

BASE PROSPECTUS DATED 30 MARCH 2006

(Registered by the Monetary Authority of Singapore on 30 March 2006)

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser.

MINIBOND LIMITED

(incorporated with limited liability in the Cayman Islands)

S\$10,000,000,000 SECURED NOTE PROGRAMME

Under the Secured Note Programme (the “**Programme**”) described in this Base Prospectus, Minibond Limited (the “**Issuer**”) may from time to time incur indebtedness up to a maximum amount of S\$10,000,000,000 in the form of structured notes (“**Notes**”), which will be issued in Series (as defined herein in the section “Summary of the Secured Note Programme”) to the public in Singapore. Notes will be issued on the terms set out herein, and as described in a pricing statement to be issued by the Issuer in connection with each issue of a Series of Notes (each, a “**Pricing Statement**”). Potential investors should read this Base Prospectus together with the relevant Pricing Statement in order to understand the terms and conditions of each Series of Notes.

Lehman Brothers Inc. is the arranger of the Programme (the “**Arranger**”). However, prospective investors should note that the Notes offered under the Programme represent the sole obligations of the Issuer and do not represent the obligations of, or interests in, Lehman Brothers (as defined herein). The Hongkong and Shanghai Banking Corporation Limited is the issuing and paying agent of the Programme (the “**Issuing and Paying Agent**”).

Each Series of Notes will be secured by a charge on and/or assignment of and/or other security interest over or in respect of certain transferable securities (the “**Underlying Securities**”) and may also be secured by an assignment of the Issuer’s rights under an interest rate and/or currency exchange agreement (including any applicable guarantee, a “**Swap**”), a contract under which the Issuer may agree to buy or sell securities or enter into other contractual relations (including securities lending) (an “**Underlying Agreement**”), a credit support document (a “**Credit Support Document**”) and a stock borrowing agreement between the Issuer and one or more stock borrowers (a “**Stock Borrowing Agreement**”), together with such additional security, if any, as may be described in the relevant Pricing Statement. The Issuer’s rights, title and interest in and under any Underlying Securities, each Swap, each Underlying Agreement, each Credit Support Document and each Stock Borrowing Agreement are referred to in this Base Prospectus as “**Collateral**”. The Notes will also be secured by a charge over all sums held by the Issuing and Paying Agent and/or the Custodian (as defined herein) to meet payments due in respect of the Notes and by an assignment of the Issuer’s rights under the Agency Agreement (as defined herein). All the Issuer’s assets subject to the security constituted by each Supplemental Trust Deed (as defined herein) are referred to in this Base Prospectus as “**Mortgaged Property**”. The obligations of the Issuer under a Swap, an Underlying Agreement and/or any other agreement under which the Issuer may incur indebtedness, grant options or incur other obligations (a “**Contract**”), as the case may be, together with claims (if any) by the Custodian and/or the Issuing and Paying Agent in respect of payments made on behalf of the Issuer, will also be secured by certain assets comprised in the Mortgaged Property. Claims against the Issuer by holders of the Notes (the “**Noteholders**”) of a particular Series and, if applicable, the counterparty to the relevant Swap, Underlying Agreement or Contract, the Custodian and the Issuing and Paying Agent, will be limited to the Mortgaged Property applicable to that Series.

A copy of this Base Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the “**Authority**”). The Authority assumes no responsibility for the contents of this Base Prospectus. Registration of this Base Prospectus by the Authority does not imply that the Securities and Futures Act (as defined herein), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the structured notes being offered for investment. The Notes will not be listed or quoted on any securities exchange.

Prospective investors in the Notes should note that there are many different types of notes or bonds in the market place, many of which will have unique and distinctive features. Not all notes or bonds are capital protected. Notes which are sold or redeemed before their maturity date will be subject to unwinding or other transaction costs, and the amount received by prospective investors may be lower than the initial amount invested.

The purchase of any Notes to be issued under the Programme involves certain risks. You should ensure that you understand the nature of the Notes, in particular, the section headed “Risk Factors”, and should carefully study the matters set out in the relevant Pricing Statement, before you invest in the Notes. There will be no guarantee from any entity to you that you will recover any amount payable under the Notes and you could lose all or a substantial part of your investment in the Notes.

No Notes shall be issued or allocated on the basis of this Base Prospectus later than 24 months after the date of registration of this Base Prospectus.

Arranger

LEHMAN BROTHERS INC.

Reverse cover

An offering of Notes under this Base Prospectus will not be underwritten. Any such offering of Notes may not proceed if a minimum principal amount of the Notes, to be determined by the Arranger in its sole discretion, is not fully subscribed or purchased. In such event, all application or subscription moneys will be returned in full (without interest or any share of revenue or other benefit arising therefrom).

The Notes will solely be obligations of the Issuer and will not be guaranteed or insured by, or be the responsibility of, any other entity. While the Swap Guarantor (as defined herein) may execute Swap Guarantees (as defined herein) in connection with each Series of Notes, such guarantees are solely to guarantee the payment obligations of the Swap Counterparty (as defined herein) under the Swap Agreement (as defined herein). The Notes will not be obligations of, and will not be guaranteed or insured by, any of the Transaction Participants (as defined herein), in particular the Swap Guarantor. The Notes do not represent deposits with or other liabilities of the Trustee (as defined herein), the Arranger, any Reference Entity (as defined herein) or any of their respective affiliates or related corporations. The Issuer is not in the business of deposit-taking and does not hold itself out as accepting deposits on a day to day basis nor will it accept deposits on a day to day basis. None of the Arranger, the Swap Counterparties, the Swap Guarantor, the Calculation Agent, the Market Agent, the Dealer, the Allocation Agent or any of their affiliates (together, "**Lehman Brothers**") in any way stand behind the capital value or performance of the Notes, or of the assets held by the Issuer. The obligations of Lehman Brothers to the Issuer and/or the Noteholders are limited to that expressed in its written agreement with the Issuer.

Neither the Issuer nor the Notes will be rated by any rating agency but the Underlying Securities, the Swap Guarantor and each Reference Entity (or its respective holding company) in respect of each Series of Notes will have a minimum credit rating of investment grade by at least one of Moody's Investors Service, Inc. ("**Moody's**"), Fitch Ratings Ltd. ("**Fitch**") and/or Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("**Standard & Poor's**") (or any other recognised debt credit rating agency as of the Issue Date (as defined herein) as may be specified in the relevant Pricing Statement (each a "**Rating Agency**"). None of Moody's, Fitch and/or Standard & Poor's has, where applicable and relevant, consented to the specification of their credit ratings where it may appear in this Base Prospectus. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by any Rating Agency. A suspension, reduction or withdrawal of any of the ratings may adversely affect the market price of the Notes. Neither the Issuer nor the Arranger makes any representation as to the accuracy or reliability of the credit ratings save that the Issuer and the Arranger have taken reasonable care to correctly extract and/or reproduce such information in its proper form and context. More information on credit ratings can be found at the websites of Fitch at www.fitchratings.com, Standard & Poor's at www.standardandpoors.com and Moody's at www.moody.com. Except for the disclosure on the credit ratings of the Reference Entities in the relevant Pricing Statements, neither the Issuer nor the Arranger has conducted or will be conducting independent investigations on the Reference Entities in respect of (i) any legal or regulatory provisions which may materially affect the performance of the Reference Entities, (ii) any significant representations and warranties made concerning the Reference Entities, (iii) any material cross-default provisions relating to the Reference Entities, (iv) the nature and extent of the Reference Entities' exposure to any other entity and (v) the material terms or agreements involving the Reference Entities. Neither the Issuer nor the Arranger makes any representations as to the Reference Entities.

This Base Prospectus is not and does not purport to be investment advice. You should conduct such independent investigation and analysis regarding the Programme and any Notes to be issued under it and the other assets on which the obligations of the Issuer under any Notes may be secured (including, without limitation, in respect of the issuer and any guarantor thereof) as you deem appropriate. You should make an investment only after you have determined that such investment is suitable for your financial investment objectives.

No Reference Entity is involved in the issuance of the Notes in any way or has any obligation to consider the interests of the Noteholders in taking any corporate action that might affect the value of the Notes. Each Reference Entity may, and is entitled to, take actions that will adversely affect the value of the Notes. The purchase price paid for the Notes is paid to the Issuer and not to any Reference Entity, and the Notes do not represent a direct investment in any obligation of any Reference Entity or otherwise give the Noteholders any rights in the debt or other obligations of any Reference Entity. As an owner of Notes, a Noteholder will not have special voting rights or rights to receive distributions or any other rights that holders of debt or other obligations of a Reference Entity may have.

Each Series of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**"). Notes in registered form will be represented by registered certificates (each a "**Certificate**"). Global Notes and Global Certificates (both as defined herein) may be deposited on the Issue Date with The Central Depository (Pte) Limited ("**CDP**"), subject to any restrictions or conditions which may be applicable (as specified in the relevant Pricing Statement), or a common depository on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") (each a "**clearing system**"). The provisions governing the exchange of interests in Global Notes and Global Certificates are described in the section "Summary of Provisions Relating to the Notes while in Global Form".

Throughout this Base Prospectus, the term "**Noteholder**" is used to mean the investors in the Notes. Prospective investors should be aware that for the purposes of the terms and conditions of the Notes, where the Note is a Global Note or Global Certificate held by CDP or through Euroclear or Clearstream, Luxembourg, the term "**Noteholders**" shall mean the persons shown in the records of CDP, Euroclear or Clearstream, Luxembourg as a holder of a principal amount of the Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person shown in the Register (as defined herein) at the date of business on the Record Date (as defined in the section "Master Terms and Conditions of the Notes") shall be treated as the holder of such Notes.

You should contact the Distributors (as defined herein) whose addresses will be set out in the relevant Pricing Statement if you wish to purchase any Notes. See the section "Subscription Procedures" for further details on how to apply for the Notes.

NOTICE

Each of the Issuer, the directors of the Issuer and the Arranger accept full responsibility for the accuracy of the information contained in this Base Prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Base Prospectus are fair and accurate in all material respects as of the date of this Base Prospectus and that there are no material facts the omission of which would make any statement herein misleading as of the date of this Base Prospectus.

The Notes are offered to the public in Singapore solely on the basis of the information contained and representations made in this Base Prospectus, the relevant Pricing Statement and any supplement thereto. No person has been authorised to give any information or to make any representation other than those contained in this Base Prospectus or the relevant Pricing Statement in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, Arranger, Distributors, Dealer, Agents, Trustee, Swap Counterparty, Swap Guarantor or their respective affiliates (together, other than the Issuer, the “**Transaction Participants**”) nor shall any Transaction Participant be responsible for any losses arising from such information or representation.

Neither the delivery of this Base Prospectus and/or the relevant Pricing Statement nor any sale made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer and Lehman Brothers since the date hereof or the date of the relevant Pricing Statement or that there has been no adverse change in the financial position of the Issuer and Lehman Brothers since the date hereof or the date of the relevant Pricing Statement or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Lehman Brothers may, subject to compliance with applicable laws and regulations, from time to time, as principal or agent, have positions in, or may buy or sell, make a market in any securities, currencies, financial instruments or other assets underlying the Notes. Lehman Brothers may provide investment banking and other services to and/or have officers who serve as directors of the Reference Entities referred to in the relevant Pricing Statement. Lehman Brothers may pay or receive brokerage or other fees in connection with the Notes. Lehman Brothers’ hedging activities related to the Notes may have an impact on the price of the underlying assets and may affect the likelihood that any relevant barrier is crossed.

This Base Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Notes in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, any jurisdiction, except for the filing and/or registration of this Base Prospectus in Singapore.

The distribution of this Base Prospectus and any Pricing Statement and the offering or sale of the Notes may, in certain jurisdictions, be restricted by law. The Issuer, the Arranger, the Distributors and the Dealer require persons into whose possession this Base Prospectus and any Pricing Statement come, to inform themselves of, and observe, all such restrictions. In particular, the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on offers and sales of Notes and on distribution of this Base Prospectus, see the section “Selling Restrictions” below for further details.

None of this Base Prospectus, any Pricing Statement or any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any Transaction Participant that any recipient of this Base Prospectus,

any Pricing Statement or any other information supplied in connection with the Notes, should purchase any of the Notes. None of the Issuer, the Arranger, the Swap Counterparties nor any other person or person on their behalf makes any representation or warranty, express or implied, as to any of the Reference Entities or any information contained in any documents filed by any of the Reference Entities with any exchange or with any governmental entity regulating the offering or sale of securities. Purchasers of Notes should conduct such independent investigation and analysis as they deem appropriate to evaluate the merits and risks of any investment in the Notes. Each investor contemplating investing in or holding any of the Notes should make its own investigation and analysis of the Notes, the Mortgaged Property and the Reference Entities (including their financial condition and affairs and creditworthiness) and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, Lehman Brothers Holdings Inc., Lehman Brothers Finance S.A. and Lehman Brothers Special Financing Inc. so as to evaluate the merits and risks of any investment in or the holding of or dealing in the Notes. Information in this Base Prospectus relating to each of Lehman Brothers Holdings Inc., Lehman Brothers Finance S.A. and Lehman Brothers Special Financing Inc. has been supplied by the relevant entity. The Issuer and its directors have taken reasonable care to correctly extract and/or reproduce such information from the relevant source of publicly available information.

References to any website in this Base Prospectus is intended to assist prospective investors to access further information relating to the subject as indicated. Prospective investors should conduct such web searches as they deem appropriate and ensure that they are viewing the most up-to-date information. Information appearing on such websites does not form part of this Base Prospectus. Neither the Arranger nor the Issuer accepts any responsibility whatsoever that such information, if available, is accurate and/or up-to-date, and no responsibility is accepted in relation to any such information by any person responsible for this Base Prospectus.

Any action an investor may wish to take against the Issuer in accordance with the terms and conditions of the Notes will require the cooperation of the Noteholder and/or the Trustee. Investors may have no right of direct action against the Issuer and if such investors maintain investment accounts with their Distributors, such investors will need to rely upon their Distributor or broker to contact the Trustee to take action against the Issuer on their behalf in accordance with the terms of the Trust Deed (as defined herein). The terms of business of one Distributor or broker to another may be very different and prospective investors are advised to understand the terms of business of their Distributor and to ensure they understand the circumstances in which they may rely upon their Distributor to act on their behalf.

In this Base Prospectus and (if applicable) the Pricing Statement, unless otherwise specified or the context otherwise requires, references to “**U.S. Dollars**”, “**USD**” or “**US\$**” are to the lawful currency of the United States of America and those to “**Singapore Dollars**”, “**SGD**” or “**S\$**” are to the lawful currency of the Republic of Singapore.

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the relevant Pricing Statement and any supplements to this Base Prospectus, which shall be deemed to be incorporated in, and to form part of, this Base Prospectus and which shall be deemed to modify or supersede the contents of this Base Prospectus to the extent that a statement contained in any such document is inconsistent with such contents.

The terms applicable to each Tranche (as defined herein) or Series of the Notes will contain terms applicable to that Tranche or Series (as the case may be), which will be set out in the relevant Pricing Statement. References in the Pricing Statement to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme; details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Statement.

This Base Prospectus does not contain the information required by the following paragraphs under the Ninth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, which shall be published from time to time, where relevant and/or where the Issuer has not been exempted from disclosing such information, by way of a Pricing Statement in relation to each public offer of a Series of Notes under the Programme:

- 1) *Paragraph 1(e) of Part I (the maturity date of such Series of Notes being offered);*
- 2) *Paragraphs 1(a), 1(b), 1(f) of Part III (a summary of the main terms of the Notes being offered);*
- 3) *Paragraphs 1 to 5 and 7 of Part IV (information on, amongst others, the offer statistics, the method of offer and timetable and the manner in which the results of allocation will be made public);*
- 4) *Paragraphs 3(a) to 3(d) of Part V (information on, amongst others, the manner in which principal and interest will be determined);*
- 5) *Paragraphs 2, 3, 7(a) to 7(c) of Part VI (information on the characteristics of the reference entities and significant exposure to the reference entities);*
- 6) *Paragraphs 2 and 5 of Part VIII (information on the offer details and plan of distribution); and*
- 7) *Paragraphs 5(a), 5(b) and 17 of Part X (a summary of the payment characteristics of the Notes and information on the underlying securities).*

CONTENTS

	<i>Page</i>
SUMMARY OF THE SECURED NOTE PROGRAMME	5
SUBSCRIPTION PROCEDURES	11
MARKET MAKING ARRANGEMENTS	14
LEHMAN BROTHERS EXCHANGE OPTION	15
FEES AND EXPENSES	16
RISK FACTORS	17
GENERAL INFORMATION ON REFERENCE ENTITIES	24
MASTER TERMS AND CONDITIONS OF THE NOTES	25
DESCRIPTION OF THE SECURITY ARRANGEMENTS IN RESPECT OF THE NOTES	50
DESCRIPTION OF THE SWAP AGREEMENT AND THE SWAP GUARANTEE	52
DESCRIPTION OF THE SWAP GUARANTOR	55
DESCRIPTION OF THE SWAP COUNTERPARTIES	56
DESCRIPTION OF THE ARRANGER	57
THE ISSUING AND PAYING AGENT	58
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM	59
SETTLEMENT, CLEARANCE AND CUSTODY	62
TAXATION OF NOTES	64
SELLING RESTRICTIONS	67
GENERAL AND STATUTORY INFORMATION	70
GLOSSARY	75

SUMMARY OF THE SECURED NOTE PROGRAMME

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. To determine the terms and conditions which apply to any Series of Notes, it is necessary to read the terms and conditions of the Notes (see the section “Master Terms and Conditions of the Notes” in this Base Prospectus (the “Master Conditions”)) together with the relevant Pricing Statement. Words and expressions defined in the section “Master Terms and Conditions of the Notes” below shall have the same meanings in this summary.

Issuer:	Minibond Limited, a special purpose company incorporated in the Cayman Islands with limited liability, the shares of which are legally owned by the Share Trustee (as defined in the Master Conditions) and held pursuant to a charitable trust.
Description:	Secured Note Programme pursuant to which the Issuer may issue Notes on a secured limited recourse basis to the public in Singapore. The Secured Note Programme allows for the issue by the Issuer of up to S\$10,000,000,000 (or the equivalent in other currencies at the date of issue) in aggregate nominal amount of Notes outstanding at any one time.
Duration:	No fixed period but the Arranger and the Dealer may terminate the Programme in accordance with the provisions of the Programme Agreement (as defined herein).
Arranger:	Lehman Brothers Inc. is the Arranger of the Programme and will provide the Issuer with the proposed terms of each Series. The issue of each Series will be subject to the prior approval of the Board of Directors of the Issuer.
Trustee:	HSBC Institutional Trust Services (Singapore) Limited. The Trustee has power to enforce the rights of the Noteholders under the Notes on behalf of the Noteholders.
Registrar:	The Hongkong and Shanghai Banking Corporation Limited unless otherwise specified in the relevant Pricing Statement.
Issuing and Paying Agent:	The Hongkong and Shanghai Banking Corporation Limited, or such other party or parties as set out in the relevant Pricing Statement who is responsible for payment of interest, principal or redemption amount to the holders of Notes issued in bearer form and certain other administrative duties incidental to such functions.
Calculation Agent:	Lehman Brothers Asia Limited, or such other party or parties as set out in the relevant Pricing Statement who is responsible for the calculation of any rate or amount in relation to the Notes.
Custodian:	Unless otherwise specified in the Pricing Statement, the Custodian in respect of each issue of Notes will be The Hongkong and Shanghai Banking Corporation Limited. The Custodian will hold the Underlying Securities in custody for the Notes.
Distributors:	The Issuer will enter into arrangements with one or more distributors (the “Distributors”) for the purpose of the distribution of the Notes to prospective investors. See the section headed “Subscription Procedures” below for further details.

Dealer:	Lehman Brothers International (Europe) or such other party named as such in the Programme Agreement. See the section headed “Subscription Procedures” below for further details.
Market Agent:	Lehman Brothers International (Europe) or such other party or parties as specified and defined in the relevant Pricing Statement.
Mortgaged Property:	The Notes of each Series will be secured in the manner set out in Condition 4 of the Master Conditions, including by a charge on and/or assignment of and/or other security interest over or in respect of the Collateral and the Agency Agreement and all sums held from time to time by the Custodian and/or the Issuing and Paying Agent insofar as such sums relate to that Series. Each Series may also be secured on such additional security as may be described in the relevant Pricing Statement. References in this Base Prospectus to “Security” are to the security constituted by the relevant Supplemental Trust Deed and/or such other security document referred to in the Supplemental Trust Deed.
Limited Recourse:	Claims against the Issuer by the Swap Counterparty (if any) and the holders of the Notes will be limited to the Mortgaged Property (as described above). If the net proceeds of the enforcement of the Mortgaged Property are not sufficient to make all payments due in respect of, among other things, the Swap Agreement (if any) and the Notes, the obligations of the Issuer will be limited to such net proceeds of realisation, no other assets of the Issuer will be available to meet such shortfall and no debt shall be owed by the Issuer in respect of such shortfall. See the paragraph headed “Status of Notes” below for a description of how the claims of the secured parties, including the Noteholders, would rank in the case of any shortfall.
Method of Issue:	Unless otherwise specified in the relevant Pricing Statement, the Issuer will enter into arrangements with one or more Distributors for the distribution of the Notes subscribed by the public in Singapore. See the provisions of the relevant Pricing Statement for further details. If so agreed between the Issuer and the Dealer in respect of any Series of Notes, the Issuer may also issue Notes to the Dealer and the Dealer may subscribe for such Notes pursuant to the Programme, as described below under the heading “Where Notes are offered to the Dealer”.
Issuance in Series:	<p>The Notes will be issued in series (each a “Series”) having one or more Issue Dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series.</p> <p>Each Series may be issued in tranches (each a “Tranche”) on the same or different Issue Dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, which are identical in respect of the Issue Date, Issue Price and first payment of interest) will be set out in the Pricing Statement.</p>

Pricing Statement:	A Pricing Statement will be issued by the Issuer in connection with each Series of Notes and where the Series comprises more than one Tranche, a Pricing Statement will provide details of each Tranche. The terms and conditions applicable to each such Series of Notes are described in the section “Master Terms and Conditions of the Notes” contained herein, as supplemented, amended and/or replaced as described and summarised in the relevant Pricing Statement. This Base Prospectus must be read in conjunction with the relevant Pricing Statement.
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount, as set out in the relevant Pricing Statement.
Form of Notes:	The Notes may be issued in bearer form only (“ Bearer Notes ”) or in registered form only (“ Registered Notes ”). Each Tranche of Bearer Notes will be represented on issue by a Temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their Issue Date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in the paragraph headed “Selling Restrictions” below), otherwise such Tranche will be represented by a Permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates” and will be represented on issue by either an Unrestricted Global Certificate or a Restricted Global Certificate. Permanent Global Notes will be exchangeable, in whole but not in part (except in certain circumstances), for definitive Notes only in very limited circumstances including, (i) if an Event of Default (as defined in Condition 10 of the Master Conditions) has occurred and is continuing; (ii) the Issuer has been notified that Euroclear, Clearstream, Luxembourg and/or any alternative clearing system have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention to permanently cease business or have in fact done so and no successor clearing system is available; (iii) the Issuer has been notified that CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); (iv) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or (v) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Services Agreement (as defined herein) and no alternative clearing system is available. Definitive Notes (if issued) will, if interest-bearing, have coupons attached.
Credit Support:	Notes may be issued with the benefit of monoline guarantees or other forms of credit enhancement. Where applicable, a description of any form of credit enhancement relevant to an issue of Notes will be included in the relevant Pricing Statement.

Swap Agreement:	In connection with the issues of the Notes, the Issuer may enter into one or more derivative contracts between the Issuer and one or more counterparties. See the section headed “Description of the Swap Agreement and the Swap Guarantee” for more information, in particular for the function of the Swap Guarantee in relation to the Programme.
Clearing Systems:	CDP, Clearstream, Luxembourg, Euroclear and/or any alternative clearing system as may be specified in the relevant Pricing Statement.
Currencies:	Notes may be denominated in any currency as determined by the Issuer and as indicated in the relevant Pricing Statement.
Maturity:	Notes may be issued with any maturity as set out in the relevant Pricing Statement.
Denomination:	Notes will be in such denominations as may be specified in the relevant Pricing Statement.
Early Redemption:	Early redemption will be permitted for taxation reasons and, subject to all relevant legal and regulatory requirements, will otherwise be permitted at the option of the Issuer or a holder to the extent specified in the relevant Pricing Statement.
Redemption:	Notes may be redeemed at par or at such other redemption amount above or below par as may be determined by the Issuer and as indicated in the relevant Pricing Statement.
Mandatory Redemption:	If all or some of the Underlying Securities relating to a Series become repayable prior to their stated maturity or there is a payment default in respect of any such Underlying Securities, the Notes of that Series shall become repayable in whole or in part. See the section headed “Master Terms and Conditions of the Notes – Redemption, Purchase and Options” for further details.
Redemption by Instalments:	Notes which provide for Instalment Dates and Instalment Amounts in the relevant Pricing Statement will be partially redeemed on each Instalment Date at the specified Instalment Amounts in the relevant Pricing Statement.
Interest:	Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate and the method of calculating interest may vary between the Issue Date and the Maturity Date (as defined herein) of the relevant Series as set out in the relevant Pricing Statement.

Status of Notes:	The Notes of a Series will be secured, limited recourse obligations of the Issuer ranking <i>pari passu</i> without any preference among themselves and secured in the manner described in “Master Terms and Conditions of the Notes – Mortgaged Property”. Recourse in respect of any Series will be limited to the Mortgaged Property relating to that Series. Claims of Noteholders and, if applicable, any counterparty to a Swap, Underlying Agreement, Credit Support Document, Stock Borrowing Agreement and/or Contract (together, other than the Noteholders, “ Other Creditors ”), the Trustee, the Registrar, the Custodian, the Paying Agents, the Transfer Agent and the Corporate Services Provider shall rank in accordance with the priorities specified in the relevant Supplemental Trust Deed. The Pricing Statement will disclose the order of priority of claims in connection with the realisation or enforcement of the security in accordance with Master Condition 4(b). See Master Condition 4(b) for further details.
Negative Pledge/Restrictions:	So long as any of the Notes remain outstanding, the Issuer will not, without the consent of the Trustee and any Other Creditors, incur any other indebtedness for borrowed moneys or engage in any business (other than issues of Notes contemplated by this Base Prospectus), declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property, consolidate or merge with any other person, convey or transfer its properties or assets substantially as an entity to any person (other than as contemplated by the Master Conditions) or issue any shares. However, the Issuer may incur non-recourse indebtedness having substantially similar terms as to limitation of recourse as the Notes.
Modification and Waiver:	The Trustee may agree, without the consent of the Noteholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of the Master Conditions or any of the provisions of the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is, in the opinion of the Trustee, of a formal, minor or technical nature or to correct a manifest error. Other modifications must be approved by a resolution of the Noteholders according to detailed provisions set out in the Trust Deed.
Withholding Tax:	All payments of principal and interest by the Issuer in respect of the Notes and Coupons (as defined in the Master Conditions) may be made subject to any withholding or deduction for, or on account of, any Cayman Islands taxation. However, under Cayman Islands laws existing as at the date of this Base Prospectus, payments in respect of the Notes will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any holder of a Note. The Notes may be subject to stamp duty in certain circumstances as described below. See the section headed “Taxation of Notes – The Cayman Islands” for further details.

Notices:	<p>So long as any Notes are represented by a Global Note or a Global Certificate which is held by CDP or held through Euroclear or Clearstream, Luxembourg or any alternative clearing system, notices required to be given to Noteholders shall be validly given by the delivery of the relevant notice to the relevant clearing system for communication by it to entitled accountholders. Except where Notes are held by investors in their direct Securities Account (as defined herein) with CDP, in all other cases, the Distributors will be the accountholders for the purpose of delivery of notices to the Noteholders through the clearing systems and you will therefore need to rely on your Distributor to communicate such notices to you.</p> <p>Notices may be published in a daily newspaper of general circulation in Singapore (which is expected to be The Business Times).</p>
Selling Restrictions:	<p>See the section headed “Selling Restrictions” for a discussion of certain restrictions on the offering of the Notes and the distribution of offering materials in various jurisdictions.</p> <p>The Issuer is Category 1 for the purposes of Regulation S under the Securities Act.</p> <p>Notes in bearer form will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Statement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Statement as a transaction to which TEFRA is not applicable.</p>
Rating:	The Notes will not be rated by any rating agency.
Governing Law:	Singapore law except that the Swap Guarantee will be governed by New York law.
Listing:	The Notes will not be listed on any exchange.
Terms and Conditions:	The terms and conditions of the Notes as described in the section “Master Terms and Conditions of the Notes” in this Base Prospectus.

SUBSCRIPTION PROCEDURES

General

The Issuer will enter into Distributor Appointment Agreements (as defined herein), together with the Arranger, the Allocation Agent (as defined herein) and the Market Agent (as defined herein), with one or more Distributors in connection with each issue of Notes for the purpose of the distribution of the Notes to prospective investors. The Allocation Agent will be responsible for allocating the Notes of each Series to the relevant Distributors. If so agreed between the Issuer and the Dealer in respect of any Series of Notes, the Issuer may also issue Notes to the Dealer and the Dealer may subscribe for such Notes pursuant to the Programme, as described below under the heading “Where Notes are offered to the Dealer”. In any event, the Issuer will not grant any pre-emptive rights for the subscription or purchase of the Notes.

If you wish to purchase any Notes as part of the Issuer’s offering pursuant to this Base Prospectus and any Pricing Statement, you must contact one of the Distributors as Notes are only offered through the Distributors. The relationship you have with your Distributor is governed by the customer agreement (if any and if applicable) you sign with your Distributor and is not related to or controlled by the Issuer or the Arranger or by anything in this Base Prospectus or the relevant Pricing Statement. The Distributor Appointment Agreements will set out amongst other things the requirement for the Distributors to comply with the “Selling Restrictions” section set out in this Base Prospectus and all relevant laws, regulations and guidelines or codes issued by the Authority.

When prospective investors apply to purchase any Notes through a Distributor, they may be charged a handling fee by the Distributor in connection with such subscription. Prospective investors are advised to contact one of the Distributors (whose contact details will appear in the relevant Pricing Statement) for further details of any such handling fee which may be levied. The handling fees payable to one Distributor may differ from those payable to another Distributor.

Prospective investors are advised that arrangements for the purchase by them of any Notes as part of the initial issue of a Series of Notes (including, without limitation, arrangements regarding the time and method of payment of the purchase price for the Notes, the amount of the charges to be levied by the Distributor, the opening and closing period (if any) for placing an order for the Notes and the arrangements for refund or payment of additional sums) may be as separately agreed between the prospective investors and the Distributor and may be subject to the Distributor’s terms and conditions relating to such arrangements. Each Distributor may impose different arrangements relating to the purchase of the Notes and prospective investors should contact the Distributors for information relating to such arrangements. It is important that you familiarise yourself with, and ensure that you understand and accept, the terms and conditions imposed by the Distributors.

The identities and respective contact details of the Distributors for each specific Series of Notes will be set out in the relevant Pricing Statement. Prospective investors may also, upon request, avail themselves to such information on the Distributors at the office of the Arranger in Singapore (the address of which is set out on the last page of this Base Prospectus) during normal business hours on any weekday for so long as any Notes remain outstanding.

The relevant Pricing Statement will set out the terms, conditions and procedures for application and acceptance of the Notes. The relevant Pricing Statement will also include a description of the manner in which results of the allocation of the Notes being offered are to be made public and where appropriate, the manner for refunding excess amounts paid by applicants.

Where Notes are to be cleared through CDP

In addition to the information under “General” above, where it is indicated in the relevant Pricing Statement that the clearing system for the Notes is CDP, you must either (i) open a, or have an existing, direct Securities Account with CDP; or (ii) open an investment account with a Distributor who is a Depository Agent (as defined herein) approved by CDP under the Companies Act (as defined herein), to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients.

If you wish to open such an investment account with a Distributor, you must arrange to open an investment account in good time before placing your order.

Some important points about opening, and holding your Notes in, an investment account are as follows:

- Applications to open an investment account with a Distributor will be processed by the Distributor according to its normal procedures and criteria for acceptance. Neither the Issuer nor the Arranger accepts any responsibility for the account opening process of any Distributor or for any consequences of, or result from, such an application by you.
- Investment account and other related services with respect to the Notes will be supplied by the Distributors subject to their standard terms and conditions for the provision of such services. You should familiarise yourself with, and ensure you understand and accept, the terms and conditions of operation of the investment account before making your application to open an investment account. Neither the Issuer nor the Arranger accepts any responsibility for any consequences of, or arising from, the use of the investment account or services provided by the Distributors.
- The Distributors will charge fees for the opening and operating of an investment account: you should check with the Distributor with which you intend to open an investment account what fees will be chargeable. Fees may be charged in respect of individual transactions, such as transfers of Notes; on a periodic basis for safe custody; and on payments of interest and principal when they are received. You should check with the Distributor with which you intend to open an investment account on what basis fees will be charged in respect of your Notes.
- You should ask for and read carefully the standard terms and conditions which govern the operation of an investment account with your Distributor as these will determine your rights and obligations with such party. The terms and conditions thereunder may permit the Distributor to take a security interest in, or to impose other restrictions on, the Notes credited to your investment account or to exercise a lien, right of set-off or similar claim against you in respect of moneys held in any of your accounts maintained with it to secure any amounts which may be owing by you to the Distributor. The Issuer, the Arranger and the Trustee accept no responsibility for any claims any Distributor may have against you in respect of or as a consequence of, or arising from the use of the Distributor's services.

Where Notes are offered to the Dealer

If so agreed between the Issuer and the Dealer, the Issuer may issue, at the Issue Price, a portion of any Series of Notes from time to time issued by it, to Lehman Brothers International (Europe), as dealer under the Programme. Thereafter, the Dealer may offer such Notes pursuant to exemptions invoked under Section 274 and/or Section 275 of the SFA at such price and other terms as the Dealer may deem appropriate (i) to an institutional investor under Section 274 of the SFA, or (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in, Section 275 of the SFA.

In such event, this Base Prospectus and the relevant Pricing Statement or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Notes, may not be circulated or distributed, nor may such Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, or (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA.

Where such Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

MARKET MAKING ARRANGEMENTS

Lehman Brothers International (Europe) in its capacity as Market Agent intends, but is under no obligation, through appointed licensed agents, to make a market in the Notes. In this capacity, it intends to quote on a once-weekly (expected to be Friday) best efforts basis a price at which it is willing to purchase Notes (a “**bid**” price). Such market activities by the Market Agent are expected to commence with effect from the date falling three months following the Issue Date of a Series or a Tranche of Notes. The price quoted will be by reference to the denomination of the Notes or an integral multiple thereof and will be expressed as a percentage of the principal amount of the Notes.

Prices quoted by the Market Agent will be determined by the Market Agent in its absolute discretion. Such prices may be equal to, higher or lower than the Issue Price of the Notes, and will vary depending on many factors, including (without limitation) issue costs and expenses, prevailing interest rates, general market conditions, the respective financial conditions of the Issuer and the liquidity, prices and volatility of the market (if any) for any securities of a nature comparable to that of the Notes.

The bid price for the Notes will be quoted by the Market Agent to a Distributor. The bid prices for the Notes which may be quoted by one Distributor to a prospective purchaser or seller of the Notes, may be different to the corresponding prices quoted by the Market Agent to that Distributor, and/or the bid prices quoted by another Distributor to that individual.

Therefore, if you would like to know the bid prices of the Notes from time to time and/or if you would like to sell any Notes prior to their maturity and have not been able to locate a prospective purchaser, you should contact your Distributor.

These market making arrangements are limited and do not assure an active trading market for the Notes. There can be no assurance that the Market Agent will make a market in the Notes, or if it does so, that it will continue to do so. Accordingly, there can be no assurance that investors or members of the public will have access to a firm bid price for the Notes in a principal amount which they may wish to sell.

LEHMAN BROTHERS EXCHANGE OPTION

Unless otherwise disclosed in the applicable Pricing Statement, Lehman Brothers International (Europe) shall, in connection with each issue of Notes, be granted the right (the “**Lehman Brothers Exchange Option**”) from time to time and on one or more occasions, with respect to Notes that it beneficially owns, to exchange any or all of such Notes for a *pro rata* amount of the relevant Underlying Securities (rounded down to the nearest denomination of the Underlying Securities, if the respective denominations of the Notes and the Underlying Securities are not equal) from the Issuer, on giving not less than three Singapore, London and New York Business Days’ notice to the Issuer, the Trustee, the Custodian and the Issuing and Paying Agent.

There will as a result of each exercise of the Lehman Brothers Exchange Option be a proportionate reduction in the principal amount of the Notes outstanding. The Issuer will notify the Noteholders of the exercise of the Lehman Brothers Exchange Option if, following such exercise, the outstanding principal amount of the Notes decreases to an amount less than 50 per cent., 30 per cent. and 10 per cent., respectively, of the original principal amount thereof. Each such notice will specify the amount of Notes being exchanged and will be given as soon as practicable thereafter and in any event will be given no later than five Singapore, London and New York Business Days after such exercise.

Any Notes owned by the Market Agent which are subject to the Lehman Brothers Exchange Option shall be surrendered to the Issuing and Paying Agent or to its order for cancellation and the corresponding amount of the relevant Underlying Securities shall be released from the security created in respect thereof. The Issuer shall procure that the Custodian shall deliver and transfer free of all encumbrances such principal amount of the relevant Underlying Securities to or to the order of the Market Agent in the manner customary for the settlement of securities similar to the Underlying Securities, in each case on the date specified in the notice of the exercise of the Lehman Brothers Exchange Option, provided that the Market Agent shall be liable to pay all taxes, duties and expenses that may be incurred in connection with the delivery and transfer of such Underlying Securities.

If the Market Agent exercises the Lehman Brothers Exchange Option, a *pro rata* amount of the relevant Swap Agreement (if any) corresponding to that proportion of the Notes to be exchanged will be terminated without any termination payment being due from the Issuer or the Swap Counterparty.

The Lehman Brothers Exchange Option applies to Notes beneficially owned by the Market Agent. Notes may be acquired by Lehman Brothers after the Issue Date of the Notes pursuant to the market making arrangements (if any) to be implemented in connection with the issue of the Notes, or otherwise.

FEES AND EXPENSES

The Issuer will enter into a disbursement agreement with the Arranger or an affiliate of the Arranger for the the Arranger or an affiliate of the Arranger to pay all the fees and expenses incurred in connection with the Programme, such as the fees of the Trustee, the Issuing and Paying Agent, the Custodian's fees, administrative fees, the legal fees and where applicable, the Registrar's fees and also including expenses incurred in connection with the selection and acquisition of exposure to the Reference Entities for each Series of Notes. As all the fees and expenses will be borne by the Arranger or an affiliate of the Arranger, no fees nor expenses are expected to be deducted from the proceeds of any issue of Notes or be borne by the Noteholders, unless indicated otherwise in the relevant Pricing Statement. Accordingly, no fees and expenses are expected to be paid out of the cash flows of the Issuer or from the Underlying Securities.

RISK FACTORS

Prior to making an investment decision, you should carefully consider, along with the other information set out in this Base Prospectus, the risk factors below. You should also consider any risk factors or investment considerations set out in the relevant Pricing Statement, prior to making an investment decision in the relevant Series of Notes. Structured securities such as the Notes are sophisticated instruments and can involve a high degree of risk. You are strongly recommended to consult your financial, legal and other advisers before making any investment decision.

The information set out herein is included for the purpose of enabling prospective investors and their advisers to make an informed assessment of the terms of the Notes, general risks of investing in the Notes, and the capacity of the Issuer to fulfil its obligations under the Notes. The risk factors set out in this Base Prospectus and the relevant Pricing Statement cannot disclose or foresee all risks of the Notes. Prospective investors should not rely on the information set out herein and in the relevant Pricing Statement as the sole basis for any investment decision in relation to the Notes but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Notes for their particular circumstances.

Risks relating to the nature of the Notes

Suitability of the Notes

The purchase of the Notes involves certain risks including market risk, credit risk and liquidity risk. Investors should ensure that they understand the nature of all these risks before making a decision to invest in the Notes. In addition, on the occurrence of a Credit Event (as defined herein) in respect of a Reference Entity, Noteholders could lose all or a substantial part of their investment in the Notes. This Base Prospectus and the Pricing Statement are not and do not purport to be investment advice. You should conduct such independent investigation and analysis regarding the Notes and the other assets on which the obligations of the Issuer under the Notes are secured as you deem appropriate. You should make an investment only after you have determined that such investment is suitable for your financial investment objectives. You should consider carefully whether the Notes are suitable for you in light of your experience, objectives, financial position and other relevant circumstances.

Risk of Fluctuations in Value of the Notes

Structured products such as the Notes can be volatile instruments and may be subject to considerable fluctuations in value and other risks inherent in investing in securities and there can be no assurance that any appreciation in value will occur or that capital value will be preserved. The price of the Notes may fall in value as rapidly as it may rise due to, including (but not limited to) variations in the frequency and magnitude of the changes in the price of any securities or any derivative instruments that may underlie the Notes or in the level of any index to which the Notes relate, dividends and interest rates, and the creditworthiness of the reference entities, the Underlying Securities and the Swap Counterparty.

In addition, any downgrading of the rating of the Underlying Securities, the Swap Counterparty or any Reference Entity could result in a reduction in the value of the Notes.

Special Purpose Company

The Issuer is a special purpose company established for the purpose of issuing multiple Series of secured Notes under the Programme. The Issuer's only assets are its issued share capital and transaction fees and those assets on which each Series is secured. Should any unforeseen expenses or liabilities (which have not been provided for) arise, the Issuer may be unable to meet them, leading to an Event of Default under the Notes.

There is no certainty that Noteholders will recover any amounts payable under the Notes. Due to the “limited recourse” nature of the Notes, claims in respect of the Notes are limited to the net proceeds of enforcement of the Mortgaged Property (see the paragraph headed “Issuer’s Ability to Meet its Obligations Under the Notes – Limited Recourse” below). In addition, if a claim is brought against the Issuer (whether under statute, common law or otherwise) which is not subject to such contractual limited recourse provisions, the only assets available to meet such claim will be the issued share capital of the Issuer, being U.S.\$1,000 and the transaction fees. The only other material assets of the Issuer will be the assets on which each Series is secured, which will be subject to the prior security interests of the Noteholders and any other secured parties under that Series.

Exposure to the Reference Entities under the Notes

The Notes (if they are credit-linked Notes) differ from ordinary debt securities in that the amount of principal and/or interest payable by the Issuer is dependent on (among other things) whether a Credit Event has occurred. Payments upon redemption (whether at maturity or otherwise) will depend upon, among other things, the credit performance of each Reference Entity. The occurrence of a Credit Event in relation to any Reference Entity could result in the loss of a substantial portion or all of your investment in the Notes. In addition, the creditworthiness and/or performance of a Reference Entity may be dependent upon economic, political, financial and social events locally and globally. There can be no assurance that such factors will not adversely affect a Reference Entity’s creditworthiness and/or performance and, in turn, the performance of the Notes.

A Reference Entity may, if there is a succession event such as a merger, de-merger or spin-off, be replaced by a successor reference entity. The successor Reference Entity could have a different, and worse, credit rating than the predecessor Reference Entity.

Except for the disclosure on the credit ratings of the Reference Entities in the relevant Pricing Statements, neither the Issuer nor the Arranger has conducted or will be conducting independent investigations on the Reference Entities in respect of (i) any legal or regulatory provisions which may materially affect the performance of the Reference Entities, (ii) any significant representations and warranties made concerning the Reference Entities, (iii) any material cross-default provisions relating to the Reference Entities, (iv) the nature and extent of the Reference Entities’ exposure to any other entity and (v) the material terms or agreements involving the Reference Entities. None of the Issuer, the Arranger, the Swap Counterparties nor any other person or person on their behalf makes any representation or warranty, express or implied, as to any of the Reference Entities or any information contained in any documents filed by any of the Reference Entities with any exchange or with any governmental entity regulating the offering or sale of securities. You should make your own investigation and analysis of the Reference Entities.

First-to-Default Notes

You should be aware that the Notes are linked to the credit of a basket of Reference Entities on a “first-to-default” basis. This means that the first occurrence of any Credit Event in respect of any of the Reference Entities could lead to the credit-linked redemption of such Notes. In the event that the Calculation Agent notifies a Credit Event in respect of any one of the Reference Entities, the redemption value of the Notes is reduced by the fall in the value of the specified debt obligations of the Reference Entity in respect of which such Credit Event occurred. The credit risk that you bear under the Notes is not allocated to any particular Reference Entity in any proportion. After a Credit Event in respect of any Reference Entity occurs, the value of the Notes is likely to drop substantially.

Issuer’s Ability to Meet its Obligations Under the Notes – Limited Recourse

The Notes will be limited recourse obligations of the Issuer secured on the Mortgaged Property (including any Underlying Securities comprised therein) and are not or will not be (as the case may be) obligations or responsibilities of, or guaranteed by, any other person or entity. For the avoidance of doubt,

none of the Trustee, the Arranger, the Issuer, the Agents, the Swap Counterparty, the Swap Guarantor or guarantor of any Underlying Securities and any entity on whose condition the payments on the Notes are dependent has any obligation to any Noteholder for payment of any amount by the Issuer in respect of the Notes. There is no guarantee from any entity to Noteholders that they will recover any amounts payable under the Notes.

The ability of the Issuer to meet its obligations to pay principal of, and any interest or premium on, the Notes will be dependent on the receipt by the Issuer of moneys due to it under the Mortgaged Property (including any Underlying Securities comprised therein). The Noteholders shall have no recourse to the Issuer beyond the moneys derived by or on behalf of the Issuer in respect of the Mortgaged Property. To the extent therefore that the issuer or guarantor (as appropriate) of any Underlying Securities fails to make payments in respect of the Underlying Securities held by the Issuer, the Issuer will have insufficient funds available to meet its obligations in respect of the Notes. In such event, any shortfall would be borne by the Noteholders in accordance with the priorities specified in the Master Conditions. See the section headed “Summary of the Secured Note Programme – Status of Notes” for a description of such priorities.

Priority of Claims and Potential for Insufficient Security on Sale of Underlying Securities and/or on Enforcement

In the event that any Underlying Securities are required to be sold pursuant to the Master Conditions or the security constituted by the Trust Deed becomes enforceable in accordance with the Master Conditions, the net sums realised could be insufficient to pay all the amounts due, *inter alia*, to the Noteholders under the Notes. Unless otherwise stated in the Pricing Statement, the sums realised from any such sale of the Underlying Securities will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the security will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the security as provided in the Master Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Noteholder may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for other liabilities of the Issuer.

As described under the section headed “Description of the Swap Agreement and the Swap Guarantee”, the Issuer has entered into two Master Agreements in connection with the establishment of the Programme. In connection with certain issues of Notes under the Programme (and as will be set out in the Pricing Statement), the Issuer will collateralise its obligations under the relevant Swap Agreement by, *inter alia*, granting security to the Swap Counterparty over the relevant Underlying Securities pursuant to the Supplemental Trust Deed. Unless otherwise specified in the Pricing Statement, the security interest of the Swap Counterparty in the Mortgaged Property (together with the security interests of the Trustee, the Custodian, the Issuing and Paying Agent and any Other Creditors) will rank prior to the security interest of the Noteholders in the Mortgaged Property. As a result, if the Issuer defaults or is otherwise unable to perform its obligations under the Swap Agreement, the Mortgaged Property may be liquidated to satisfy the claims of the Swap Counterparty, thereby reducing or eliminating the Mortgaged Property. Accordingly, there can be no assurance that the net proceeds, if any, realised from the liquidation of the Mortgaged Property or any enforcement of the security for the Notes will be sufficient for the Noteholders to recover the principal of, and interest on, the Notes and any other amounts payable under the Notes.

Any remedies available to the Trustee to enforce the security on behalf of the Noteholders could involve delays. If any such delay occurs, there will be a corresponding delay in making payment to the Noteholders of sums recovered on such enforcement. In realising the security, and unless otherwise specified in the Pricing Statement, if “Counterparty Direction” (as defined at Master Condition 4(c)) is specified in the relevant Pricing Statement, the Trustee is obliged to act in accordance with the directions of the Swap Counterparty (provided that sums are due to the Swap Counterparty). The Trustee shall have no responsibility for any loss, liability, cost, claim, action, demand or expense incurred by any Noteholder by reason of so acting.

The Swap

If a Swap Agreement is entered into in connection with any issue of Notes and is terminated in whole, the Notes will be redeemed. Derivative contracts such as the Swap Agreement have special risks associated with them, including possible default by the counterparty to the transaction and risk to interest rate and currency movements in the case of an early termination of the Swap Agreement, all of which could result in significant losses. See the section headed “Description of the Swap Agreement and the Swap Guarantee” below for further details.

Should there be a default by the Swap Counterparty in its payment obligations under the Swap Agreement, the Swap Guarantor will fulfil its payment obligations on its behalf. However, should the Swap Guarantor default, the Swap Agreement will be terminated early. If there is an early termination of the Swap Agreement, the Issuer or the Swap Counterparty may be liable to make a termination payment (determined in accordance with the Swap Agreement) to the other (regardless, if applicable, of which of such parties may have caused such termination). If there is an early termination of the Swap Agreement and consequently an early redemption of the Notes occurs (by the operation of Condition 7(b) of the Master Conditions), there is no assurance that the proceeds from the liquidation of the Mortgaged Property plus (if the termination payment is due to the Issuer) or minus (if the termination payment is due to the Swap Counterparty) such termination payment will be sufficient to repay the principal amount due to be paid in respect of the Notes and any other amounts in respect thereof that are due.

The termination payment following any such early termination of the Swap Agreement will be calculated and made in US dollars or such other currency as a particular Series is issued in. The amount of any termination payment will be based on the market value of the terminated Swap Agreement based on market quotations of the cost of entering into a swap transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. Any such termination payment could, depending on fluctuations in exchange rates and/or the interest rate environment, be substantial.

Bankruptcy of the Issuer

Under the Trust Deed, the Trustee has in essence agreed, and each Noteholder will be deemed to have agreed, that no action may be commenced or sustained against the Issuer under any bankruptcy or similar law for the winding up or liquidation of the Issuer. Notwithstanding such agreements, there can be no assurance that such agreements would prevent the Issuer from becoming a debtor in a voluntary or involuntary case under any bankruptcy, insolvency or similar laws of a foreign jurisdiction. In the event the Issuer becomes a debtor in a case under any bankruptcy, insolvency or similar laws of a foreign jurisdiction, a delay or substantial reduction in payments to holders of the Notes may occur.

Liquidity of the Underlying Securities

If the security in respect of the Notes becomes enforceable for any reason and the Trustee takes steps to realise the security in accordance with the Master Conditions, the extent to which the claims of Noteholders will be met will depend in part on the amount of the proceeds received by the Trustee in connection with the sale of the Underlying Securities, also affecting the yield on the Notes. The price obtainable for the Underlying Securities will depend on the liquidity of the Underlying Securities in the over-the-counter market. No assurance can be given by any of the Issuer, the Swap Counterparty, the Trustee, the Market Agent or the Arranger as to any of these matters, or in respect of the amount of the liquidation proceeds of any other part of the Mortgaged Property.

On any early redemption of the Notes for any reason, the redemption moneys payable to the Noteholders, and consequently the yield on the Notes, will depend in part on the proceeds of sale of the Underlying Securities in the over-the-counter market. The amount of such proceeds will depend on the liquidity of the Underlying Securities. Furthermore, you are also advised that the Calculation Agent (or such other agent appointed for this purpose) may exercise its discretion pursuant to the sale of the

Underlying Securities, including with respect to the identity of the parties from whom bids for the Underlying Securities may be solicited and the evaluation of these bids. There can be no assurance that the exercise of discretion by the Calculation Agent (or such other party, as the case may be) in either of these circumstances will not have an adverse effect on the yield realised in respect of the Notes.

Market, Liquidity and Yield Considerations

The Notes may not have an established trading market when issued. There can be no assurance of a secondary market for the Notes or the liquidity of such market if one develops. Indeed, the Notes could be traded in the secondary market at prices that may be higher or lower than the initial purchase price depending on many factors, including the prevailing interest rates and prevailing interest rates expectations, the Issuer's perceived credit quality, the perceived credit quality of each Reference Entity, the Swap Counterparty and the issuer of the Underlying Securities and the market for any similar securities. Consequently, you may not be able to sell your Notes readily or at prices that will enable you to realise a yield comparable to that of similar instruments (if any) with a developed secondary market.

The Market Agent may implement market making arrangements in connection with an issue of Notes. That a Market Agent intends to make a market in the Notes does not mean that it may be under any obligation to do so, and in such case there can therefore be no assurance that it will do so, or if it does so, that it will continue to do so. Accordingly, there can be no assurance that members of the public or Noteholders will have access to a firm bid price for Notes which they wish to sell. Please read the section "Market Making Arrangements" above for a description of the circumstances in which you may be able to sell your Notes after the Issue Date.

Unless otherwise disclosed in the applicable Pricing Statement, Lehman Brothers International (Europe) shall, in connection with each issue of Notes, be granted the Lehman Brothers Exchange Option, pursuant to which it will be granted the right, with respect to Notes that it beneficially owns, to exchange any or all of such Notes for a *pro rata* amount of the relevant Underlying Securities from the Issuer. See the section headed "Lehman Brothers Exchange Option" above for further details. If Lehman Brothers International (Europe) exercises the Lehman Brothers Exchange Option, on one or more occasions and in the circumstances described above, there will as a result of such exercise be a proportionate reduction in the principal amount of the Notes outstanding with effect from the date of such exercise. There can be no assurance that any such exercise and any such consequent reduction will not have an adverse effect on the liquidity of the market for the Notes and/or the market price of the Notes.

Tax consequences of holding the Notes

You should consider the tax consequences of investing in the Notes and consult your tax adviser about your own tax situation.

The Notes issued by the Issuer are intended to be qualifying debt securities ("**Qualifying Debt Securities**") for the purposes of and are entitled to tax concessions under section 43N of the Income Tax Act (as defined herein). However, there is no assurance that the Notes will continue to enjoy the tax concessions should the tax laws be amended or revoked prior to maturity of the Notes.

Deemed Notice of Provisions of the Transaction Documents

The descriptions of the Master Conditions, the Swap Agreement and the Trust Deed contained in this Base Prospectus are summaries only and Noteholders are bound by, and are deemed to have notice of, all the provisions of such documents. The full text of these documents is or, as the case may be, will be available for inspection as set out under "General and Statutory Information" below.

Descriptions of the Programme and the Notes are summaries only

The descriptions of the Programme and the Notes included in this Base Prospectus and the relevant Pricing Statement are summaries only. The full terms and conditions of the Notes are binding on the Noteholders, and can be reviewed by reading together the following: (i) the Master Conditions as set out in full in this Base Prospectus in the section headed “Master Terms and Conditions of the Notes” which constitutes the basis of all Notes to be offered under the Programme, and (ii) the relevant Pricing Supplement (as appended to the relevant Pricing Statement) which applies, disapplies, supplements and/or amends the Master Conditions in the manner required to reflect the particular terms and conditions applicable only to the relevant Series of Notes (or tranche thereof). Copies of the legal documentation relating to the Secured Note Programme are available for inspection as described in the section headed “General and Statutory Information” below. As and when any Series of Notes (or Tranches thereof) are issued, copies of the relevant Pricing Supplement and the relevant Pricing Statement will also be available for inspection in the manner and form set out in the relevant Pricing Statement.

Consequences of Non-availability of Definitive Notes or Definitive Certificates in respect of Notes

Unless otherwise specified in the relevant Pricing Statement, each Series of Notes will be in the form of one or more Global Notes or Global Certificates, and no definitive Notes will be issued under any circumstances unless it becomes impractical, impossible or illegal to hold the Notes in global form. **Individual Noteholders must hold their Notes in (1) a direct Securities Account with CDP/securities sub-account with a Depository Agent or (2) an investment account with an accountholder at an authorised depository common to Euroclear or Clearstream, Luxembourg, depending on which clearing system the relevant Series of Notes are cleared. For the purpose of the initial allocation of the Notes, you must already have, or must open, (1) a direct Securities Account with CDP, (2) an investment account with any of the Distributors who are also Depository Agents as described in the section “Subscription Procedures”, or (3) you must already have access to trading facilities at Euroclear or Clearstream, Luxembourg through other means.** See the section “Settlement, Clearance and Custody” below for further details. Your ability to pledge your interest in the Notes to any person or otherwise to take action in respect of your interest, may be affected by the lack of any definitive Notes or definitive Certificates in respect of any Series. The standard terms and conditions of the investment account of any of the Distributors may permit it to take a security interest in, or to impose other restrictions on, the Notes credited to the account or to exercise a lien, right of set-off or similar claim against you in respect of moneys held in any of your accounts maintained with it to secure any amounts which may be owing by you to it.

For so long as any of the Notes are represented by a Global Note or a Global Certificate held by or through a clearing system, notices that are required to be given to the Noteholders shall be given by being delivered to the relevant clearing system. Any notice so delivered shall be deemed to have been duly given to the Noteholders. Except where Notes are held by you in your direct Securities Account with CDP, you will have to rely on your Distributor to distribute notices to you which it receives through the clearing system from the Issuer. The Issuer, the Arranger, the Trustee and the Paying Agent accepts no responsibility for any failure or delay on the part of the Distributors in doing so.

For so long as any of the Notes are represented by a Global Note or a Global Certificate held through a clearing system and for the purposes of payments required to be made by the Issuer to Noteholders, except where Notes are held by you in your direct Securities Account with CDP where you will be treated as the Noteholder and such payments will be credited through CDP from the Issuer, the Distributors will be treated as the Noteholders. Therefore, you will have to rely on your Distributor to credit your account with payments credited to it through the clearing system from the Issuer. The Issuer, the Arranger, the Trustee and the Paying Agent accept no responsibility for any failure or delay on the part of the Distributors in performing their contractual duties to you.

Return on an investment in Notes will be affected by charges incurred by investors

The Pricing Statement in respect of an issue of Notes will describe the interest, principal and other applicable payments which may be made under the relevant Notes. However, investors' total return on an investment in any Notes will also be affected by fees charged by their Distributors or others. Fees may be charged by the Distributors for the opening and operation of an investment account, transfers of Notes, custody services and on payments of interest and principal. Investors are therefore advised to consult their Distributors to ascertain the basis on which fees will be charged by the Distributors on their Notes.

GENERAL INFORMATION ON REFERENCE ENTITIES

This section sets out general information on certain aspects of the Reference Entities. For more detailed information on the Reference Entities, it is necessary to refer to the relevant Pricing Statement, which will set out the information applicable to each Series of Notes.

How exposure to the Reference Entities is created

The Notes are intended to provide investors with a coupon for assuming exposure to the credit risks of companies or of sovereign states, i.e. the Reference Entities. By acquiring the Notes, investors can gain exposure to the credit risks of the Reference Entities without directly holding debt obligations of the Reference Entities, for example, bonds issued by the Reference Entity, and without directly involving any Reference Entity in the transaction. This is achieved by linking payment of the principal and/or interest on the Notes to a Reference Entity's default. Upon such default, that is, the occurrence of a Credit Event in respect of such Reference Entity, the redemption value of the Notes will be reduced by the fall in the value of the specified debt obligation of the defaulting Reference Entity (or certain comparable debt obligations) of the Reference Entity in respect of which such Credit Event occurred (as more fully described in the Pricing Statement).

Each Pricing Statement will disclose information on the pool of Reference Entities that are specific to that Series. While Reference Entities may be replaced in the limited circumstances stated in "Replacement of Reference Entities" below, no Reference Entities will be added to an existing pool of Reference Entities for a Series of Notes.

Characteristics of Reference Entities

The Issuer may select Reference Entities which can be any company or sovereign states provided that the Reference Entities are of at least investment grade quality. This means that the Reference Entities should have at least a rating of Baa3 by Moody's, BBB- by Standard & Poor's and/or BBB- by Fitch as at the date of the relevant Pricing Statement. Apart from this requirement, there are no material terms and conditions or method and criteria that apply in respect of the Issuer's selection of each Reference Entity. The relevant Pricing Statement will disclose information on the specific Reference Entities chosen for each particular Series of Notes.

There are no processes for handling delinquencies, losses, bankruptcies and recoveries in relation to such Reference Entities. However, the relevant Pricing Statement would provide for the manner in which the principal amount, interest and/or other sums to be paid and/or the delivery of specified bonds of the Reference Entities (where the Master Conditions of the Notes provide for physical settlement) to Noteholders would be calculated or determined in the event of any occurrence of any delinquencies or bankruptcies of such Reference Entities.

Replacement of Reference Entity

Under the terms of our Notes, a Reference Entity may in limited circumstances be replaced with another entity – its successor – which will then become for all purposes a Reference Entity. The circumstances in which this could happen relate to mergers, demergers, spin-offs and similar corporate reorganisations.

The Calculation Agent will make determinations on whether it is necessary to replace a particular Reference Entity. In the event of a succession event occurring to a Reference Entity, the Calculation Agent will determine the entity which succeeds such Reference Entity. Such successor Reference Entity will be the entity that the Calculation Agent determines has assumed all or substantially all of the obligations of the replaced Reference Entity. If two Reference Entities merge resulting in only one direct successor, then (i) the direct successor shall be a successor; and (ii) an additional entity with a credit rating equal to or better than the lower rating of the two merged entities shall be appointed as successor. Such successor Reference Entity will be notified to the Noteholders in accordance with the terms of the Transaction Documents.

MASTER TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented, modified or varied in accordance with the provisions of the relevant Supplemental Trust Deed in relation to a particular Series only, will be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes, details of the relevant Series being shown on the relevant Notes or Certificates and in the relevant Supplemental Trust Deed. References in the Master Conditions to “Notes” are to the Notes of one Series only, not to all Notes which may be issued under the Programme and to the “Securities” are to any relevant Underlying Securities. Copies of the Trust Deed and Agency Agreement will be available for inspection as set out in the section headed “General and Statutory Information”.

The Notes are constituted and secured by a supplemental trust deed dated the Issue Date (the “**Supplemental Trust Deed**”) and made between the Issuer, the Trustee and, if applicable, the persons specified therein as a counterparty (each a “**Counterparty**”) and/or a derivatives counterparty (each a “**Derivatives Counterparty**”), supplemental to the trust deed (the “**Principal Trust Deed**”, which expression shall include any amendments or supplements thereto) dated 30 March 2006 and made between the Issuer and HSBC Institutional Trust Services (Singapore) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed), as trustee for the holders of the Notes. The Principal Trust Deed and the Supplemental Trust Deed are referred to together as the “**Trust Deed**”. Where applicable, the Notes are issued with the benefit of a deed of covenant (the “**Deed of Covenant**”, which expression shall include any amendments or supplements thereto) dated 30 March 2006 relating to the Notes executed by the Issuer. These Terms and Conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed and of the agency agreement (the “**Agency Agreement**”) dated 30 March 2006 and made between the Issuer, the Trustee as Trustee and The Hongkong and Shanghai Banking Corporation Limited as registrar (the “**Registrar**”), The Hongkong and Shanghai Banking Corporation Limited as issuing and paying agent (the “**Issuing and Paying Agent**”) and transfer agent, The Hongkong and Shanghai Banking Corporation Limited as custodian (the “**Custodian**”, which expression shall include any substitute or added Custodians appointed in accordance with the Agency Agreement) and the paying agents (the “**Paying Agents**”, which expression shall include the Issuing and Paying Agent and any substitute or additional paying agents appointed in accordance with the Agency Agreement) and the transfer agents (together with the transfer agent referred to above and any additional or other transfer agents in respect of the Notes from time to time appointed, the “**Transfer Agents**”) named therein and Lehman Brothers Asia Limited as calculation agent (the “**Calculation Agent**”, which expression shall include any substitute or additional Calculation Agent appointed in accordance with the Agency Agreement), are available for inspection at the principal office of the Trustee, being the date hereof at 21 Collyer Quay, #14-01 HSBC Building, Singapore 049320 and at the specified office of each of the Paying Agents. The Noteholders (as defined below), the holders of the interest coupons (the “**Coupons**”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) and the holders of the instalment receipts (the “**Receipts**”) appertaining to the payment of principal by instalments are deemed to have notice of, and shall be bound by all of the provisions of, the Trust Deed and, to the extent applicable to them, the Deed of Covenant and the Agency Agreement insofar as they relate to the relevant Notes.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 7 or any amendment or supplement to it and (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 6 or any amendment or supplement to it.

Full details of the relevant Securities and Mortgaged Property will be set out in the relevant Supplemental Trust Deed for the relevant Series.

All capitalised items which are not defined in the Conditions shall have the meanings given to them in the relevant Principal Trust Deed and/or the relevant Supplemental Trust Deed. Those

definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. References in the Conditions to something as “shown” or “specified” shall mean such matter as is specified in the relevant Supplemental Trust Deed.

1 Form, Denomination and Title

The Notes are issued in bearer form and will be serially numbered (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination(s) shown.

All Registered Notes of the same Series shall have the same Denomination.

Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note, the principal amount of which is redeemed in instalments, is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates (“**Certificates**”), each Certificate representing a holding of one or more Registered Notes by the same holder or are issued in non-certificated form with title being shown solely by due entry in the register.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register which the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be).

For so long as any of the Notes is represented by a Global Note or a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (“**Euroclear**”) and Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (“**CDP**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person(s) shown on the Register at the close of business on the Record Date (as defined in Condition 8(b)) shall be treated by the Issuer, the Paying Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly).

2 Transfers of Registered Notes

(a) Transfer of Registered Notes:

One or more Registered Notes may be transferred upon the surrender, at the specified office of the Registrar or any Transfer Agent, (if applicable) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate or the form available from the Registrar duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate will be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

(b) Exercise of Options or Partial Redemption in Respect of Registered Notes:

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent.

(c) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Condition 2(a) or (b) will be available for delivery within seven business days of receipt of such request for exchange, form of transfer or Exercise Notice or surrender of the Certificate for exchange. Delivery of new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, shall be mailed at the risk of the holder entitled to the new Certificate to such address as may be so specified. In this Condition 2(c) "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar.

(d) Exchange Free of Charge:

Exchange and transfer of Notes or Certificates on registration or transfer will be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(e) Closed Periods:

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer at its option pursuant to Condition 7(f), (iii) after any such Note has been called for redemption in whole or in part or (iv) during the period of seven days ending on (and including) any Record Date.

3 Status, Collateral, Obligations and Non-applicability

(a) *Status of Notes:*

The Notes are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, secured in the manner described in Condition 4 and recourse in respect of which is limited in the manner described in Condition 4(e) and Condition 11.

(b) *Securities and Other Transactions:*

In connection with the issue of the Notes the Issuer may acquire, or may acquire interests in, one or more transferable securities (the “**Securities**”) issued by or representing obligations of one or more persons and there may be executed:

- (i) one or more letters of credit, guarantees, loan agreements evidencing loans advanced by the Issuer, options in favour of the Issuer or other credit support documents (each a “**Credit Support Document**”) made by a credit support provider (each a “**Credit Support Provider**”) in favour of the Issuer;
- (ii) one or more agreements (each a “**Underlying Agreement**”) between the Issuer and one or more persons (each a “**Counterparty**”) under which the Issuer may agree to buy or sell securities or enter into other contractual relations;
- (iii) one or more interest rate and/or currency exchange agreements or option or future or other derivative contracts (each a “**Derivatives Contract**”) between the Issuer and one or more counterparties (each a “**Derivatives Counterparty**”);
- (iv) one or more stock borrowing agreements between the Issuer and one or more stock borrowers (each a “**Stock Borrower**”) (each a “**Stock Borrowing Agreement**”); and
- (v) one or more other agreements as may be specified (each a “**Contract**”),

each as further described in the Supplemental Trust Deed.

A summary of the terms of each Credit Support Document, Underlying Agreement, Derivatives Contract, Stock Borrowing Agreement and Contract (if any) will be set out in the relevant Supplemental Trust Deed.

(c) *Non-applicability:*

Where no reference is made in the Supplemental Trust Deed to any Collateral or Obligation, references in these Conditions to any such Collateral or Obligation and to any related Obligor or Creditor, as the case may be, shall not be applicable.

4 Mortgaged Property

(a) *Security*

Unless otherwise specified in the Supplemental Trust Deed, the obligations of the Issuer to the Trustee and the Noteholders under the Notes, to each Counterparty under the relevant Underlying Agreement and to each Derivatives Counterparty under the relevant Derivatives Contract are respectively secured, pursuant to the Trust Deed, or, if so specified, the Security Document, by:

- (i) a first fixed charge or pledge in favour of the Trustee over the Securities and all sums derived therefrom;

- (ii) by way of an assignment and first fixed charge in favour of the Trustee all of the Issuer's rights, title and interest against the Custodian and/or any sub-Custodian, to the extent that they relate to the Securities;
- (iii) by way of an assignment and first fixed charge in favour of the Trustee of the Issuer's rights, title and interest under each relevant Credit Support Document, Underlying Agreement, Stock Borrowing Agreement, Derivatives Contract and/or Contract and any sums received thereunder;
- (iv) a first fixed charge in favour of the Trustee over (a) all sums held by the Issuing and Paying Agent and/or the Custodian and/or any sub-Custodian and/or the Registrar to meet payments due in respect of the Notes and (b) any sums received under any relevant Credit Support Document, Underlying Agreement, Stock Borrowing Agreement, Derivatives Contract and/or other Contract; and
- (v) by way of an assignment and first fixed charge in favour of the Trustee of the Issuer's rights, title and interest under the Agency Agreement in respect of the Notes and the Securities, including all sums derived therefrom in respect of the Notes and all rights against the Custodian and/or any sub-Custodian with respect to the Securities including, without limitation, all rights to the delivery thereof as against the Custodian under the Agency Agreement or any applicable clearing system or the operator thereof or as against any bank, broker or other intermediary and including all rights arising or existing in respect of any of the Securities.

If so specified in the Supplemental Trust Deed, the relevant Counterparty and/or Derivatives Counterparty will have the benefit of a prior ranking, independent security interest over some or all of the assets securing the Notes.

Unless otherwise specified in the Supplemental Trust Deed, the Securities will be held by the Custodian (which expression shall include any additional or other Custodians from time to time appointed) on behalf of the Trustee subject to the charge referred to above. The Issuer reserves the right at any time with the prior written approval of the Trustee to change the Custodian. Notice of such change shall be given to the Noteholders in accordance with Condition 15.

Under a declaration of trust dated 16 February 2006 (the "**Declaration of Trust**"), Deutsche Bank (Cayman) Limited (the "**Share Trustee**") holds all the issued shares of the Issuer on trust for one or more Qualified Charity (as defined in the Declaration of Trust). The Share Trustee has no beneficial interest in and derives no benefit (other than its fees for acting as Share Trustee) from its holding of the shares of Minibond Limited.

(b) Application of Proceeds:

The Trustee shall (subject to the provisions of the Supplemental Trust Deed and to Clause 6.3 of the Principal Trust Deed) apply all moneys received by it under the provisions of the Trust Deed and the relevant Supplemental Trust Deed in connection with the realisation or enforcement of the Security as follows:

- (1) if "Derivatives Counterparty Priority" is specified:
 - (a) first, rateably in payment or satisfaction of (i) the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts hereunder (including any taxes required to be paid, the costs of realising any security and the Trustee's remuneration) and (ii) the fees, costs, charges and expenses due to Euroclear and/or Clearstream, Luxembourg and/or CDP;

- (b) secondly, rateably in payment or satisfaction of the fees, costs, charges and expenses due to the Paying Agents (other than the claims specified in Condition 4(b)(1)(d) below), the Custodian, the Registrar, the Transfer Agent and the Corporate Services Provider;
 - (c) thirdly, rateably in meeting the claims (if any) of the Counterparty and/or Derivatives Counterparty under each Underlying Agreement and/or Derivatives Contract (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Counterparty and/or Derivatives Counterparty under each Underlying Agreement and/or Derivatives Contract and relating to sums receivable on the Securities);
 - (d) fourthly, rateably in meeting the claims (if any) of the holders of Notes, Coupons and Receipts (which for this purpose shall include any claim of the Paying Agent for reimbursement in respect of payment of principal and interest made to holders of Notes, Coupons and Receipts); and
 - (e) fifthly, in payment of the balance (if any) to the Issuer.
- (2) if “Pari Passu Ranking” is specified:
- (a) first, rateably in payment or satisfaction of (i) the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts hereunder (including any taxes required to be paid, the costs of realising any security and the Trustee’s remuneration) and (ii) the fees, costs, charges and expenses due to Euroclear and/or Clearstream, Luxembourg and/or CDP;
 - (b) secondly, rateably in payment or satisfaction of the fees, costs, charges and expenses due to the Paying Agents (other than the claims specified in Condition 4(b)(2)(c)(ii) below), the Custodian, the Registrar, the Transfer Agent and the Corporate Services Provider;
 - (c) thirdly, rateably in meeting the claims (if any) of (i) the Counterparty and/or Derivatives Counterparty under each Underlying Agreement and/or Derivatives Contract (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Counterparty and/or Derivatives Counterparty under each Underlying Agreement and/or Derivatives Contract and relating to sums receivable on the Securities) and (ii) the holders of Notes, Coupons and Receipts (which for this purpose shall include any claim of the Paying Agent for reimbursement in respect of payment of principal and interest made to holders of Notes, Coupons and Receipts); and
 - (d) fourthly, in payment of the balance (if any) to the Issuer.
- (3) if “Noteholder Priority” is specified:
- (a) first, rateably in payment or satisfaction of (i) the fees, costs, charges, expenses and liabilities incurred by the Trustee or any receiver in preparing and executing the trusts hereunder (including any taxes required to be paid, the costs of realising any security and the Trustee’s remuneration) and (ii) the fees, costs, charges and expenses due to Euroclear and/or Clearstream, Luxembourg and/or CDP;
 - (b) secondly, rateably in payment or satisfaction of the fees, costs, charges and expenses due to the Paying Agents (other than the claims specified in Condition 4(b)(3)(c) below), the Custodian, the Registrar, the Transfer Agent and the Corporate Services Provider;

- (c) thirdly, rateably in meeting the claims (if any) of the holders of Notes, Coupons and Receipts (which for this purpose shall include any claim of the Paying Agent for reimbursement in respect of payment of principal and interest made to holders of Notes, Coupons and Receipts);
- (d) fourthly, rateably in meeting the claims (if any) of the Counterparty and/or Derivatives Counterparty under each Underlying Agreement and/or Derivatives Contract (which for this purpose shall include any claim of the Custodian for reimbursement in respect of payments made to the Counterparty and/or Derivatives Counterparty under each Underlying Agreement and/or Derivatives Contract and relating to sums receivable on the Securities); and
- (e) fifthly, in payment of the balance (if any) to the Issuer.

If the moneys received by the Trustee under any of paragraphs (b) or (c) of “Derivatives Counterparty Priority”, paragraph (b) of “Pari Passu Ranking” or paragraphs (b) or (c) of “Noteholder Priority” are not enough to pay the respective amounts in full, the Trustee shall apply them rateably on the basis of the amount due to each party entitled to such payment under the respective paragraph subject to the order of priority specified therein.

(c) Realisation of Security:

If any security becomes enforceable, the Trustee may at its discretion and shall:

- (i) if “Holder Request” is specified, on receipt of a request in writing by the holders of at least one-fifth in aggregate principal amount of the Notes then outstanding (as defined in the Trust Deed); or
- (ii) if “Extraordinary Resolutions Direction” is specified, on receipt of a direction by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders; or
- (iii) if “Counterparty Direction” is specified, and if sums are due to the Counterparty and/or the Derivatives Counterparty and/or the Custodian the claims in respect of which are secured, on receipt of a direction in writing by any Counterparty or by any Derivatives Counterparty or by the Custodian (unless this would in the Trustee’s opinion be contrary to the interests of the holders of Notes, Coupons or Receipts, subject to sub-Clause 6.3 of the Principal Trust Deed),

direct the relevant party to the Security Document to realise the Securities, enforce and/or realise any Credit Support Document and terminate the Underlying Agreement(s) and/or Stock Borrowing Agreement(s) and/or Derivatives Contract in accordance with its or their terms, and or take action against any Credit Support Provider, any Counterparty, any Stock Borrowers and/or Derivatives Counterparty, as the case may be, but without any liability as to the consequence of such action and without having regard to the effect of such action on individual Noteholders or Couponholders and provided always that the Trustee shall not be required to take any action without first being indemnified to its satisfaction.

(d) Shortfall After Application of Proceeds:

If the net proceeds of the realisation of the security under paragraph (c) above (the “**Net Proceeds**”) are not sufficient to make all payments then due in respect of the Notes, the Coupons and the Receipts or claims of the Custodian and/or the Issuing and Paying Agent (if any) and for the Issuer to meet its obligations, if any, in respect of terminating the Underlying Agreement and/or Derivatives Contract (or a part of either of them), then the obligations of the Issuer in respect of them will be limited to such Net Proceeds and the other assets of the Issuer (including, in the case of a

mandatory partial redemption, the Securities other than the Repayable Assets and, in all cases, the assets on which any other obligations of the Issuer, are secured), will not be available for payment of any shortfall arising therefrom. Any such shortfall shall be borne by the Noteholders and Couponholders and/or each Counterparty and/or each Derivatives Counterparty, the Trustee, the Custodian and the Agents according to the priorities specified in the Supplemental Trust Deed.

The Issuer will not be obliged to make any further payment in excess of the Net Proceeds and accordingly no debt shall be owed by the Issuer in respect of any shortfall remaining after realisation of the security under this Condition 4 and application of the proceeds in accordance with the Trust Deed. None of the Trustee, the Counterparties, the Derivatives Counterparties, the Noteholders, the Custodian and the Agent may take any further action to recover such shortfall. Failure to make any payment in respect of any shortfall shall in no circumstances constitute an Event of Default under Condition 10.

(e) Substitution of Mortgaged Property:

The Issuer may from time to time upon agreement with all the Noteholders or where the Trustee is satisfied that such substitution is not materially prejudicial to the interests of the Noteholders, upon agreement with the Trustee, and, in either case, with the prior written consent of the Derivatives Counterparty or where so specified, with the prior written consent of only the Derivatives Counterparty, substitute alternative security for such of the Mortgaged Property as it may deem appropriate. Where the Derivatives Counterparty alone is to consent to such substitution, the Trustee shall rely on the written consent of the Derivatives Counterparty without further investigation. Any such alternative Mortgaged Property shall be held subject to the charges in favour of the Trustee as set out in the Supplemental Trust Deed and the Issuer shall execute such further documentation as the Trustee may require as a condition to such substitution. If the Trustee agrees to the substitution, the Issuer shall notify the Noteholders thereof in accordance with Condition 15.

5 Restrictions

So long as any of the Notes remains outstanding, the Issuer shall not, without the consent of the Trustee, incur any other indebtedness for borrowed moneys or engage in any business (other than acquiring and holding the Mortgaged Property, issuing the Notes and entering into Non-Recourse Loans, acquiring, benefiting from or entering into any Credit Support Document, entering into any Underlying Agreement, any Stock Borrowing Agreement, and/or any Derivatives Contract or Contract and issuing further series of notes and entering into related transactions as described below), declare any dividends, have any subsidiaries or employees, purchase, own, lease or otherwise acquire any real property (including office premises or like facilities), consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entity to any person (otherwise than as contemplated in these Conditions and the Trust Deed) or issue any shares (other than such shares as were in issue on 16 February 2006).

The Issuer may from time to time (without the consent of the Noteholders but provided that the Trustee is satisfied that the restrictions of this Condition will be complied with) issue further notes (which may form a single series with the Notes) and create or incur further obligations relating to such notes or by entering into Non-Recourse Loans, provided that such further notes and obligations are:

- (a) secured (save in the case of such further notes forming a single series with the Notes) on assets of the Issuer other than (i) the Mortgaged Property securing another Series of Notes, (ii) the funds held from time to time by the Paying Agent for payment of principal and interest on the Notes, (iii) the benefit of any Credit Support Document, Underlying Agreement and/or Derivatives Contract or Contract relating to the Notes, (iv) the assets on which any other obligations of the Issuer are secured and (v) the Issuer's share capital;

- (b) issued on terms in substantially the form contained in these Conditions which provide for the extinction of all claims in respect of such further notes and obligations or loans after application of the proceeds of the assets on which such further notes and obligations are secured and as confirmed by legal opinions (in respect of Cayman Islands and Singapore law) in such form and with such content as may be satisfactory to the Trustee; and
- (c) in the case of such further notes forming a single series with the Notes, secured *pari passu* upon the Mortgaged Property and such further assets of the Issuer upon which such further notes are secured, all in accordance with Condition 14.

6 Interest and Other Calculations

(a) Interest Rate and Accrual:

Each Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date unless otherwise specified in the relevant Supplemental Trust Deed.

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate in the manner provided in this Condition 6 to the Relevant Date.

(b) Business Day Convention:

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (ii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iii) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) Interest Rate on Floating Rate Notes:

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period will be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
 - (x) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (y) the arithmetic mean of the Relevant Rates,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(x) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(y) above applies and fewer than two Relevant

Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

- (iii) if paragraph (ii) above applies, and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is Euro, in those member states that are participating in European economic and monetary union (the “**Euro-Zone**”) as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(d) Interest Rate on Zero Coupon Notes:

As from the Maturity Date, the Interest Rate for any overdue principal in respect of a Note the Interest Rate of which is specified to be Zero Coupon shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 7(e)).

(e) Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:

- (i) If any Margin or Rate Multiplier is specified (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes, “**unit**” means the lowest amount of such currency which is available as legal tender in the country of such currency.

(f) Calculations:

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(g) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts:

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will determine the Interest Rate and calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Issuer, the Trustee, the Issuing and Paying Agent, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice to the Noteholders in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(h) Determination or Calculation by Trustee:

If the Calculation Agent fails at any time for any reason to establish the Interest Rate for an Interest Accrual Period or the Interest Amount or any other requirement, the Trustee shall, as soon as practicable after it becomes aware, do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(i) *Definitions:*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Accrual Period**” means, in relation to Day Count Fraction below, the actual number of days in the relevant period from and including the Start Date to but excluding the Interest Payment Date.

“**Actual Calculation Period**” means, in relation to Day Count Fraction below, the actual number of days from and including one Interest Period Date to but excluding the next Interest Period Date.

“**Business Day**” means:

- (i) in the case of a specified currency other than Euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (ii) in the case of Euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency in the specified financial centre(s) or, if no currency is specified, generally in each of the financial centres so specified.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the “**Calculation Period**”):

- (i) if “Actual/365” or “Actual/Actual – ISDA” is specified, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (v) if “30E/360” or “Eurobond Basis” is specified, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and

- (vi) if “Actual/Actual – ISMA” is specified hereon, (a) if the Accrual Period is the same as or shorter than the Actual Calculation Period during which it falls, the Accrual Period divided by (x) such Actual Calculation Period times (y) the Number of Actual Calculation Periods or (b) if the Accrual Period starts in one Actual Calculation Period and ends in another, the sum of (A) the number of days in such Accrual Period falling within the first Actual Calculation Period divided by (x) such first Actual Calculation Period times (y) the Number of Actual Calculation Periods and (B) the calculation in (A), but substituting “second Actual Calculation Period” for “first Actual Calculation Period”.

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“**Interest Accrual Period**” means the period beginning on the Interest Commencement Date and ending on the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on the next succeeding Interest Period Date.

“**Interest Commencement Date**” means the date of the issue of the Notes (the “**Issue Date**”) or such other date as may be specified.

“**Interest Determination Date**” means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such, or, if none is so specified, (i) the first day of such Interest Accrual Period if the Relevant Currency is sterling or (ii) the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is neither sterling nor Euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is Euro.

“**Interest Period**” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified.

“**Interest Rate**” means the rate of interest payable from time to time in respect of this Note and which is either specified, or calculated in accordance with the provisions hereof.

“**Number of Actual Calculation Periods**” means, in relation to Day Count Fraction above, the number of Actual Calculation Periods normally ending in any year.

“**Page**” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service (“**Reuters**”) and the Moneyline Telerate Service (“**Telerate**”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“**Payment Date**” means, in relation to Day Count Fraction above, the date on which interest for the relevant period falls due.

“**Reference Banks**” means the institutions specified or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money swap or over-the-counter index option market) which is most closely connected with the Benchmark.

“**Relevant Business Day**” means with respect to a Business Day Convention, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in each of the financial centres specified, or if none is so specified, the principal financial centre for the Relevant Currency.

“Relevant Currency” means the currency specified as such or, if none is specified, the currency in which the Notes are denominated.

“Relevant Date” means, in respect of any Note, Receipt or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 15 that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of Euro shall be Europe) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre and for this purpose **“local time”** means, with respect to Europe and the Euro-Zone as a Relevant Financial Centre, Central European time.

“Representative Amount” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“Specified Duration” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 6(b).

“Start Date” means, in relation to Day Count Fraction above, the date from which interest for the relevant period begins to accrue.

“TARGET” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto.

(j) Calculation Agent and Reference Banks:

The Issuer shall procure that there shall at all times be four Reference Banks with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer shall (with the prior approval of the Trustee) appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7 Redemption, Purchase and Options

(a) Final Redemption:

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 7(f) or (g), each Note will be redeemed at its Redemption Amount (which, unless otherwise specified, is its outstanding principal amount) on the Maturity Date specified on each Note. Notes with no final maturity date will only be redeemable or repayable in accordance with the following provisions of this Condition 7 or Condition 10.

(b) Mandatory Redemption:

Unless otherwise specified, if any of the Securities forming part of the Mortgaged Property become or becomes capable of being declared repayable prior to their stated date of maturity for whatever reason or (unless the Trustee otherwise agrees) there is a payment default in respect of any of the Securities forming part of the Mortgaged Property, all such Securities together with some or all remaining Securities, as specified, forming part of the Mortgaged Property (which may or may not form obligations of the same person as those which have become repayable or in respect of which there has been such a payment default) shall be deemed to have become repayable (the "**Repayable Assets**"). The Issuer shall then forthwith give not more than 30 nor less than 15 days' notice to the Trustee and the Noteholders and upon expiry of such notice shall redeem each Note in whole or, as the case may be, in part on a *pro rata* basis in a proportion of its Redemption Amount equal to the proportion that the principal amount of the Repayable Assets which are the subject of such notice bears to the principal amount of the Securities forming part of the Mortgaged Property which have not, at the date of the giving of the notice, been the subject of that or any other such notice. Interest shall continue to accrue on the part of the principal amount of Notes so redeemed until payment thereof has been made to the Trustee and notice is given in accordance with Condition 15 that such amount is available for payment. Failure to make any payment due in respect of a mandatory redemption under this Condition 7(b) of part of the principal amount of the Notes or interest thereon shall not constitute an Event of Default under Condition 10.

In the case of such redemption and the security constituted by the Trust Deed becoming enforceable, the Trustee may take such action as is provided in Condition 4(c).

Noteholders should be aware that in such event, the early redemption amount may be less than the principal amount and accrued interest due in respect of the Notes being redeemed.

(c) Redemption for Taxation and Other Reasons:

If:

- (i) the Issuer, on the occasion of the next payment due in respect of the Notes, would be required by law to withhold or account for tax or would suffer tax in respect of its income so that it would be unable to make payment of the full amount due; and/or
- (ii) a Credit Support Document, an Underlying Agreement, a Derivatives Contract or a Contract is terminated in whole for any reason; and/or
- (iii) a Credit Event occurs; and/or
- (iv) any other specified event occurs,

then the Issuer shall forthwith give not more than 30 nor less than 15 days' notice to the Trustee, the Noteholders, and upon expiry of such notice shall redeem all but not some only of the Notes at their outstanding Redemption Amount together with any interest accrued to the date fixed for redemption.

Such notice shall be given promptly upon the occurrence of any of the above events unless an Extraordinary Resolution of the Noteholders shall otherwise direct.

Notwithstanding the foregoing, if any of the taxes referred to in (c)(i) above arises (x) by reason of any Noteholder's connection with the Cayman Islands otherwise than by reason only of the holding of any Note or receiving or being entitled to any Redemption Amount or interest in respect thereof; or (y) by reason of the failure by the relevant Noteholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax, then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder and all other Noteholders shall receive the due amounts payable to them. Any such deduction shall not be an Event of Default under Condition 10.

In the case of such redemption and the security constituted by the Trust Deed becoming enforceable, the Trustee may take such action as is provided in Condition 4(c).

Noteholders should be aware that in such event, the early redemption amount may be less than the principal amount and accrued interest due in respect of the Notes being redeemed.

(d) Purchases:

The Issuer may only purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price, with the prior written consent of the Trustee.

(e) Early Redemption of Zero Coupon Notes:

- (i) The Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 7(b) or 7(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is specified, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 7(b) or 7(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 6(d).

(f) Redemption at the Option of the Issuer and Exercise of Issuer's Options:

If so specified, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Option Period (as specified), redeem, or exercise any Issuer's option in relation to, all or, if so provided, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount or their principal amount whichever is the higher together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of an Issuer's option the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances taking into account prevailing market practices, subject to compliance with any applicable laws or regulations.

(g) Redemption at the Option of Noteholders and Exercise of Noteholders' Options:

If so specified, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option which may be specified the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option notice (a "**Put Notice**" or "**Option Notice**", as appropriate) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

Noteholders should be aware that in such event, the early redemption amount may be less than the principal amount and accrued interest due in respect of the Notes being redeemed.

(h) Redemption by Instalments:

Unless previously redeemed, purchased and cancelled as provided in this Condition 7 or the relevant Instalment Date (being one of the dates so specified on the Notes) is extended pursuant to any Issuer's or Noteholders' Option in accordance with Condition 7(f) or (g), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the specified Instalment Amount, whereupon the outstanding principal amount of such Note shall be reduced for all purposes by the Instalment Amount.

(i) Exchange Option

If so specified, any holder of Notes may at its option, exchange any or all of its Notes for an amount (the "**Net Asset Value**") calculated by the Calculation Agent, equal to the then market value of such proportion of the Mortgaged Property (the "**attributable Mortgaged Property**") as equals the proportion (rounded down to the nearest whole number) which the principal amount of the Notes to be exchanged bears to the total principal amount outstanding of the Notes, adjusted as appropriate by the value realised or cost incurred, as the case may be, as a result of the termination of any Credit Support Document and/or Underlying Agreement and/or Derivatives Contract and/or Contract, or part thereof in accordance with this Condition 7(i). To exercise such option, the holder of Notes shall deposit the relevant Bearer Notes or Certificates in respect of Registered Notes (together in the case

of Bearer Notes with all (if any) Receipts and unmatured Coupons appertaining thereto) at the office of any Paying Agent/Registrar, together with written notice that such option is to be exercised. The Issuing and Paying Agent will forthwith notify the Issuer, each Counterparty, each Credit Support Provider, each Derivatives Counterparty, the Custodian and the Trustee of receipt of such written notice. Each Credit Support Provider, Counterparty, and Derivatives Counterparty shall forthwith notify the Issuer, the Trustee, the Custodian and the Issuing and Paying Agent (who shall then notify the relevant holder) of the net sums payable by such Credit Support Provider and by, or, as the case may be, to such Counterparty and/or Derivatives Counterparty on termination of the relevant part of the relevant Credit Support Document or Underlying Agreement or Derivatives Contract as appropriate. The part of the relevant Credit Support Document or Underlying Agreement or Derivatives Contract to be terminated will be the *pro rata* amount thereof corresponding to that proportion of the Notes to be exchanged. The calculation of the Net Asset Value in accordance with this Condition 7(i) shall be binding on the relevant holders. Any such Net Asset Value shall be payable to the holder at the specified office of the Paying Agent at which the relevant Bearer Notes or Certificates in respect of Registered Notes were deposited on the twentieth calendar day after such deposit (the “**Delivery Date**”).

Notwithstanding the foregoing provisions of this Condition 7(i), the Issuer may, at its discretion, elect to satisfy its obligations hereunder by delivery to the relevant holder of the attributable Mortgaged Property. In any such case, the Issuer will procure that, subject to any payment due from the holder to the Counterparty and/or Derivatives Counterparty being made, the relevant attributable Mortgaged Property is delivered to the Noteholder (or to any other place or account specified in the written notice referred to above) on the Delivery Date and shall use all reasonable endeavours to procure that any payment being due from the relevant Credit Support Provider and/or Counterparty and/or Derivatives Counterparty to the holder on termination of the relevant Credit Support Document and/or Underlying Agreement and/or Derivatives Contract or part thereof is duly made.

No interest will be payable with respect to Notes deposited for exchange pursuant to this Condition in respect of the period from the date of issue of the Notes (in the case of exchange prior to the first due date for the payment of interest on the Note) or the previous date for the payment of interest on the Note (in any other case) to the date of such exchange.

(j) Cancellation:

All Notes purchased by or on behalf of the Issuer must be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, when so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

8 Payments and Talons

(a) Bearer Notes:

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 8(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 8(f)(ii)) as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due, drawn on or, at the option of the holder, by transfer to an account denominated in that

currency with, a bank in the principal financial centre of that currency or, in the case of Euro, in a city in which banks have access to TARGET.

(b) Registered Notes:

- (i) Payments of principal (which for the purposes of this Condition 8(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 8(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid to the person shown on the Register (or, if more than one person is shown in the Register in respect of one Certificate, to the first named person) at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest or principal on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) Payments in the United States:

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments Subject to Law, etc:

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents:

The Paying Agents, the Registrar, the Transfer Agents, the Calculation Agent and the Custodian initially appointed by the Issuer and their respective specified offices are listed below. The Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent and the Custodian act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Custodian and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer will at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv)

a Calculation Agent where the Conditions so require one, (v) (x) in relation to Notes cleared through CDP, a Paying Agent having a specified office in Singapore, (y) a Paying Agent having a specified office in Singapore or such other office as may be notified by it to the Issuer and (z) in relation to Registered Notes, a Transfer Agent having a specified office in Hong Kong or such other office as may be notified by it to the Issuer and (vi) a Custodian.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

(f) Unmatured Coupons and Receipts and Unexchanged Talons:

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) If the relative Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Notes is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption on such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons:*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which have become void pursuant to Condition 9).

(h) *Non-Business Days*

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “**Business Day Jurisdictions**” and:

- (i) (in the case of a payment in a currency other than Euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Euro) which is a TARGET Business Day.

9 Prescription

Claims against the Issuer for payment in respect of the Notes, Receipts and (subject to Condition 8(f)(ii)) Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

10 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the outstanding Notes, or if so directed by an Extraordinary Resolution of such holders, shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that such Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Redemption Amount, together with accrued interest (if any) thereon as provided in the Trust Deed, in any of the following events (each an “**Event of Default**”):

- (a) default is made for a period of 15 days or more in the payment of any sum due in respect of the Notes or any of them; or
- (b) the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (unless such failure is, in the opinion of the Trustee, incapable of remedy in which case no such notice as is referred to in this paragraph shall be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms previously approved in writing by the Trustee.

The Issuer has undertaken in the Principal Trust Deed that, on each anniversary of the date of the Principal Trust Deed and also within 14 days after any request by the Trustee, it will send to the Trustee a certificate signed by a Director to the effect that as at a date not more than five days prior to the date of the certificate, since the date of the Principal Trust Deed, or as the case may be, the date of the last such certificate, no Event of Default or other matter required to be brought to the Trustee's attention has occurred.

11 Enforcement

Only the Trustee may pursue the remedies available under the Trust Deed to enforce the rights of the Noteholders, Couponholders, the Counterparty and/or Derivatives Counterparty and no Noteholder, Couponholder, Counterparty or Derivatives Counterparty is entitled to proceed against the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so. Having realised the security or, in the case of a partial redemption pursuant to Condition 7(b), the Repayable Assets together with a corresponding part of the security, and distributed the net proceeds in accordance with Condition 4, the Trustee may not take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular none of the aforesaid persons may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for other liabilities of the Issuer.

12 Meeting of Noteholders; Modifications and Waiver

(a) Meetings of Noteholders:

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including these Conditions or the provisions of the Trust Deed insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders and holders of Receipts, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereof, (ii) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating the Interest Amount in respect thereof, (iv) if a Minimum and/or a Maximum Interest Rate, Instalment Amount or Redemption Amount is shown, to reduce any such Minimum and/or Maximum, (v) to change any method of calculating the Redemption Amount or, in the case of Zero Coupon Notes, to vary the method of calculating the Amortised Face Amount, (vi) to change the currency or currencies of payment or denomination of the Notes, (vii) to take any steps which as specified may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the adjournment thereof or the majority required to pass the Extraordinary Resolution, (ix) to modify the provisions of the Trust Deed concerning this exception or (x) to modify the provisions of Condition 4, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trust Deed contains provisions for written resolutions in lieu of meetings of Noteholders if signed by or on behalf of the holders of the aggregate principal amount of Notes required to pass the relevant resolution at a meeting of Noteholders.

The Issuer will not exercise any rights in its capacity as holder of the Securities unless directed to do so by the Trustee or by an Extraordinary Resolution of the Noteholders and, if such direction is given, the Issuer will act only in accordance with such directions (as more specifically set out in the Trust Deed). In particular, the Issuer will not vote at any meeting of holders of Securities (if applicable), or give any consent or notification or make any declaration in relation to the Securities,

unless it shall have been so requested by the Trustee or by any Extraordinary Resolution of the Noteholders or by any Counterparty or Derivatives Counterparties.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Noteholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, the relevant Underlying Agreement, the relevant Stock Borrowing Agreement, the relevant Derivatives Contract or the relevant Credit Support Document which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification, waiver or authorisation shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

(c) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders of such Notes or the Coupons, Receipts or Talons relating thereto and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders of such Notes, Coupons, Receipts or Talons.

13 Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent in Singapore or such other office as may be notified by the Agent to the Issuer and notice is given to Noteholders in accordance with Condition 15 (in the case of the Bearer Notes, Receipts, Coupons or Talons) and the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes; provided that, unless otherwise approved by an Extraordinary Resolution of Noteholders, the Issuer provides additional assets as security for such further notes in the same proportion that the principal amount of such new notes bears to the Notes and the Issuer enters into, or has the benefit of, additional or supplemental Credit Support Documents, Underlying Agreements and/or Derivatives Contract extending the terms of any existing Credit Support Documents, Underlying Agreement and/or Derivatives Contract to the new Notes on terms no less favourable than such existing documents and agreements. Any new notes forming a single series with the Notes shall be constituted and secured by a deed supplemental to the Trust Deed, such further security shall be added to the Mortgaged Property so that the new and existing Notes shall be secured by the same Mortgaged Property and references in these Conditions to “Notes”, “Securities”, “Mortgaged Property”, “Credit

Support Documents", **"Underlying Agreements"** and **"Derivatives Contract"** shall be construed accordingly. The Trust Deed contains provisions for convening a single meeting of the holders of the Notes and the holders of notes of other specified series in certain circumstances where the Trustee so decides.

15 Notices

Notices to the holders of Registered Notes will be faxed or mailed to them or, if there is more than one holder of any Registered Note, to the first named holder of that Note at their respective facsimile numbers or addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday, a Sunday or public holiday) after the date of mailing or upon confirmation or answerback being received in the case of facsimile transmission. Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in Singapore approved by the Trustee (which is expected to be The Business Times) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Singapore.

Until such time as any definitive Notes are issued, there may, so long as the Global Note(s) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or CDP, be substituted for such publication in such newspapers, the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or CDP for communication by it to the Noteholders. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or CDP.

Couponholders and holders of Receipts and Talons shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

16 Indemnification and Obligations of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including for the exercise of any voting rights in respect of the Mortgaged Property, for the sufficiency and enforceability (which the Trustee has not investigated and will not investigate) of the security created over the Mortgaged Property and for taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee and any affiliate is entitled to enter into business transactions with the Issuer, any issuer or guarantor (where applicable) of any of the Mortgaged Property, any Credit Support Provider, Counterparty or Derivatives Counterparty or any of their subsidiary, holding or associated companies without accounting to the Noteholders for profit resulting therefrom.

The Trustee is exempted from liability with respect to any loss or theft or reduction in value of the Mortgaged Property, from any obligation to insure or to procure the insuring of the Mortgaged Property and from any claim arising from the fact that the Mortgaged Property will be held in safe custody by the Custodian or any custodian selected by the Trustee (in each case, if applicable).

The Trustee is not obliged to monitor the performance by any other person of their obligations to the Issuer and may assume that such obligations are being performed unless it has actual knowledge to the contrary.

The Trust Deed provides that in acting as Trustee under this Trust Deed the Trustee shall not assume any duty or responsibility to any Counterparty, Credit Support Provider or Derivatives Counterparty (other than to pay to any Counterparty, Credit Support Provider or Derivatives Counterparty any moneys received and payable to it and to act in accordance with the provisions of Condition 4 and the Trust Deed) and shall have regard solely to the interests of the Noteholders and shall not be obliged to act on any directions of the Counterparty or Derivatives Counterparty if this would in the Trustee's opinion be contrary to the interests of the Noteholders or Couponholders.

17 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, Singapore law.

(b) Jurisdiction

The courts of Singapore are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Notes, the Receipts, the Coupons or the Talons and accordingly any legal action or proceedings arising out of or in conjunction with the Notes, the Receipts, the Coupons or the Talons may be brought in such courts (“**Proceedings**”). The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) Agent for Service of Process

The Issuer irrevocably appoints Lehman Brothers Inc. of 5 Temasek Boulevard, Suntec Tower Five, #11-01, Singapore 038985 as its agent in Singapore to receive service of process in any Proceedings in Singapore based on any of the Notes, the Receipts, the Coupons or the Talons.

18 Contracts (Rights of Third Parties) Act

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

DESCRIPTION OF THE SECURITY ARRANGEMENTS IN RESPECT OF THE NOTES

Introduction

The Notes will be secured, limited recourse obligations of the Issuer. The purpose of this section is to provide you with further information in respect of these important features of the Notes, which are included in the Master Conditions for the purpose of helping to protect your investment in the Notes. However, the following description is a summary only of certain material aspects of the security arrangements and is subject in all respects to the terms of the Trust Deed and the Master Conditions of the Notes, of which Noteholders are deemed to have notice and by which they are bound. Further details in respect of the security arrangements will be provided in the Pricing Statement. A copy of the Trust Deed is available for inspection as set out under “General and Statutory Information” below.

The Issuer will, pursuant to the provisions of the Trust Deed (comprising (i) the Principal Trust Deed dated 30 March 2006 in relation to the Programme, and (ii) a Supplemental Trust Deed to be dated the Issue Date in respect of each Series of Notes), grant the security described in the Pricing Statement to the Trustee as continuing security for the payment of all sums due under the Trust Deed and the Notes and the performance of its obligations under the Swap Agreement (if applicable). The Trustee shall hold such security on behalf of itself, the Noteholders, the Custodian, the Swap Counterparty (if applicable) and the Agents.

Security Arrangements – Clearing System

The Security may include a fixed charge over Underlying Securities which may be held by or through the Custodian through Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system. The charge is intended to create a property interest in the Underlying Securities in favour of the Trustee to secure the Issuer’s liabilities. However, unless otherwise stated in the Pricing Statement, the Underlying Securities will be held by or through the Custodian through a clearing system and the Underlying Securities will not be delivered in definitive form (except in limited circumstances applicable to the Underlying Securities). Consequently, neither the Issuer nor the Custodian will be the legal owner of the Underlying Securities themselves. The interests which the Custodian holds on behalf of the Issuer and which are traded in the clearing system are not therefore the physical Underlying Securities themselves but a series of contractual rights. These rights consist of (i) the Issuer’s rights against the Custodian, (ii) the Custodian’s rights as an accountholder against the clearing system, (iii) the rights of the clearing system against the common depository (or its nominee if the Underlying Securities are in registered form and are registered in the name of such nominee) and (iv) the rights of the common depository (or, if applicable, its nominee) against the issuer of the Underlying Securities. **As a result, where Underlying Securities are held in a clearing system, the Security will take the form of an assignment of the Issuer’s rights against the Custodian under the Agency Agreement rather than a charge over the Underlying Securities themselves.**

Enforcement of the Security

Unless otherwise described in the Pricing Statement, the Security shall become enforceable:

- (i) if payment in respect of principal of the Notes is not made when due;
- (ii) if there is a Secured Agreement (as defined herein), on termination thereof with sums due to the Other Creditor; or
- (iii) in the other circumstances described in Condition 10 of the Notes.

In such circumstances and unless otherwise described in the Pricing Statement, the Trustee may at its discretion and shall if a direction in writing is given by the Swap Counterparty pursuant to Condition 4(c)(iii), realise the Underlying Securities and terminate the Swap Agreement (if any) in accordance with its terms.

Priority of Claims and Potential for Insufficient Security on Sale of Underlying Securities and/or on Enforcement

In the event that any Underlying Securities are required to be sold pursuant to the Master Conditions or the security constituted by the Trust Deed becomes enforceable in accordance with the Master Conditions, the net sums realised could be insufficient to pay all the amounts due, *inter alia*, to the Noteholders under the Notes. Unless otherwise stated in the Pricing Statement, the sums realised from any such sale of the Underlying Securities will be subject to deduction of the costs and expenses associated with such sale. In addition, all costs and expenses incurred by the Trustee in enforcing the security will be deducted from the proceeds of such enforcement before such proceeds are paid to the Noteholders. After taking action to enforce the security as provided in the Conditions, the Trustee shall not be entitled to take any further steps against the Issuer to recover any sum still unpaid and no debt shall be owed by the Issuer in respect of such sum. In particular, no Noteholder may petition or take any other step for the winding-up of the Issuer nor shall any of them have any claim in respect of any sum over or in respect of any assets of the Issuer which are security for other liabilities of the Issuer.

As described under the section “Description of the Swap Agreement and the Swap Guarantee” below, the Issuer has entered into two Master Agreements in connection with the establishment of the Programme. In connection with certain issues of Notes under the Programme (and as will be set out in the Pricing Statement), the Issuer will collateralise its obligations under the relevant Swap Agreement by, *inter alia*, granting security to the Swap Counterparty over the relevant Underlying Securities pursuant to the Supplemental Trust Deed. Unless otherwise specified in the Pricing Statement, the security interest of the Swap Counterparty in the Mortgaged Property (together with the security interests of the Trustee, the Custodian, the Issuing and Paying Agent and any Other Creditors) will rank prior to the security interest of the Noteholders in the Mortgaged Property. As a result, if the Issuer defaults or is otherwise unable to perform its obligations under the Swap Agreement, the Mortgaged Property may be liquidated to satisfy the claims of the Swap Counterparty, thereby reducing or eliminating the Mortgaged Property. The net proceeds, if any, realised from the liquidation of the Mortgaged Property or any enforcement of the security for the Notes may not therefore be sufficient for the Noteholders to recover the principal of, and interest on, the Notes and any other amounts payable under the Notes.

Limited Recourse Provisions

The Trustee, the holders of the Notes, the Swap Counterparty, the Custodian and the Agents (in each case to the extent that their claims are secured) shall have recourse only to the Mortgaged Property. If, the Trustee having realised the same, the net proceeds are insufficient for the Issuer to make all payments then due to all such parties, the obligations of the Issuer will be limited to such net proceeds of realisation and no other assets of the Issuer will be available to meet such shortfall; the Trustee, the Custodian, the Agents, the holders of Notes, the Swap Counterparty, or anyone acting on behalf of any of them shall not be entitled to take any further steps against the Issuer to recover any further sum and no debt shall be owed to any of such persons by the Issuer. The relevant Pricing Statement will disclose the order of priority of claims in the application of all moneys received in connection with the realisation or enforcement of the security. None of the Trustee, the Custodian, the Agents, any holder of the Notes or the Swap Counterparty may petition or take any other step for the winding-up of the Issuer, and none of them shall have any claim in respect of any sum arising in respect of the Mortgaged Property for any other Series.

The Security is granted to the Trustee by the Issuer as continuing security:

- (i) for the payment of all sums due under the Trust Deed and the Notes; and
- (ii) for the performance of the Issuer’s obligations (if any) under the Secured Agreements as set out in the relevant Supplemental Trust Deed.

DESCRIPTION OF THE SWAP AGREEMENT AND THE SWAP GUARANTEE

The following description is a summary only of certain aspects of the Swap Agreement and the Swap Guarantee and is subject in all respects to the terms of the Swap Agreement and the Swap Guarantee. You are deemed to have notice of, and to be bound by the terms of, the Swap Agreement and the Swap Guarantee. Capitalised terms used in this section and not defined elsewhere in this Base Prospectus have the meanings given to them in the Swap Agreement. See “Description of Swap Counterparties” and “Description of Swap Guarantor” for further details on the Swap Counterparties and the Swap Guarantor.

You are advised that the Notes will not be obligations of and will not be guaranteed by either the Swap Counterparty or the Swap Guarantor. The Swap Guarantee comprises a guarantee only in respect of the Swap Counterparty’s payments due under the Swap Agreement.

A copy of the Swap Agreement and the Swap Guarantee will be available for inspection in the circumstances set out in the section headed “General and Statutory Information” below.

The Swap Agreement

The Issuer has entered into an ISDA Master Agreement (Multicurrency-Cross Border) and Schedule thereto each dated 30 March 2006 with Lehman Brothers Special Financing Inc. as counterparty and an ISDA Master Agreement (Multicurrency-Cross Border) and Schedule thereto each dated 30 March 2006 with Lehman Brothers Finance S.A. as counterparty (each ISDA Master Agreement (Multicurrency-Cross Border) and the relevant Schedule, a “**Master Agreement**”) in connection with the establishment of the Programme.

In connection with an issue of Notes under the Programme, the Issuer may execute one or more confirmations (each, a “**Confirmation**”) to a Master Agreement. Each Confirmation will have an effective date as of the Issue Date of the relevant Series of Notes. In respect of a relevant Series of Notes only, the relevant Confirmation(s), together with the Master Agreement, is(are) referred to in this Base Prospectus as the “**Swap Agreement**” and the relevant counterparty (counterparties) to the Swap Agreement is (are) referred to as the “**Swap Counterparty**”.

The Issuer may, pursuant to the Swap Agreement in connection with an issue of Notes enter into interest rate and/or currency swap arrangements to enable the Issuer to make the payments scheduled to be made on a Series of Notes where the scheduled payments on the Underlying Securities forming part of the Mortgaged Property for such Series of Notes do not correspond with the payments due to be made on the Notes. Where the Notes are credit-linked notes, the Issuer may enter into a credit derivative transaction pursuant to the Swap Agreement where the Issuer acts as the seller of credit protection to the Swap Counterparty. The Swap Agreement may also include other derivatives transactions depending on the structure of a particular Series of Notes.

A summary of the relevant arrangements under the Swap Agreement as it relates to a particular Series of Notes will be included in the relevant Pricing Statement.

The Master Agreements are, and each Confirmation will be, governed by Singapore law.

Termination of the Swap Agreement

The Swap Agreement shall terminate on its Termination Date (as defined therein), unless it is terminated prior to that date on the occurrence of any of the following events including (each, a “**Swap Termination Event**”):

- (a) at the election of the non-defaulting party upon an Event of Default under the terms of the Swap Agreement, including:
 - (i) the failure of the other party to make a payment or delivery when due and payable under the Swap Agreement and such failure continues for one Business Day;

- (ii) the occurrence of certain insolvency-related events;
 - (iii) non-compliance by the Swap Guarantor with any of its obligations under the Swap Guarantee or the ceasing of the Swap Guarantee to be in full force and effect;
 - (iv) a Cross Default (in excess of the specified Threshold Amount, being the lesser of US\$75,000,000 and 2 per cent. of the Stockholders' Equity of the Swap Guarantor (or its equivalent in any other currency)) with respect to any obligations in respect of borrowed money of the Swap Counterparty or the Swap Guarantor. For this purpose, "**Stockholders' Equity**" means, at any time, the sum at such time of (a) the Swap Guarantor's capital stock (including preferred stock) outstanding, taken at par value, (b) its capital surplus and (c) its retained earnings, minus (d) treasury stock, each to be determined in accordance with generally accepted accounting principles consistently applied; and
 - (v) the merger of either party or the Swap Guarantor with another entity and such entity fails to assume all of the relevant party's obligations under the Swap Agreement or the Swap Guarantee (as applicable); and
- (b) on the occurrence of certain Termination Events, including:
- (i) it becoming illegal for either party to perform its obligations under the Swap Agreement or the Swap Guarantor to perform its obligations under the Swap Guarantee;
 - (ii) the occurrence of a Tax Event which is not avoided by a transfer by the Affected Party of its rights and obligations on terms provided in the Swap Agreement; and
 - (iii) when the Notes become due and payable (in whole but not in part) prior to their scheduled maturity date.

The Swap Agreement provides that neither the Issuer nor the Swap Counterparty will in any circumstances be under any obligation to pay to the other party any amount in respect of any liability for or on account of any Tax. Accordingly, with respect to the Termination Event referred to in paragraph (b)(ii) above, if any deduction or withholding is imposed on either party, the Swap Agreement will terminate and the Notes will become repayable as described below.

Upon any such early termination of the Swap Agreement, the Notes will become repayable in accordance with Condition 7(c) of the Master Conditions. Furthermore, the Issuer or the Swap Counterparty may be liable to make a termination payment (determined in accordance with the Swap Agreement) to the other (regardless, if applicable, of which of such parties may have caused such termination). There is no assurance that the liquidation proceeds of the relevant Mortgaged Property, including the proceeds from the sale of any Underlying Securities, plus (if such payment is owed to the Issuer) or minus (if such payment is owed by the Issuer) such termination payment will be sufficient to repay the principal amount due to be paid in respect of the Notes and any other amounts in respect thereof that are due.

As referred to above, the Issuer or the Swap Counterparty may be liable to make a termination payment to the other. The termination payment will be calculated and made in US dollars or such other currency as a particular Series is issued in. The amount of any termination payment will be based on the market value of the terminated Swap Agreement based on market quotations of the cost of entering into a swap transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties. Any such termination payment could, depending on fluctuations in exchange rates and/or the interest rate environment and/or other market factors, be substantial.

The Swap Guarantee

In connection with the entry into by the Issuer and the Swap Counterparty of a Master Agreement, Lehman Brothers Holdings Inc. as Swap Guarantor has executed a swap guarantee dated 30 March 2006 (the "**Swap Guarantee**").

Pursuant to the provisions of the Swap Guarantee, the Swap Guarantor will unconditionally guarantee to the Issuer the due and punctual payment of all amounts payable by the Swap Counterparty to the Issuer under the Swap Agreement. If the Swap Counterparty does indeed fail punctually to pay any such amounts, the Swap Guarantor will agree, upon written demand by the Issuer, to pay or cause to be paid any such amounts punctually when and as the same shall become due and payable.

The Swap Guarantee comprises a guarantee only in respect of the Swap Counterparty's payments due under the Swap Agreement. It is not a guarantee in respect of the Notes. Upon any early termination of the Swap Agreement as described under "Termination of the Swap Agreement" above, the obligation of the Swap Guarantor will solely be to guarantee the due and punctual payment by the Swap Counterparty of the termination payment (if any) due from the Swap Counterparty to the Issuer thereunder.

The Swap Guarantee is governed by New York law.

DESCRIPTION OF THE SWAP GUARANTOR

It is expected that Lehman Brothers Holdings Inc. will act as guarantor of payment obligations owed by each of the Swap Counterparties to the Issuer in connection with certain specified issues of Notes under the Programme. It may act as Swap Guarantor under the Swap Guarantee where the Issuer enters into a Swap Agreement. Should there be a change in the identity of the Swap Guarantor, the Pricing Statement will provide the details on the new entity.

Lehman Brothers Holdings Inc. is one of the leading global investment banks, serving institutional, corporate, government and high net worth clients and customers. It is subject to the information and reporting requirements of the US Securities Exchange Act of 1934, as amended, and is required to file annual, quarterly and special reports and other information with the U.S. Securities and Exchange Commission (the “SEC”). Required filings with the SEC include: annual reports on Form 10-K; quarterly reports on Form 10-Q and current reports on Form 8-K. All filings are made in English. The filings of Lehman Brothers Holdings Inc. with the SEC can be accessed on the SEC’s website at <http://www.sec.gov>. The worldwide headquarters of Lehman Brothers Holdings Inc. is at 745 Seventh Avenue, New York, New York 10019, United States of America. As at the date of this Base Prospectus, Lehman Brothers Holdings Inc. has a long term debt rating of A1/A+/A+ by Moody’s, Fitch and Standard & Poor’s respectively.

Please refer to the paragraph on “References to websites” on page 2 of this Base Prospectus for a warning statement and a disclaimer relating to the usage of information contained in the website referred to above.

DESCRIPTION OF THE SWAP COUNTERPARTIES

It is expected that Lehman Brothers Special Financing Inc. and Lehman Brothers Finance S.A. will each be a Swap Counterparty pursuant to the Programme. Each Pricing Statement will state whether or not the Issuer is to enter into a Swap Agreement with a Swap Counterparty in connection with the relevant issue of Notes.

Lehman Brothers Special Financing Inc. is a wholly-owned subsidiary of Lehman Brothers Inc. and was incorporated with limited liability for an unlimited duration in the State of Delaware, United States of America on 17 August 1984. Lehman Brothers Special Financing Inc.'s principal executive offices are located at 745 Seventh Avenue, New York, New York 10019, United States of America. Although Lehman Brothers Special Financing Inc. is not rated by any rating agency, its payment obligations are, as stated in the section "Description of the Swap Agreement and the Swap Guarantee", guaranteed by Lehman Brothers Holdings Inc.

Lehman Brothers Finance S.A. was incorporated in Switzerland on 30 December 1969 for an unlimited duration as a share corporation (*Aktiengesellschaft, société anonyme*). Lehman Brothers Finance S.A. is a direct subsidiary of Lehman Brothers Holdings Inc. The registered office and principal place of business of Lehman Brothers Finance S.A. is at Talstrasse 82, Zurich, CH8001 Switzerland. Although Lehman Brothers Finance S.A. is not rated by any rating agency, its payment obligations are, as stated in the section "Description of the Swap Agreement and the Swap Guarantee", guaranteed by Lehman Brothers Holdings Inc.

A substantial portion of Lehman Brothers Holdings Inc.'s fixed income derivatives product business is conducted through Lehman Brothers Special Financing Inc.

Neither Lehman Brothers Special Financing Inc. nor Lehman Brothers Finance S.A., as the Swap Counterparties, will enter into any direct agreements with the Reference Entities in connection with the Programme. The Notes will not be obligations of and will not be guaranteed by either Lehman Brothers Special Financing Inc. or Lehman Brothers Finance S.A.

DESCRIPTION OF THE ARRANGER

Lehman Brothers Inc. is the Arranger to the Programme.

Lehman Brothers Inc., a wholly owned subsidiary of Lehman Brothers Holdings Inc., is incorporated with limited liability in Delaware, the United States and operates a branch office in Singapore. Its principal business activities include securities trading as principal and agent, securities underwriting, investment and merchant banking and financial advisory services.

It will assist the Issuer by arranging the Programme and the issuance of each Series of Notes. Lehman Brothers Inc. will not be involved in the management of the Underlying Securities nor will it be involved in determining whether a Credit Event has occurred (Lehman Brothers Asia Limited, as calculation agent, will perform this role).

This is the first retail structured note programme that Lehman Brothers Inc. has established in Singapore. Lehman Brothers Inc. and its affiliates have engaged in a similar retail note programme in Hong Kong since 2003.

THE ISSUING AND PAYING AGENT

The Issuing and Paying Agent, The Hongkong and Shanghai Banking Corporation Limited, is part of the HSBC Group and is a provider of personal financial services, consumer finance, commercial banking services, corporate, investments banking and markets services and private banking services. It has experience in being an issuing and paying agent for a variety of different entities in a variety of transactions.

Pursuant to the Agency Agreement between, amongst others, the Issuer and the Issuing and Paying Agent, the Issuing and Paying Agent is obliged to pay or cause to be paid on behalf of the Issuer on and after each due date, the amounts due in respect of the Notes, including interest and principal, and to also perform certain administrative functions, such as publishing any notice to Noteholders in connection with any redemption or exercise of an Issuer's option. The Issuing and Paying Agent will receive the amounts due in respect of the Notes in advance from the Issuer and will pay out such amounts to the Noteholders on the payment due date. The Issuing and Paying Agent has no ability to waive or modify any fees and payments in relation to the Notes, does not manage the Reference Entities and has no custodial responsibility, in its capacity as Issuing and Paying Agent, for the Underlying Securities. The Custodian will be The Hongkong and Shanghai Banking Corporation Limited in a separate capacity under the Agency Agreement.

The Issuing and Paying Agent shall be obliged to perform only such duties as are specifically set out in the Agency Agreement, the Master Conditions and the Trust Deed. No implied duties or obligations shall be read into any such documents and the Issuing and Paying Agent shall not be obliged to perform additional duties set out in any Supplemental Trust Deed which are incorporated into the Master Conditions, unless it shall have previously agreed in writing to perform such duties. The Issuing and Paying Agent shall not be under any obligation to take any action under the Agency Agreement that it expects, and has so notified the Issuer in writing, will result in its expense or liability, the payment of which is not, in its opinion, assured to it within a reasonable time.

The Issuer may at any time terminate the appointment of the Issuing and Paying Agent by giving at least 60 days' notice which shall expire at least 30 days before or after any due date for payment in respect of the Notes of that Series. The Issuing and Paying Agent may also resign by giving the requisite notice. In the case of termination, the replacement issuing and paying agent can be appointed by a letter of appointment being executed by or on behalf of the Issuer.

No termination or resignation may take effect until a successor issuing and paying agent is appointed. If the Issuer fails to appoint a successor within the 60 days' notice period, the Issuing and Paying Agent may select a leading bank approved by the Trustee to act as Issuing and Paying Agent and the Issuer shall appoint that bank as successor issuing and paying agent.

The appointment of the Issuing and Paying Agent will also automatically terminate on the occurrence of certain specified insolvency events.

As disclosed in the section on "Fees and Expenses" above, the Arranger or an affiliate of the Arranger will pay, on behalf of the Issuer, an upfront acceptance fee to the Issuing and Paying Agent for the Programme, the annual fees and also the Issuing and Paying Agent's fees, in relation to the issuance of each Series of Notes, such as administrative fees, each in an amount which shall be separately agreed between the Issuer and the Issuing and Paying Agent.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Master Conditions in respect of the Programme, as set out in the section “Master Terms and Conditions of the Notes”, contemplate Notes issued pursuant to the Programme being issued in definitive form. However, the Notes will instead be represented on their issue by interests in a Global Note or (as the case may be) a Global Certificate which will be deposited, or registered in the name of a nominee for, and deposited on the relevant Issue Date with CDP or a common depositary on behalf of, Euroclear and Clearstream, Luxembourg and/or any alternative clearing system. Due to the status of the Notes being in global form, definitive Notes will not be issued to Noteholders (except in the very limited circumstances described below). The following paragraphs describe certain arrangements and summarise certain provisions relating to the Notes for so long as they are represented by interests in the Global Note or Global Certificate.

INITIAL ISSUE OF NOTES

Upon the initial deposit of a Global Note with CDP or a common depositary for Euroclear and Clearstream, Luxembourg and/or any alternative clearing system (the “**Common Depositary**”) or the registration of the Global Certificate in the name of CDP or HSBC Nominees (Hong Kong) Limited as nominee for Euroclear, Clearstream, Luxembourg and/or any alternative clearing system and the deposit of the Global Certificate with CDP or the Common Depositary, CDP, Euroclear or Clearstream, Luxembourg (as the case may be) will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

RELATIONSHIP OF ACCOUNTHOLDERS WITH CLEARING SYSTEMS

Each of the persons shown in the records of CDP, Euroclear, Clearstream, Luxembourg and/or any alternative clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to CDP, Euroclear, Clearstream, Luxembourg and/or any alternative clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of the Global Note or the registered holder of the Global Certificate, as the case may be, and in relation to all rights arising under the Global Note or Global Certificate, as the case may be, subject to and in accordance with the respective rules and procedures of CDP, Euroclear, Clearstream, Luxembourg and/or any alternative clearing system (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of the Global Note or registered holder of the Global Certificate, as the case may be, in respect of each amount so paid.

EXCHANGE

1. **Temporary Global Notes:** Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:
 - (i) if the relevant Pricing Statement indicates that such Global Note is issued in compliance with the D Rules, in whole or in part, upon Certification for Permanent Global Notes or Definitive Bearer Notes; and
 - (ii) otherwise, in whole but not in part for a Permanent Global Note or Definitive Bearer Notes.
2. **Permanent Global Notes:** Each Permanent Global Note will be exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided in the next paragraph, in part for the Definitive Bearer Notes described below:
 - (i) by the Issuer giving notice to the Issuing and Paying Agent, the Trustee and the Noteholders of its intention to effect such exchange;
 - (ii) if the relevant Pricing Supplement (as appended to the relevant Pricing Statement) provides that such Permanent Global Note is exchangeable for Definitive Bearer Notes at the request of the holder, by such holder giving notice to the Issuing and Paying Agent of its election for such exchange;

- (iii) otherwise, if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; and
- (iv) otherwise, if the Permanent Global Note is held by or on behalf of CDP and (a) an event of default (as defined in the Master Conditions) has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Services Agreement and no alternative clearing system is available.

Each Permanent Global Note is exchangeable in part (provided, however, that if the Permanent Global Note is held by or on behalf of any clearing system, the rules of that clearing system so permit) if so provided in, and in accordance with, the Master Conditions.

3. Unrestricted Global Certificates: Each Unrestricted Global Certificate will be exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided in the next paragraph, in part for the Individual Certificates described below:

- (i) by the Issuer giving notice to the Noteholders, the Registrar and the Trustee of its intention to effect such exchange;
- (ii) if the Unrestricted Global Certificate is exchangeable at the request of the holder, by the holder giving notice to the Registrar of its election for such exchange;
- (iii) if it is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (iv) if it is held by or on behalf of CDP and (a) an event of default (as defined in the Conditions) has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties set out in the Depository Services Agreement and no alternative clearing system is available.

Each Unrestricted Global Certificate is exchangeable in part (provided, however, that if it is held by or on behalf of a clearing system the rules of that clearing system so permit) if so provided in, and in accordance with, the Master Conditions.

4. Restricted Global Certificates: Each Restricted Global Certificate will be exchangeable (free of charge to the holder) on or after the Exchange Date in whole but not, except as provided in the next paragraph, in part for the Individual Certificates described below:

- (i) if DTC notifies the Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to such Restricted Global Certificate or ceases to be a “clearing agency” registered under the United States Securities Exchange Act of 1934, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC;
- (ii) by the Issuer giving notice to Noteholders, the Registrar and the Trustee of its intention to effect such exchange; or

- (iii) if the Restricted Global Certificate is exchangeable at the request of the holder, by the holder giving notice to the Registrar of its election for such exchange.

Each Restricted Global Certificate is exchangeable in part (provided, however, that if it is held by or on behalf of a clearing system the rules of that clearing system so permit) if so provided in and in accordance with, the Master Conditions.

- 5. Exchange Date.** “**Exchange Date**” means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date, in relation to a Permanent Global Note, a day falling not less than 60 days and on which banks are open for business in Singapore and where relevant, in the cities in which CDP, Euroclear and Clearstream, Luxembourg or any other clearing system, are located, in relation to an Unrestricted Global Certificate, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in Singapore and, where relevant, in the cities in which CDP, Euroclear and Clearstream, Luxembourg or, if relevant, the alternative clearing system are located and in relation to a Restricted Global Certificate, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in Singapore and, where relevant, in the city in which DTC is located.

Amendments to Conditions

The Global Note or the Global Certificate contains provisions that apply to the Notes that they represent, some of which modify the effect of the Master Conditions set out in this Base Prospectus. The following is a summary of certain of those provisions:

1. Meetings

The holder of the Notes represented by the Global Note or the Global Certificate shall (unless the Global Note or the Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders. All holders of the Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder’s holding, whether or not represented by a Global Certificate.

2. Trustee’s Powers

In considering the interests of Noteholders while the Global Note is held on behalf of, or the Global Certificate is held on behalf of a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but shall not be obliged to, have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

3. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Master Conditions or by delivery of the relevant notice to the holder of the Global Note.

SETTLEMENT, CLEARANCE AND CUSTODY

The following is a summary of the settlement, clearance and custody arrangements for the Notes.

Introduction

The relevant Pricing Statement will specify the clearing system(s) applicable for each Series of Notes.

Clearance and Settlement through CDP

In respect of Notes which are accepted for clearance by CDP, the entire series of the Notes is to be held by CDP in the form of Global Notes for persons holding the Notes in Securities Accounts with CDP (the “**Depositors**”). Delivery and transfer of the Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the Securities Accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through an electronic book-entry clearance and settlement system for the trading of debt securities maintained by CDP (“**Depository System**”) may only be effected through certain corporate depositors approved by CDP under the Companies Act (as defined herein), to maintain securities sub-accounts (“**Depository Agents**”) and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, the Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct Securities Accounts with CDP, and who wish to trade such Notes through the Depository System, must transfer such Notes to be traded from such direct Securities Accounts to a securities sub-account with a Depository Agent for trade settlement.

General

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal and any dividends on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Agents for the Notes or any other agents will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Euroclear and Clearstream, Luxembourg

Each of Euroclear and Clearstream, Luxembourg holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Issuing and Paying Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

Custody Arrangements with Distributors

Definitive Notes, or certificates representing Notes, will not be issued to individual holders of Notes (except in very limited circumstances as described in the section headed “Summary of the Secured Note Programme – Form of Notes” in this Base Prospectus). Global Notes or Global Certificates, each representing the total principal amount of each Series of Notes will, instead on the Issue Date of the Notes (in the case of Global Notes) be deposited with CDP, Euroclear or Clearstream, Luxembourg and/or any alternative clearing system or will (in the case of Global Certificates) be registered in the name of CDP or a nominee for, a common depository for Euroclear and Clearstream, Luxembourg and/or any alternative clearing system, as the case may be.

Notes, in the form of interests in a Global Note or as represented by the Global Certificate, will be credited to the accounts of the Noteholders with CDP, Euroclear and/or Clearstream, Luxembourg and/or any alternative clearing system. For so long as any of the Notes are represented by a Global Note or a Global Certificate held through a clearing system, the Distributors, as participants in the clearing system or (in the case of CDP) Distributors who are Depository Agents for Noteholders and individual Noteholders with direct Securities Accounts, will be treated as holders of the Notes for all purposes other than with respect to the payment of principal or interest on the Notes, the right to which shall be vested solely in the bearer of the Global Note or the registered holder of the Global Certificate, as the case may be.

TAXATION OF NOTES

SINGAPORE

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, announced budget measures in the 2006 budget and administrative guidelines issued by the Authority in force as at the date of this Base Prospectus and are subject to enactment of such budget measures and to any changes in such laws or administrative guidelines, or the interpretation of those laws, or guidelines, occurring after such date, which changes could be made on a retroactive basis. Neither these statements nor any other statements in this Base Prospectus are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Holders or prospective holders of the Notes who are in doubt about their respective tax positions or any such tax implications of the purchase, ownership or transfer of Notes or who may be subject to tax in a jurisdiction other than Singapore should consult their own professional advisers.

1. Interest and Other Payments

As the Programme has been arranged as a whole by Lehman Brothers Inc., which is a Financial Sector Incentive (Bond Market) Company (as defined in the Income Tax Act, Chapter 134 of Singapore (“ITA”)), any tranche of Notes issued before 31st December 2008 (“**Relevant Notes**”) are qualifying debt securities for the purposes of the ITA.

Accordingly, subject to certain prescribed conditions having been fulfilled (including the submission of a return on debt securities to the Comptroller of Income Tax in Singapore within one month (excluding Saturdays) from the date of issue of the Notes), interest on the Relevant Notes and discount income (excluding discount income from secondary trading) on the Relevant Notes received by any company or body of persons (as defined in the ITA) in Singapore is subject to a concessionary tax rate of 10%.

However, notwithstanding the foregoing:

- (a) if during the primary launch of the Relevant Notes, the Relevant Notes are issued to less than four persons and 50% or more of the principal amount of the Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Relevant Notes would not qualify as “qualifying debt securities”; and
- (b) even though the Relevant Notes are “qualifying debt securities”, if at any time during the tenor of the Relevant Notes, 50% or more of the principal amount of the Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, interest or discount income derived from the Relevant Notes held by (1) any related party of the Issuer; or (2) any other person where the funds used by such person to acquire the Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer, shall not be eligible for the concessionary tax rate of 10%.

All foreign-sourced income received in Singapore on or after 1 January 2004 by Singapore tax-resident individuals will be exempted from tax, provided such foreign-sourced income is not received through a partnership in Singapore.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains from the sale of Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

3. Estate Duty

Singapore estate duty is imposed on the value of immovable property situated in Singapore and movable property, wherever it may be situated, passing on the death of an individual domiciled in Singapore.

Accordingly, Notes passing upon the death of an individual domiciled in Singapore are subject to Singapore estate duty upon such individual's death. Singapore estate duty is payable to the extent that the value of the Notes aggregated with any other assets subject to Singapore estate duty exceeds S\$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S\$600,000 will be taxed at 5 per cent. on the first S\$12 million of the individual's Singapore chargeable assets and thereafter at 10 per cent.

Estate duty, however, is not imposed on movable properties passing on the death of persons who are not domiciled in Singapore. Accordingly, where an individual holder of the Notes is not domiciled in Singapore at the time of the individual's death, the Notes will not be subject to Singapore estate duty.

Prospective purchasers of the Notes who are individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore estate duty consequences of their investment and ownership of such Notes.

CAYMAN ISLANDS

Under existing Cayman Islands laws:

- (a) payments in respect of the Notes, Coupons or Receipts will not be subject to taxation in the Cayman Islands (the "Islands") and no withholding will be required on such payments to any holder of a Note, Coupon or Receipt and gains derived from the sale of Notes will not be subject to income or corporation tax in the Islands. The Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (b) the holder of any Bearer Note, Coupon or Receipt (or the legal personal representative of such holder) whose Bearer Note, Coupon or Receipt is brought into the Islands may in certain circumstances be liable to pay stamp duty imposed under the laws of the Islands in respect of such Bearer Note, Coupon or Receipt; and
- (c) Registered Notes evidencing a Note to which title is not transferable by delivery will not attract Cayman Islands stamp duties. However, an instrument transferring title to a Registered Note if brought into or executed in the Cayman Islands would be subject to nominal Cayman Islands stamp duty.

The Issuer has been incorporated under the laws of the Cayman Islands as an exempted company and, as such, has applied for and has received an undertaking from the Governor in Cabinet of the Islands substantially in the following form:

**“The Tax Concessions Law
(1999 Revision)
Undertaking as to Tax Concessions**

In accordance with Section 6 of the Tax Concessions Law (1999 Revision) the Governor in Cabinet undertakes with:

Minibond Limited **“the Company”**

- (a) that no Law which is hereafter enacted in the Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and
- (b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable
 - (i) on or in respect of the shares debentures or other obligations of the Company; or
 - (ii) by way of the withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concessions Law (1999 Revision).

These concessions shall be for a period of twenty years from the 14th day of February 2006.”

SELLING RESTRICTIONS

The following section contains the selling restrictions on the offering of the Notes and the distribution of offering materials in various jurisdictions.

General

This Base Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Notes in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. No action has been or will be taken under the requirements of the legislation or regulation of, or of the legal regulatory requirements of any jurisdiction, except for the filing and/or registration of this Base Prospectus and the relevant Pricing Statement in Singapore in order to permit a public offering of the Notes and the public distribution of this Base Prospectus and the relevant Pricing Statement in Singapore. The distribution of this Base Prospectus and the relevant Pricing Statement and the offering of the Notes in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of the Base Prospectus and the relevant Pricing Statement are required by the Issuer and the Arranger to inform themselves about, and to observe and comply with, any such restrictions.

United States

The Notes have not been and will not be registered under the Securities Act. Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Each Distributor of the Notes has agreed or will agree that it will not offer, sell or deliver a Note in bearer form within the United States or to U.S. persons except as permitted by the Distributor Appointment Agreement.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any Distributor of the Notes (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Distributor of the Notes has represented and agreed or will represent and agree that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of Hong Kong) and any rules made under that Ordinance.

United Kingdom

Each Distributor of the Notes has represented, warranted and agreed or will represent, warrant and agree that:

- (i) in relation to any Notes which have a maturity of less than a year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) each Distributor of the Notes has represented and agreed or will represent and agree that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (i) in (or in Germany, where the offer starts within) the period beginning on the date of publication of a prospectus in relation to those Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (iii) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iv) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to

purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Cayman Islands

No invitation may be made to the public in the Cayman Islands to subscribe for any of the Notes.

GENERAL AND STATUTORY INFORMATION

GENERAL INFORMATION

1. The registered office of the Issuer is c/o Walkers SPV Limited, Walker House, PO Box 908 GT, Mary Street, George Town, Grand Cayman, Cayman Islands and the telephone number and fax number of the Issuer's registered office is +1 345 945 3727 and +1 345 945 4757 respectively. The business address of the Issuer is c/o Deutsche Bank (Cayman) Limited, PO Box 1984 GT, Elizabethan Square, Grand Cayman, Cayman Islands and the telephone number is +1 345 949 8244 and the fax number is +1 345 949 5223.
2. The Issuer was incorporated on 7 December 2005. There is no limit as to the duration for which the Issuer is to exist.
3. The Issuer was incorporated as an exempted company in the Cayman Islands with limited liability under the Companies Law (as amended) of the Cayman Islands.
4. The Underlying Securities will be administered by the Custodian, while the Calculation Agent will determine if a Credit Event has occurred and the Paying Agents will be responsible for making payments to Noteholders.
5. As of the date of this Base Prospectus, there are no reciprocal tax treaties between the Cayman Islands and Singapore.
6. Deutsche Bank (Cayman) Limited of PO Box 1984GT, Elizabethan Square, Grand Cayman, Cayman Islands is the administrator of the Issuer. Its duties include the provision of certain management, administrative, accounting and related services. The appointment of the administrator may be terminated and the administrator may retire upon three months' notice in writing subject to the appointment of an alternative administrator on similar terms to the existing administrator.
7. A summary of the main provisions in the Trust Deed governing the functions, rights and obligations of the Trustee is set out below. Should more information be required, please refer to the Trust Deed, a copy of which may be inspected as set out in paragraph 6 of the sub-section on "Statutory Information" below:
 - 7.1 The Trustee, HSBC Institutional Trust Services (Singapore) Limited, has been appointed as the trustee for the Noteholders and will carry out its duties and functions in accordance with the provisions of the Trust Deed.
 - 7.2 Pursuant to the Trust Deed, the Trustee will hold the benefit of the security created by the Issuer over, *inter alia*, the Mortgaged Property in favour of the Trustee as trustee for itself and/or the Noteholders, Coupons and Receipts, the Custodian, the Issuing and Paying Agent and the Other Creditors.
 - 7.3 Only the Trustee may at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the rights of the Noteholders, holders of the Coupons, Receipts (as defined in the Master Conditions) and Talons (as defined in the Master Conditions), the Custodian, the Issuing and Paying Agent and/or Other Creditors against the Issuer, but it need not take any such proceedings unless, *inter alia*, it is directed by an Extraordinary Resolution or requested in writing by relevant Noteholders holding at least one-fifth of the aggregate principal amount of the Notes outstanding and is indemnified to its satisfaction.

- 7.4 The Trustee has the power to take possession of the Mortgaged Property and convert it into money as it deems fit when the security over it becomes enforceable, provided that the Trustee is, amongst other things, directed by an Extraordinary Resolution or requested in writing by Noteholders of at least one-fifth of the aggregate principal amount of the Notes outstanding and is indemnified to its satisfaction.
- 7.5 The Trustee may in writing appoint a receiver of all or part of the Mortgaged Property over which any security shall have become enforceable and may remove any receiver so appointed and appoint another in his place.
- 7.6 The Trustee may, on such terms and for such purposes as it thinks fit, raise and borrow money for each Series on the security of the Mortgaged Property for that Series or any part of it in order to defray costs and expenses paid or incurred by it in relation to the Trust Deed or in exercise of any of its functions pursuant to the Trust Deed in relation to that Series and may secure the repayment of such money with interest by mortgaging or otherwise charging all or part of the Mortgaged Property in such manner and form as it thinks fit.
- 7.7 The Trustee shall not by reason of taking possession of any Mortgaged Property or any other reason be liable to account for anything except actual receipts or be liable for any loss arising from the realisation of the Mortgaged Property.
- 7.8 If, after realisation of the security, the moneys available for payment is less than 10 per cent. of the principal amount of Notes outstanding, the Trustee may, at its discretion, invest such moneys until the investments amount to at least 10 per cent. of the principal amount of Notes outstanding.
- 7.9 The Issuer shall, subject to the provisions of the Trust Deed, indemnify the Trustee in respect of all liabilities and expenses incurred by it or by anyone appointed by the Trustee for such purposes.
- 7.10 In acting as the Trustee under the Trust Deed, the Trustee shall not assume any duty or responsibility to any counterparty (other than to pay the counterparty any moneys due) and shall have regard solely to the interests of the Noteholders of any Series or, as the case may be, all Series. The Trustee, subject to certain exceptions, shall not be obliged to act on any directions of any Other Creditor if this would in the Trustee's opinion be contrary to the interests of the Noteholders.
- 7.11 If the Trustee fails to show the degree of care and diligence required of it as trustee under the terms of the Trust Deed, the Trust Deed shall not relieve or indemnify it from or against any liability that would otherwise attach to it in respect of any negligence, default, breach of duty or breach of trust of which it may be guilty.
- 7.12 The Trustee may, without the consent of the Noteholders, agree to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of any of the Master Conditions or any of the provisions of, *inter alia*, the Trust Deed, Credit Support Document, Secured Agreement, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such waiver shall be notified by the Issuer to the Noteholders as soon as practicable in accordance with the notice provisions of the Master Conditions.
8. Noteholders will not be receiving periodic reports on their investments. The Issuer is required by Singapore law to provide a quarterly report to the Authority and the Trustee stating, amongst other things, whether the limitations on the amount that the Issuer may borrow has been exceeded and whether or not any event has happened which has caused or could cause the Notes to become enforceable.

9. The Issuer has not published, and is not required by Cayman Islands law to publish, any financial statements. However, it is required by Singapore law to lodge a profit and loss account and balance sheet for the first six months of and for, every financial year with the Authority and the Trustee. The profit and loss account and balance sheet must be audited unless this requirement is dispensed with by the Trustee. The Trustee has agreed, subject to certain conditions, to dispense with the half-year audit and therefore Noteholders should note that only the full year profit and loss account and balance sheet will be audited.
10. There is no intention or requirement for the Issuer to accumulate surpluses. The Issuer will use the proceeds of each Series of Notes to purchase the Underlying Securities for each Series as further described in the relevant Pricing Statement. The Issuer has no intention to issue additional Tranches of Notes backed by the same pool of Underlying Securities and referencing the same pool of Reference Entities of that particular Series after the Notes of that Series have been issued.
11. Apart from the Mortgaged Property, the Issuer will not own any assets or have any liabilities apart from the Notes, rights under Swap Agreement, the other Contracts (if applicable) and/or exposure to the Reference Entities.
12. The Master Conditions do not include information on Credit Events. Such information is specific to each Series of Notes and will be set out in the relevant Supplemental Trust Deed and the relevant Pricing Statement.

STATUTORY INFORMATION

1. SHARE CAPITAL

The capitalisation of the issuer is US\$50,000 divided into 50,000 shares of a nominal or par value of US\$1.00 each. The paid-up capital of the Issuer as at the date of this Base Prospectus is US\$1,000.

2. DIRECTORS OF ISSUER

The Board of Directors is entrusted with the responsibility of the overall management of the Issuer. The names and occupations of each of the Directors are as follows:

Name	Occupation
David Dyer	Head of Corporate Services Deutsche Bank (Cayman) Limited
Alan Corkish	Senior Manager, Corporate Services Deutsche Bank (Cayman) Limited
Tim Fitzgerald	Senior Manager, Corporate Services Deutsche Bank (Cayman) Limited
Simon Wetherell	Senior Manager, Corporate Services Deutsche Bank (Cayman) Limited

3. ARTICLES OF ASSOCIATION

The Issuer has been established with unrestricted objects and the Issuer has full power and authority to carry out any object not prohibited by any law as provided by Section 7(4) of the Companies Law (as amended) of the Cayman Islands.

Pursuant to the articles of association of the Issuer, the directors of the Issuer may exercise all the powers of the Issuer to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, to issue debentures, debenture stock and other securities whenever money is borrowed or as security for any debt, liability or obligation of the Issuer or of any third party. There are no provisions in the articles of association of the Issuer for the modification of the Master Conditions of the Notes.

Subject to the Companies Law (as amended) of the Cayman Islands and the rights attaching to the various classes of shares, the Issuer may at any time and from time to time by special resolution alter or amend its articles of association in whole or in part.

4. LITIGATION

- 4.1 Each of the Issuer and the Trustee is not engaged in any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or have had in the last 12 months preceding the date of lodgment of this Base Prospectus, a material effect on the financial position or profitability of the Issuer or the Trustee, as the case may be.
- 4.2 During the 12 months preceding the date of this Base Prospectus, losses in connection with legal actions against the Swap Guarantor, in excess of established reserves, in the aggregate, were not material to the Swap Guarantor's financial condition or operating results. As at the date of this Base Prospectus, based on information currently available, the Swap Guarantor believes the amount, or range, of reasonably possible losses in connection with the actions pending against the Swap Guarantor, in excess of established reserves, in the aggregate, not to be material to the Swap Guarantor's financial condition. However, losses may be material to the operating results of the Swap Guarantor for any particular future period, depending on the level of income of the Swap Guarantor for such period.

5. CONSENTS

The Arranger has given its consent to the issue of this Base Prospectus with the inclusion herein of its name and all references thereto, in the form and context in which it appears in this Base Prospectus and the relevant Pricing Statements.

6. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Arranger at 5 Temasek Boulevard, Suntec Tower Five, #11-01, Singapore 038985, during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) for as long as offers are made under the Programme:

- 6.1 this Base Prospectus, as well as any supplementary base prospectus or equivalent document, together with the Pricing Statements issued in respect of the issue of the Notes;
- 6.2 the Memorandum and Articles of Association of the Issuer;
- 6.3 the letter of consent referred to in "Statutory Information" at paragraph 5 above;
- 6.4 the Trust Deed between the Issuer and the Trustee;
- 6.5 the Agency Agreement between the Issuer, the Trustee, the Registrar, the Custodian, the Issuing and Paying Agent and the Calculation Agent;
- 6.6 the Programme Agreement between the Issuer and the Arranger;
- 6.7 the Swap Agreements between the Swap Counterparties and the Issuer;

- 6.8 the Swap Guarantee by the Swap Guarantor;
- 6.9 the Depository Services Agreement between the Issuer and CDP;
- 6.10 the Deed of Covenant relating to the Notes of each Series; and
- 6.11 as applicable, the offering circular for the Collateral for each Series of Notes.

GLOSSARY

For the purpose of this Base Prospectus, the following definitions have, where appropriate, been used:

- “Agency Agreement” : means the Agency Agreement dated 30 March 2006 made between, (i) the Issuer, (ii) the Trustee, (iii) The Hongkong and Shanghai Banking Corporation Limited as issuing and paying agent, paying agent, transfer agent, registrar and as custodian and (iv) Lehman Brothers Asia Limited as calculation agent, relating to the appointment of agents in respect of the Secured Note Programme
- “Agents” : means the Issuing and Paying Agent, the other Paying Agents, the Calculation Agent, the Custodian, the Registrar and the Transfer Agents or any of them and shall include such other Agent or Agents as may be appointed from time to time under the Agency Agreement
- “Allocation Agent” : means Lehman Brothers Asia Limited or such other party named as such in the Distributor Appointment Agreement and as described in the relevant Pricing Statement
- “Arranger” : means Lehman Brothers Inc.
- “Authority” : means The Monetary Authority of Singapore
- “Bearer Note” : means a Note that is in bearer form, and includes any replacement Bearer Note issued pursuant to the Master Conditions and any Temporary Global Note or Permanent Global Note
- “Calculation Agent” : means Lehman Brothers Asia Limited or such party named as such in the Master Conditions and as described in the relevant Pricing Statement
- “CDP” : means The Central Depository (Pte) Limited
- “Certificates” : means the registered certificates representing Registered Notes and, unless the context indicates otherwise, includes any Global Certificate representing such Registered Notes
- “Certification” : means the presentation to the Issuing and Paying Agent of a certificate or certificates with respect to one or more interests in a Temporary Global Note, signed and received by Euroclear, Clearstream, Luxembourg or CDP, as the case may be, in accordance with the provisions of the Agency Agreement
- “Clearstream, Luxembourg” : means Clearstream Banking, *société anonyme*
- “Companies Act” : means the Companies Act, Chapter 50 of Singapore, as amended from time to time

- “Corporate Services Agreement” : the Corporate Services Agreement dated 30 March 2006 made between (i) the Issuer, (ii) Deutsche Bank (Cayman) Limited and (iii) Lehman Brothers Inc., relating to the provision of corporate management services with respect to the Issuer
- “Corporate Services Provider” : means Deutsche Bank (Cayman) Limited or such other corporate services provider as may have been appointed as such in accordance with the provisions of the Corporate Services Agreement
- “Coupons” : means the bearer coupons relating to interest bearing Bearer Notes or, as the context may require, a specific number of them and includes any replacement Coupons issued pursuant to the Master Conditions
- “Custodian” : means The Hongkong and Shanghai Banking Corporation Limited in its capacity as custodian under the Agency Agreement or such other Custodian as may be appointed from time to time under the Programme or in relation to a specific Series of Notes
- “Credit Event” : means in relation to a Reference Entity, the occurrence of certain specified and defined credit events, such as bankruptcy, as specified in the relevant Supplemental Trust Deed and the relevant Pricing Statement
- “Dealer” : means Lehman Brothers International (Europe) or such other party named as such in the Programme Agreement
- “Definitive Note” : means a Bearer Note in definitive form having, where appropriate, Coupons, Receipt(s) and/or a Talon attached on issue and, unless the context requires otherwise, means a Certificate (other than a Global Certificate) and includes any replacement Note or Certificate issued pursuant to the Master Conditions
- “Depositor” : means a person being a Depository Agent or a holder of a direct Securities Account maintained with CDP but does not include a holder of an account maintained with a Depository Agent
- “Depository Agent” : means an entity registered as a depository agent with CDP for the purpose of maintaining securities sub-accounts for its own account and the account of others
- “Depository Services Agreement” : means the Master Depository Services Agreement dated 30 March 2006 made between (i) the Issuer and (ii) CDP relating to the terms and conditions for the clearing and settlement of the Notes through the CDP book-entry system
- “Directors” : means the directors of the Issuer as at the date of this Base Prospectus, unless otherwise stated
- “Distributors” : means any of the distributors as described in the relevant Pricing Statement

“Distributor Appointment Agreement”	:	means each Distributor Appointment Agreement entered or to be entered into between (i) the Issuer, (ii) the Arranger, (iii) the Market Agent, (iv) the Allocation Agent and (v) each relevant Distributor, relating to the distribution of the Notes
“DTC”	:	means The Depository Trust Company
“Extraordinary Resolution”	:	means a resolution passed at a meeting of the Noteholders duly convened and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than three-quarters of the votes cast at the meeting
“Euroclear”	:	means Euroclear Bank, S.A./N.V., as operator of the Euroclear System
“Fitch”	:	means Fitch Ratings Ltd.
“Global Certificate”	:	means the Restricted Global Certificate, if any, and the Unrestricted Global Certificate, if any, issued in respect of the Registered Notes of the same Series
“Global Note”	:	means a global Note representing the Bearer Notes of the same Series in or substantially in the form set out in the Principal Trust Deed
“Income Tax Act” or “ITA”	:	means the Income Tax Act, Chapter 134 of Singapore, as amended from time to time
“Individual Certificate”	:	means Certificates in definitive form
“Issue Date”	:	means, in respect of any Note, the date specified in the relevant Supplemental Trust Deed, being the date of the issue and purchase of such Note and means, in the case of any Bearer Note in the form of a Global Note or Definitive Note, the same date as the date of issue of the Global Note which initially represents such Note
“Issue Price”	:	means, in relation to any Note, the price at which such Note will be issued by the Issuer
“Issuer”	:	means Minibond Limited
“Issuing and Paying Agent”	:	means in respect of the Notes, The Hongkong and Shanghai Banking Corporation Limited or such other Issuing and Paying Agent as may be appointed from time to time under the Agency Agreement
“Lehman Brothers”	:	means the Arranger, the Calculation Agent, the Market Agent, the Dealer, the Swap Counterparties, the Swap Guarantor, the Allocation Agent, and/or their affiliates, as the context requires
“Market Agent”	:	means Lehman Brothers International (Europe) or such other party or parties as specified and defined in the relevant Pricing Statement

“Maturity Date”	:	means the date on which the Notes will mature
“Moody’s”	:	means Moody’s Investors Services, Inc.
“Notes”	:	means the notes issued or to be issued by the Issuer pursuant to the Secured Note Programme
“%” or “per cent.”	:	means per centum or percentage
“Paying Agent”	:	means the Issuing and Paying Agent and/or such other paying agent, as the context requires, as may be appointed under the Agency Agreement from time to time
“Permanent Global Note”	:	means a Global Note representing bearer Notes of one or more Tranches of the same Series, either on issue or upon exchange of a Temporary Global Note, or part of it
“Pricing Statement”	:	means in relation to any Tranche or Series, a pricing statement specifying the relevant issue details in relation to each Tranche or Series
“Principal Trust Deed”	:	means the Principal Trust Deed dated 30 March 2006 made between (1) the Issuer and (2) the Trustee, constituting the Notes
“Programme Agreement”	:	means the Programme Agreement dated 30 March 2006 between (i) the Issuer; (ii) the Arranger and (iii) the Dealer, relating to the Secured Note Programme
“Ratings Agencies”	:	means Fitch, Moody’s and/or Standard & Poor’s
“Receipts”	:	means the receipts for the payment of instalments of principal in respect of Bearer Notes of which the principal is repayable in instalments or, as the context may require, a specific number of them and includes any replacement Receipts issued pursuant to the Master Conditions
“Reference Entity”	:	means the entity whose credit risk is being linked to the Notes and as described in the relevant Pricing Statement
“Register”	:	means the register maintained by the Registrar for each Series of Registered Notes in accordance with the Master Conditions and the regulations promulgated by the Issuer as provided for in the Agency Agreement
“Registered Notes”	:	means Notes issued in registered form
“Registrar”	:	means The Hongkong and Shanghai Banking Corporation Limited
“Secured Agreement”	:	means each Contract, Derivatives Contract and/or Underlying Agreement entered into in relation to a Series of Notes

“Secured Note Programme”	:	means the S\$10,000,000,000 programme for the issuance of Notes established by the Issuer
“Securities Act”	:	means the United States Securities Act of 1933, as amended
“Securities Account”	:	means a securities account maintained by a Depositor with CDP
“Security”	:	means the security as constituted by the relevant Supplemental Trust Deed in relation to each Series of Notes
“Security Document”	:	means a document creating a security interest specified as such in the relevant Supplemental Trust Deed
“SFA” or “Securities and Futures Act”	:	means the Securities and Futures Act, Chapter 289 of Singapore, as amended from time to time
“Singapore Dollar”, “S\$” or “\$”	:	means the lawful currency of the Republic of Singapore
“Standard & Poor’s”	:	means Standard & Poor’s, a division of The McGraw-Hill Companies, Inc.
“Succession Event”	:	means an event such as a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event in which one entity succeeds to the obligations of another entity, whether by operation of law or pursuant to any agreement, but does not include an event in which the holders of obligations of a Reference Entity exchange such obligations for the obligations of another entity, unless such exchange occurs in connection with a merger, consolidation, amalgamation, transfer of assets or liabilities, demerger, spin-off or other similar event
“Supplemental Trust Deed”	:	means the relevant supplemental trust deed being supplemental to the Principal Trust Deed and dated the Issue Date and made between (1) the Issuer, (2) the Trustee and (3) (if applicable) the other parties named in it, and which may constitute in the case of Notes and secure in the case of Notes or other Transactions, one or more Series of Notes or a Transaction
“Swap Counterparty”	:	means Lehman Brothers Special Financing Inc. and/or Lehman Brothers Finance S.A., as the case may be
“Swap Guarantor”	:	means Lehman Brothers Holdings Inc.
“Talons”	:	mean talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the Master Conditions
“Temporary Global Note”	:	means a Global Note representing bearer Notes of one or more Tranches of the same Series on issue
“Transaction”	:	means any financial transaction including loans, options or swap arrangements

- “Transaction Documents” : means the Trust Deed, the Agency Agreement, the Swap Agreement, the Swap Guarantee, the Programme Agreement, the Depository Services Agreement and the Deed of Covenant
- “Transfer Agent” : means in relation to the Notes, The Hongkong and Shanghai Banking Corporation Limited
- “Trust Deed” : means the Principal Trust Deed as supplemented by the relevant Supplemental Trust Deed
- “Trustee” : means HSBC Institutional Trust Services (Singapore) Limited in its capacity as trustee under the Trust Deed, and includes such company and all other persons or companies for the time being acting in the capacity of trustee or trustees under the Trust Deed
- “U.S. Dollars”, “USD” or “US\$” : means the lawful currency of the United States

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations.

Any reference in this Base Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Securities and Futures Act or any statutory modification thereof and used in this Base Prospectus shall, unless otherwise defined herein, have the meaning ascribed to it under the Companies Act or the Securities and Futures Act or statutory modification, as the case may be.

Unless otherwise specified, a reference to a time of day in this Base Prospectus shall be a reference to Singapore time.

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c/o Deutsche Bank (Cayman) Limited
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Grand Cayman
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Arranger

Lehman Brothers Inc.
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Singapore 038985

Trustee

**HSBC Institutional Trust Services
(Singapore) Limited**
21 Collyer Quay
#14-01
HSBC Building
Singapore 049320

**Issuing and Paying Agent
and Paying Agent**
**The Hongkong and Shanghai
Banking Corporation Limited**
21 Collyer Quay
#14-01
HSBC Building
Singapore 049320

**Transfer Agent, Registrar
and Custodian**
**The Hongkong and Shanghai
Banking Corporation Limited**
1 Queen's Road Central
Hong Kong

Swap Counterparties

Lehman Brothers Special Financing Inc.
745 Seventh Avenue
New York
New York 10019
United States of America

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Talstrasse 82
CH8001 Zurich
Switzerland

Legal Advisers

*to the Programme, the Issuer and the Arranger in respect of
Singapore law*

Allen & Gledhill
One Marina Boulevard, #28-00
Singapore 018989

*to the Issuer in respect of
Cayman Islands law*

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Walker House
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*to the Trustee, the Issuing and Paying Agent, the Paying Agent,
the Transfer Agent, the Registrar and the Custodian in respect of
Singapore law*

Allen & Gledhill
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Singapore 018989

Calculation Agent and Allocation Agent

Lehman Brothers Asia Limited
Two International Finance Centre
26th Floor
8 Finance Street
Central
Hong Kong

Market Agent and Dealer

Lehman Brothers International (Europe)
25 Bank Street
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United Kingdom

Corporate Services Provider

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Auditor

KPMG in the Cayman Islands
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