasonably request.

- (D) (i) Each Agency Transaction shall be a transaction between the relevant Principal and the Borrower and no person other than the relevant Principal and the Borrower shall be a party to or have any rights or obligations under an Agency Transaction. Without limiting the foregoing, the Lender shall not be liable as principal for the performance of an Agency Transaction or for breach of any warranty contained in Clause 10(D) or 11(E) of this Agreement, but this is without prejudice to any liability of the Lender under any other provision of this Clause.
- (ii) All the provisions of the Agreement shall apply separately as between the Borrower and each Principal for whom the Agent has entered into an Agency transaction or Agency Transactions as if each such Principal were a party to a separate agreement with the Borrower in all respects identical with this Agreement other than this paragraph and as if the Principal were Lender in respect of that agreement.

PROVIDED THAT

if there occurs in relation to the Agent an Event of Default or an event which would constitute an Event of Default if the Borrower served written notice under any sub-Clause of Clause 12, the Borrower shall be entitled by giving written notice to the Principal (which notice shall be validly given if given to the Lender in accordance with Clause 20) to declare that by reason of that event an Event of Default is to be treated as occurring in relation to the Principal. If the Borrower gives such a notice then an Event of Default shall be treated as occurring in relation to the Principal at the time when the notice is deemed to be given; and

if the Principal is neither incorporated nor has established a place of business in Great Britain, the Principal shall for the purposes of the agreement referred to in (D)(ii) be deemed to have appointed as its agent to receive on its behalf service of process in the courts of England the Agent, or if the Agent is neither incorporated nor has established a place of business in the United Kingdom, the person appointed by the Agent for the purposes of this Agreement, or such other person as the Principal may from time to time

specify in a written notice given to the other party.

- (iii) The foregoing provisions of this Clause do not affect the operation of the Agreement as between the Borrower and the Lender in respect of any transactions into which the Lender may enter on its own account as principal.

- (E) The Lender warrants to the Borrower that it will, on every occasion on which it enters or purports to enter into a transaction as an Agency Transaction, have been duly authorised to enter into that loan and perform the obligations arising thereunder on behalf of the person whom it specifies as the Principal in respect of that transaction and to perform on behalf of that person all the obligations of that person under the agreement referred to in (D)(ii).

15. TERMINATION OF COURSE OF DEALINGS BY NOTICE

Each Party shall have the right to bring the course of dealing contemplated under this Agreement to an end by giving not less than 15 Business Days' notice in writing to the other Party (which notice shall specify the date of termination) subject to an obligation to ensure that all loans and which have been entered into but not discharged at the time such notice is given are duly discharged in accordance with this Agreement and with the Rules.

16. GOVERNING PRACTICES

The Borrower shall use its best endeavours to notify the Lender (in writing) of any changes in legislation or practices governing or affecting the Lender's rights or obligations under this Agreement or the treatment of transactions effected pursuant to or contemplated by this Agreement.

17. OBSERVANCE OF PROCEDURES

Each of the Parties hereto agrees that in taking any action that may be required in accordance with this Agreement it shall observe strictly the procedures and timetable applied by the Rules and, further, shall observe strictly any agreement (oral or otherwise) as to the time for delivery or redelivery of any money, Securities, Equivalent Securities, Collateral or Equivalent Collateral entered into pursuant to this Agreement.

18. SEVERANCE

If any provision of this Agreement is declared by any judicial or other competent authority to be void or otherwise unenforceable, that provision shall be severed from the Agreement and the remaining provisions of this Agreement shall remain in full force and effect. The Agreement shall, however, thereafter be amended by the Parties in such reasonable manner so as to achieve, without illegality, the intention of the Parties with respect to that severed provision.

19. SPECIFIC PERFORMANCE

Each Party agrees that in relation to legal proceedings it will not seek specific performance of the other Party's obligation to deliver or redeliver Securities, Equivalent Securities, Collateral or Equivalent Collateral but without prejudice to any other rights it may have.

20. NOTICES

All notices issued under this Agreement shall be in writing (which shall include telex or facsimile messages) and shall be deemed validly delivered if sent by prepaid first class post to or left at the addresses or sent to the telex or facsimile number of the Parties respectively or such other addresses or telex or facsimile numbers as each Party may notify in writing to the other.

21. ASSIGNMENT

Neither Party may charge assign or transfer all or any of its rights or obligations hereunder without the prior consent of the other Party.

22. NON-WAIVER

No failure or delay by either Party to exercise any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege as herein provided.

23. ARBITRATION AND JURISDICTION

(A) All claims, disputes and matters of conflict between the Parties arising hereunder shall be referred to or submitted for arbitration in London in accordance with English Law before a sole arbitrator to be agreed between the Parties or in default of agreement by an arbitrator to be nominated by the Chairman of The Stock Exchange on the application of either Party, and this Agreement shall be deemed for this purpose to be a submission to arbitration within the Arbitration Acts 1950 and 1979, or any statutory modification or re-enactment thereof for the time being in force.

(B) This Clause shall take effect notwithstanding the frustration or other termination of this Agreement.

(C) No action shall be brought upon any issue between the Parties under or in connection with this Agreement until the same has been submitted to arbitration pursuant hereto and an award made.

24. TIME

Time shall be of the essence of the Agreement.

25. RECORDING

The Parties agree that each may electronically record all telephonic conversations between them.

26. GOVERNING LAW

This Agreement is governed by, and shall be construed in accordance with, English Law.

IN WITNESS WHEREOF this Agreement has been executed on behalf of the Parties hereto the day and year first before written.

[MORGAN STANLEY]

[COUNTERPARTY]

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE

COLLATERAL

Types

Collateral acceptable under this Agreement may include the following or otherwise, as agreed between the Parties from time to time whether transferable by hand or within a depositary:-

- A. British Government Stock and other stock registered at the Bank of England which is transferable through the CGO to the Lender or its Nominee against an Assured Payment, hereinbefore referred to as CGO Collateral.

- B.
 - (i) British Government Stock and Sterling Issues by foreign governments (transferable through the CGO), in the form of an enfaced transfer deed or a long term collateral certificate or overnight collateral chit issued by the CGO accompanied (in each case) by an executed unenfaced transfer deed;

 - (ii) Corporation and Commonwealth Stock in the form of registered stock or allotment letters duly renounced;

 - (iii) UK Government Treasury Bills;

 - (iv) U.S. Government Treasury Bills;

 - (v) Bankers' Acceptances;

 - (vi) Sterling Certificates of Deposit;

 - (vii) Foreign Currency Certificates of Deposit;

 - (viii) Local Authority Bonds;

 - (ix) Local Authority Bills;

 - (x) Letters of Credit;

 - (xi) Bonds or Equities in registrable form or allotment letters duly renounced;

 - (xii) Bonds or Equities in bearer form.

- C. Cash Collateral.

Valuation of Collateral

Collateral provided in accordance with this Agreement shall be evaluated by reference to the following, or by such means as the Parties may from time to time agree:-

- (A) in respect of Collateral types A and B(i), the current CGO value calculated by reference to the middle market price of each stock as determined daily by the Bank of England, adjusted to include the accumulated interest thereon (the CGO Reference Price);

- (B) in respect of Collateral types B(ii) to (ix), (xi) and (xii) the Reference Price thereof;

(C) in respect of Collateral types B(x) the value specified therein.

Margin

The Value of the Collateral delivered pursuant to Clause 6 by the Borrower to the Lender under the terms and conditions of this Agreement shall on each Business Day represent not less than the Value of the borrowed Securities TOGETHER WITH the following additional percentages hereinbefore referred to as ("the Margin") unless otherwise agreed between the Parties:-

- (i) in the case of Collateral types A, B(i) to (x) and C: 5%, (for Certificates of Deposit the Margin shall be the accumulated interest thereon); or
- (ii) in the case of Collateral types B(xi) and (xii) : 5%

If the Value of the borrowed Securities includes any margin over the mid market price of the borrowed Securities this shall be taken into account in determining the Margin applicable.

Basis of Margin Maintenance

Clause 6 (I) (global margining) shall apply.

Clause 6(J) (netting of margin where one party both a Borrower and Lender) shall apply,

Minimum period after demand for transferring Cash Collateral or Equivalent Collateral: The standard settlement time for delivery of the relevant type of Cash Collateral, Equivalent Collateral or Collateral, as the case may be.

BASE CURRENCY

The Base Currency applicable to this Agreement is United States Dollars, unless otherwise agreed.

LENDER'S WARRANTIES

Where [Morgan Stanley] is Lender, Clause 10(D) shall not apply.

Where [Counterparty] is Lender, Clause 10(D) shall apply.

BORROWER'S WARRANTIES

Where [Morgan Stanley] is Borrower, Clause 11(E) shall apply.

Where [Counterparty] is Borrower, Clause 11(E) shall not apply.

ADDITIONAL PROVISIONS – HONG KONG SECURITIES

(a) This Agreement shall apply in relation to Hong Kong Securities only unless the Parties otherwise agree in writing.

(b) The Borrower shall not be required to arrange for the voting or other rights attached to any Securities to be exercised in accordance with the Lender's instructions and accordingly paragraphs (vi) and (vii) of Clause 4(B) this Agreement shall not apply.

(c) The Borrower shall not be required to pay to the Lender a fee under this Agreement in respect of any loan of Securities and accordingly Clause 5 of this Agreement shall not apply.

(d) The Borrower shall not be required to provide Collateral under this Agreement in respect of any loan made under this Agreement and accordingly –

- (i) without limiting sub-paragraph (iii) below, the definitions of Collateral, Alternative Collateral and Equivalent Collateral and Clauses 6, 7, 8, 11 and 12, to the extent that they relate to Collateral, Alternative Collateral, Cash Collateral, CGO Collateral or Equivalent Collateral, shall not apply;
- (ii) those provisions of the Schedule to this Agreement, other than this provision, which relate to Collateral shall not apply; and
- (iii) all references in this Agreement, other than in this provision, to Collateral and Equivalent Collateral shall be disregarded.

(e) To the extent that the Lender provides the Borrower with a report of the Borrower's borrowings for the last six months, this shall be for informational purposes only and no liability shall accrue to the Lender in relation to the completeness or accuracy of such report.