

AMENDED AND RESTATED FINAL TERMS

THESE AMENDED AND RESTATED FINAL TERMS HAVE BEEN CREATED SOLELY AS A MATTER OF RECORD TO EVIDENCE THE CURRENT FINAL TERMS OF THE NOTES AS AMENDED WITH EFFECT FROM 2 NOVEMBER 2023 BY A SUPPLEMENTAL TRUST DEED DATED 2 NOVEMBER 2023 (THE "SUPPLEMENTAL TRUST DEED") TO AMEND THE FLOATING RATE NOTE PROVISIONS. NO OFFER OF ANY OF THE NOTES IS BEING MADE BY THE ISSUER (AS DEFINED BELOW) PURSUANT TO THIS DOCUMENT OR OTHERWISE AND THE ISSUER DOES NOT ACCEPT ANY ADDITIONAL OBLIGATIONS TO HOLDERS OF THE NOTES IN RELATION TO THIS DOCUMENT.

Final Terms dated 23 July 2007, as amended and restated on 2 November 2023

The Royal Bank of Scotland plc

(Incorporated in Scotland with limited liability under the Companies Acts 1948 to 1980, registered number 90312)

£150,000,000 TelSec Credit-Linked Notes due 2033

Issue Price: 100.212 per cent.

U.S.\$10,000,000,000

Structured Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 14 May 2007 and the supplementary prospectus dated 30 May 2007 which together constitutes a base prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**), as amended by the Supplemental Trust Deed dated 2 November 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus as supplemented. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus and the supplementary prospectuses are available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/> and copies may be obtained, free of charge, during normal business hours from the registered office of the Issuer and from the specified offices of each of the Paying Agents.

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| 1. | Issuer: | The Royal Bank of Scotland plc |
| 2. | (i) Series Number: | 4169 |
| | (ii) Tranche Number: | 1 |

3. Specified Currency or Currencies: Sterling (**GBP** or **£**)
4. Aggregate Nominal Amount:
- (i) Series: GBP 150,000,000 (subject to increase pursuant to Condition 20 (*Further Issues*))
- (ii) Tranche: GBP 150,000,000
5. Issue Price: 100.212 per cent. of the Aggregate Nominal Amount.
6. (i) Specified Denominations: GBP 100,000
- (ii) Calculation Amount: Not Applicable
7. (i) Issue Date: 23 July 2007
- (ii) Interest Commencement Date: Issue Date
8. Maturity Date: The earliest to occur of:
1. the Scheduled Maturity Date or, if earlier, the Credit Event Redemption Date; and
 2. the date on which the Outstanding Principal Amount is reduced to zero.
9. Interest/Payment Basis: Fixed Rate/Floating Rate
(further particulars specified below)
10. Redemption/Payment Basis: Credit Linked
(further particulars specified below)

11. Change of Interest or Redemption/Payment Applicable

Basis:

Interest will be payable on a Fixed Rate basis prior to the Step Up Date in accordance with paragraph 15 below.

Interest will be payable on a Floating Rate basis from and including the Step Up Date in accordance with paragraph 16 below.

12. Put/Call Options:

Issuer Call
(further particulars specified below)

13. Status of the Notes:

Senior, unsecured

14. Method of distribution:

Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions

Applicable

(i) Rate of Interest:

6.876 per cent. per annum payable quarterly in arrear

(ii) Interest Payment Date(s):

The seventh Business Day following each Interest Accrual Date falling in the period from the Issue Date to, but excluding, the Step Up Date.

(iii) Business Day Convention:

Modified Following Business Day Convention

(iv) Additional Business Centre(s):

Not Applicable

(v) Broken Amount(s):

Not Applicable

(vi) Day Count Fraction:

30/360

(vii) Determination Date(s):

Not Applicable

(viii) Other terms relating to the method of calculating interest for Fixed Rate Notes: Not Applicable

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| 16. Floating Rate Note Provisions | Applicable |
| (i) Specified Period(s)/Specified Interest Payment Dates: | The seventh Business Day following each Interest Accrual Date from and including the Step Up Date, provided however, that, where an Interest Accrual Date is also the Maturity Date, the Interest Payment Date in respect of such Interest Accrual Date shall be the Maturity Date. |
| (ii) Business Day Convention: | Modified Following Business Convention |
| (iii) Additional Business Centre(s): | Not Applicable |
| (iv) Manner in which the Rate(s) of Interest is/are to be determined: | Screen Rate Determination |
| (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Agent or, as the case may be, the Registrar): | Calculation Agent |
| (vi) Screen Rate Determination: | Applicable |
| - Reference Rate: | SONIA |
| - Interest Determination Date(s): | 5 Business Days prior to the end of each Interest Period or, if earlier, prior to the date on which the Notes are redeemed. |
| - Relevant Screen Page: | Reuters Screen SONIA Page (or any replacement thereto) |
| - Calculation Method: | Compounded Daily |

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| - | Observation Method: | Lag |
| - | Observation Look-back Period: | 5 Business Days prior to the end of each Interest Period or, if earlier, prior to the date on which the Notes are redeemed. |
| - | D: | 365 |
| (vii) | ISDA Determination: | Not Applicable |
| (viii) | Margin(s): | + 1.25 per cent. per annum |
| (ix) | Minimum Rate of Interest: | Not Applicable |
| (x) | Maximum Rate of Interest: | Not Applicable |
| (xi) | Day Count Fraction: | Actual/365 |
| (xii) | Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: | Not Applicable |
| 17. | Zero Coupon Note Provisions | Not Applicable |
| 18. | Index Linked Interest Note Provisions | Not Applicable |
| 19. | Equity Linked Interest Note Provisions | Not Applicable |
| 20. | Currency Linked Note Provisions | Not Applicable |
| PROVISIONS RELATING TO REDEMPTION | | |
| 21. | Call Option | Applicable |

- (i) Optional Redemption Date(s): Any Interest Payment Date falling on or after the Step Up Date.
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): Outstanding Principal Amount plus interest accrued to, but excluding, the Optional Redemption Date.
- (iii) If redeemable in part:
 - (a) Minimum Redemption Amount: GBP 100,000
 - (b) Maximum Redemption Amount: Outstanding Principal Amount
- (iv) Notice period (if other than as set out in the Conditions): Two Business Days

22. Put Option Not Applicable

23. Final Redemption Amount In respect of each Note, the pro rata share of the Outstanding Principal Amount in respect of such Note, subject to Condition 5(1) (*Redemption following a Credit Event*).

24. Early Redemption Amount

- (i) Early Redemption Amount(s) payable on redemption following (a) the occurrence of an event of default or (b) illegality or (c) in the case of Index Linked Redemption Notes, following an Index Adjustment Event in accordance with Condition 7(b)(ii)(b) or (d) in the case of Equity Linked Redemption Notes, following certain corporate events in accordance with Condition 8(b)(ii)(B) or (e) in the case of Index Linked Redemption Notes or Equity Linked Redemption Notes, following an Additional Disruption Event (if applicable) in accordance In respect of each Note, the pro rata share of the Outstanding Principal Amount in respect of such Note.

with Condition 9(b)(ii), and/or the method of calculating the same (if required or if different from that set out in Condition 5(d)):

(ii) Early Redemption Amount includes amount in respect of accrued interest: No: together with the Early Redemption Amount, accrued interest shall also be paid.

25. Index Linked Redemption Notes: Not Applicable

26. Equity Linked Redemption Notes: Not Applicable

27. Additional Disruption Events: Not Applicable

28. Credit Linked Notes: See Schedule 1 to these Final Terms

GENERAL PROVISIONS APPLICABLE TO THE NOTES

29. Form of Notes: Bearer Notes:
Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Bearer Notes on at least 60 days' notice in the limited circumstances specified in the Permanent Global Note.

30. Additional Business Centre(s): Not Applicable

31. Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature): No

32. Details relating to Partly Paid Notes: Not Applicable

33. Details relating to Instalment Notes: Applicable
Instalment Amounts, Instalment Dates:
The Issuer shall redeem each Note in part on each Instalment Date in an amount equal to its pro rata share of the applicable Instalment Amount.

34. Redenomination, renominatisation and reconventioning provisions: Not Applicable
35. Consolidation provisions: Not Applicable
36. Notices to the Issuer: Not Applicable
37. Issuer Business Centre: Not Applicable
38. Other final terms: Applicable
See Schedules 1 and 2 to these Final Terms

DISTRIBUTION

39. (i) If syndicated, names and addresses of Managers and underwriting commitments: Not Applicable
- (ii) Date of purchase agreement: Not Applicable
- (iii) Stabilising Manager(s) (if any): Not Applicable
40. If non-syndicated, name of Dealer: The Royal Bank of Scotland plc
41. Total commission and concession: Not Applicable
42. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
43. Additional selling restrictions: Not Applicable


LISTING APPLICATION

These Final Terms comprise the final terms required to list the issue of Notes described herein pursuant to the U.S.\$10,000,000,000 Structured Note Programme of The Royal Bank of Scotland plc.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: 

Duly authorised DAVID SIMONSON

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the London Stock Exchange plc's Gilt-Edged and Fixed Interest Market with effect from [23] July 2007
- (iii) Estimate of total expenses related to admission to trading: £[825]

2. RATINGS

Ratings: Not Applicable

3. NOTIFICATION

The UK Listing Authority has provided each of the Swedish Financial Supervisory Authority and the Italian CONSOB with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

Not Applicable

6. YIELD

Not Applicable

7. HISTORIC INTEREST RATES

Details of historic LIBOR rates can be obtained from Reuters.

8. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE UNDERLYING

The Reference Obligation is listed on the Luxembourg Stock Exchange. The prospectus in respect of the Reference Obligation contains the terms of both the Reference Obligation and the Reference Assets.

Information concerning the Reference Obligation may be obtained from Bloomberg.

9. PERFORMANCE OF RATE OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE RATE OF EXCHANGE

Not Applicable

10. TERMS AND CONDITIONS OF THE OFFER

- (i) Names and addresses of any Dealers and any Distributors: The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
- (ii) Offer Period: The Issue Date
- (iii) Offer Price: 100.212%
- (iv) Conditions to which the offer is subject: Not Applicable
- (v) Description of the application process: Not Applicable

- (vi) Details of the minimum and/or maximum amount of application: Not Applicable
- (vii) Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: Not Applicable
- (viii) Details of method and time limits for paying up and delivering the Notes: Not Applicable
- (ix) Manner and date in which results of the offer are to be made public: Not Applicable
- (x) Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: Not Applicable
- (xi) Categories of potential investors to which the Notes are offered: Not Applicable
- (xii) Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made: Not Applicable
- (xiii) Amount of any expenses and taxes specifically charged to the subscriber or purchaser: Not Applicable

11. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0311807241
- (ii) Common Code: 031180724
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme (together with their addresses) and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Additional Paying Agent(s) (if any): Not Applicable

SCHEDULE 1

ADDITIONAL CONDITIONS

1. Redemption, Purchase and Options

The following paragraphs shall be inserted into Condition 5 (*Redemption and Purchase*) as follows:

"(l) *Redemption following a Credit Event*

Upon each occurrence of a Credit Event with respect to the Reference Entity and the delivery during the Notice Delivery Period of an effective Credit Event Notice from the Calculation Agent with respect thereto, the Issuer and the Calculation Agent shall perform their settlement obligations in accordance with this Condition 5(l).

- (i) ***Receipt of Credit Event Notice*** If the Issuer receives a Credit Event Notice during the Notice Delivery Period from the Calculation Agent, the Issuer shall, or shall procure that the Calculation Agent acting on its behalf shall, as soon as reasonably practicable following receipt of such notice, provide a copy thereof to the Trustee and the Agent, and the Agent shall give notice thereof to the Noteholders in accordance with the Conditions as soon as reasonably practicable following its receipt of such Credit Event Notice.
- (ii) ***Notice of Physical Settlement*** Following the occurrence of a Credit Event in relation to the Reference Entity and upon the effective delivery (in accordance with paragraph 2 of Schedule 1 to the Final Terms) of a Credit Event Notice during the Notice Delivery Period, the Calculation Agent shall, within 30 calendar days of the Credit Event Determination Date, deliver to the Issuer, the Trustee and the Agent a Notice of Physical Settlement. The Agent shall as soon as reasonably practicable following its receipt of such Notice of Physical Settlement, give notice thereof to the Noteholders in accordance with the Conditions.
- (iii) ***Redemption of the Notes*** Following effective delivery (in accordance with paragraph 2 of Schedule 1 to the Final Terms) of a Notice of Physical Settlement, the Issuer shall, subject to paragraph (iv) (*Extinguishment*) below, redeem each Note on a date from, but excluding, the Cut-Off Date, to, and including, the Credit Event Redemption Date by Delivering to each Noteholder a pro rata share of the relevant Deliverable Obligations specified in the Notice of Physical Settlement (which, for the avoidance of doubt, shall not include accrued interest in respect of the relevant Deliverable Obligations).
 - (a) ***Failure to Deliver due to Impossibility or Illegality*** In the event that the Issuer fails to Deliver all or a portion of the Deliverable Obligations specified in the Notice of Physical Settlement (the **Undelivered Obligations**) to the Noteholders in accordance with this Condition 5(l)(iii) as a result of Impossibility or Illegality, the Issuer shall redeem the Notes not so redeemed by Delivery of Deliverable Obligations as specified in the Notice of Physical Settlement, by paying to each Noteholder a pro rata share of the value of such Undelivered Obligations, such value to be determined by the Calculation Agent in accordance with the Market Valuation Method, within 5 Business Days of the date on which such value has been so determined.
 - (b) ***Failure to Deliver other than due to Impossibility or Illegality*** In the event that the Issuer fails to Deliver all or a portion of the Deliverable Obligations specified in the Notice of Physical Settlement to the Noteholders in accordance

with this Condition 5(1)(iii) other than as a result of Impossibility or Illegality, the Issuer shall redeem the Notes not so redeemed by Delivery of Deliverable Obligations as specified in the Notice of Physical Settlement: (x) unless the Issuer has elected to redeem all or some of such Notes in accordance with and has satisfied its obligations pursuant to paragraph (y) below, by paying to each Noteholder (or each Noteholder in respect of which such election has not been made by the Issuer) a pro rata share of an amount equal to the aggregate outstanding principal balance (as interpreted in accordance with the 2003 Definitions) of the Undelivered Obligations; or (y) by entering into a total return swap with each Noteholder (or each Noteholder in respect of which such election has been made by the Issuer) substantially in the form set out in Schedule 3 to the Final Terms (the **TRS Documentation**) in respect of each Noteholder's pro rata share of each Undelivered Obligation. To exercise any redemption in accordance with paragraph (y) above, the Issuer shall notify the relevant Noteholders of its intention to do so no later than 10 Business Days prior to the Credit Event Redemption Date.

- (iv) **Extinguishment** If, following effective delivery (in accordance with paragraph 2 of Schedule 1 to the Final Terms) of a Notice of Physical Settlement, claims in respect of the relevant Deliverable Obligations specified in the Notice of Physical Settlement have been extinguished after liquidation, distribution or other disposal of assets securing the relevant Deliverable Obligation and application of proceeds to redeem the principal amount of the relevant Deliverable Obligation on or prior to the Credit Event Redemption Date, the Issuer shall redeem the Notes by paying to each Noteholder a pro rata share of an amount equal to the Recovered Amounts.
- (v) **No further payments** Upon Delivery of Deliverable Obligations and/or a pro rata share of the value of, or the outstanding principal balance of, as the case may be, any Undelivered Obligations and/or entering into a total return swap (or, subject as provided below, being deemed to have satisfied its obligation to enter into a total return swap) in accordance with paragraph (iii) above or a pro rata share of the Recovered Amounts in accordance with paragraph (iv) above, together, in each case, with accrued interest in respect of the Notes to, but excluding, the Credit Event Determination Date, no further payments shall be due to any Noteholder. In the event that the Issuer has elected to enter into a total return swap with one or more Noteholders in accordance with paragraph (iii)(b)(y) above, the Issuer shall be deemed to have satisfied its obligation to do so on the Credit Event Redemption Date if:
- (a) the Issuer has used best endeavours, from the period on which notice of the Issuer's intention to exercise redemption in this manner was given in accordance with paragraph (iii)(b)(y) above to the Credit Event Redemption Date, to enter into the TRS Documentation with such Noteholder(s);
 - (b) such Noteholder(s) is not precluded from entering into the TRS Documentation by any legal or regulatory impediment; and
 - (c) the total return swap is not entered into with such Noteholder(s) by the Credit Event Determination Date due solely to the failure by the relevant Noteholder(s) to enter into the TRS Documentation.

For the avoidance of doubt, where the Issuer has elected to redeem all or some of the Notes in accordance with paragraph (iii)(b)(y) above and fails to satisfy its obligations in respect of any such Notes in accordance with the foregoing, the Issuer shall redeem such Notes in accordance with paragraph (iii)(b)(x) above.

2. Provisions Regarding Notices

Any notice expressed to be subject to this paragraph which is delivered on or prior to 4.00 p.m. (London time) on a Business Day will be effective on such Business Day. Such a notice delivered after 4:00 p.m. (London time) on a Business Day will be deemed effective on the next following Business Day regardless of the form in which it is delivered.

3. Calculation of Interest Amounts

- (a) Condition 3(a) (*Interest on Fixed Rate Notes*) shall be amended by the deletion of sub-paragraphs (A) and (B) in the fourth paragraph and their replacement with the following:

"(A) in the case of Fixed Rate Notes which are represented by a Global Note, the Outstanding Principal Amount as at the last day of the relevant Interest Period; or

(B) in the case of Fixed Rate Notes in definitive form, each Note's pro rata share of the Outstanding Principal Amount as at the last day of the relevant Interest Period."

- (b) Condition 3(b)(vi) (*Determination of Rate of Interest and Calculation of Interest*) shall be amended by the deletion of sub-paragraphs (A) and (B) and their replacement with the following:

"(A) in the case of Floating Rate Notes which are represented by a Global Note, the Outstanding Principal Amount as at the last day of the relevant Interest Period; or

(B) in the case of Floating Rate Notes in definitive form, each Note's pro rata share of the Outstanding Principal Amount as at the last day of the relevant Interest Period."

4. Interest Periods

- (a) Condition 3(a) (*Interest on Fixed Rate Notes*) shall be amended by the deletion of the definition of Fixed Interest Period and its replacement with the following:

"**Fixed Interest Period** means the period from, and including, an Interest Accrual Date (or, in respect of the first Interest Period, the Interest Commencement Date) to, but excluding, the next (or first) Interest Accrual Date (or, in the case of the last Interest Period, the Interest Accrual End Date)."

- (b) Condition 3(b)(iii) (*ISDA Determination for Floating Rate Notes*) shall be amended by the deletion of the fourth paragraph and its replacement with the following:

"For the purposes of this Condition 3, **Interest Period** means the period from, and including, an Interest Accrual Date to, but excluding, the next Interest Accrual Date (or, in the case of the last Interest Period, the Interest Accrual End Date)."

5. Deferral of Interest

The following shall be inserted as a new Condition 3(h):

"(h) *Deferral of Interest*

Notwithstanding anything to the contrary in these Conditions, in the event that interest payable in respect of any of the Reference Assets has been deferred, in whole or in part, in accordance with Condition 15 of the relevant Reference Asset Conditions, the terms of this Condition 5(h) shall apply.

- (i) ***Partial Payment of Interest*** Following any deferral of interest in respect of any of the Reference Assets in accordance with Condition 15 of the relevant Reference Asset Conditions, the Interest Amount payable in respect of the Notes on the immediately succeeding Interest Payment Date shall be reduced to an amount equal to the Interest Amount multiplied by the Interest Payment Percentage (the **Note Interest Residual Amount**).
- (ii) ***Interest Shortfall*** The Issuer shall create a provision on its accounts for each Interest Shortfall. Each Interest Shortfall shall itself accrue interest at the same Rate of Interest as payable in respect of the Notes and shall be payable together with such accrued interest on any succeeding Interest Payment Date only if and to the extent that the Reference Asset Deferral Amount has been received by the holders of the relevant Reference Assets on the Reference Asset Payment Date immediately preceding such Interest Payment Date.
- (iii) ***No Event of Default*** For the avoidance of doubt, any deferral of interest payments in accordance with this Condition 3(h) (*Deferral of Interest*) shall not constitute an Event of Default pursuant to Condition 14 (*Events of Default*).

6. Further Issues

Condition 20 (*Further Issues*) shall be amended by the insertion of the following as a second paragraph thereto:

"In order to give effect to a further issuance in accordance with this Condition 20 (*Further Issues*), the Issuer may make such changes to these Conditions which are necessary in order to give effect to the further issuance."

7. Other Amendments to Conditions

Notwithstanding paragraph 3 above, save as otherwise provided in these Final Terms, any references to the "principal amount", "nominal amount", "principal amount outstanding", "nominal amount outstanding", "outstanding principal amount" or "outstanding nominal amount" of any Note or Notes in any of the documents relating to the Issuer's U.S.\$10,000,000,000 Structured Note Programme and/or on any Note and any expressions of similar import shall, for the purposes hereof, be deemed to be replaced by references to the Outstanding Principal Amount thereof.

SCHEDULE 2

DEFINITIONS

2003 Definitions means the 2003 Credit Derivatives Definitions as published by the International Swaps and Derivatives Association, Inc. at the date hereof.

Bankruptcy means both (i) the Reference Entity (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (b) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (c) institutes or has instituted against it a proceeding seeking a judgment of insolvency of bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition (1) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (2) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof; (d) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation amalgamation or merger); (e) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for its or for all or substantially all its assets (excluding, for the avoidance of doubt, the appointment by the Reference Entity of a trustee, custodian, fiscal agent or similar representative solely for the purposes of an issue of securities by the Reference Entity) (f) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or (g) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (f) (inclusive) and (ii) the occurrence of any of the events described in clauses (a) to (g) (inclusive) has given rise to an event of default (howsoever described) under the terms of the Reference Obligation and/or any of the Reference Assets.

Calculation Agent means The Royal Bank of Scotland plc.

Class A Notes has the meaning given to that term in the Reference Obligation Conditions.

Class B-7 Amortisation Amount (or **B-7 Amort**) means the amount by which the aggregate principal amount of the Class B-7 Reference Assets is reduced in accordance with Conditions 5(b), 5(c) and/or 5(d) of the relevant Reference Asset Conditions (and subject, in each case, to the application of Condition 15 of the relevant Reference Asset Conditions).

Class B-7 Reference Assets means the Class B-7 Floating Rate Secured Notes due 2033 of the Reference Entity.

Class C-1 Amortisation Amount (or **C-1 Amort**) means the amount by which the aggregate principal amount of the Class C-1 Reference Assets is reduced in accordance with Conditions 5(b), 5(c) and/or 5(d) of the relevant Reference Asset Conditions (and subject, in each case, to the application of Condition 15 of the relevant Reference Asset Conditions).

Class C-1 Reference Assets means the Class C-1 Deferrable Interest Floating Rate Secured Notes due 2033 of the Reference Entity.

Class C-2 Amortisation Amount (or **C-2 Amort**) means the amount by which the aggregate principal amount of the Class C-2 Reference Assets is reduced in accordance with Conditions 5(b), 5(c) and/or

5(d) of the relevant Reference Asset Conditions (and subject, in each case, to the application of Condition 15 of the relevant Reference Asset Conditions).

Class C-2 Reference Assets means the Class C-2 Deferrable Interest Floating Rate Secured Notes due 2033 of the Reference Entity.

Credit Event means Bankruptcy and/or a Failure to Pay and/or Restructuring.

Credit Event Cut-Off Date means the date that is two Business Days prior to the Scheduled Maturity Date.

Credit Event Determination Date means the date on which a Credit Event Notice is delivered to the Issuer in accordance with Condition 5(1)(i) (*Redemption following a Credit Event*).

Credit Event Notice means an irrevocable notice given in writing by the Calculation Agent to the Issuer that the Calculation Agent has determined that a Credit Event has occurred during the Notice Delivery Period in relation to the Notes. The notice given must contain a description in reasonable detail of the facts relevant to the determination that a Credit Event has occurred. The Credit Event that is the subject of the Credit Event Notice need not be continuing on the date the Credit Event Notice is delivered.

Credit Event Redemption Date means the date that is 20 Business Days following the Interest Accrual Date following the date on which a Notice of Physical Settlement is delivered to the Issuer in accordance with Condition 5(1)(ii) (*Redemption following a Credit Event*).

Cut-Off Date means the date that is 5 Business Days after the date of effective delivery (in accordance with paragraph 2 of Schedule 1 to the Final Terms) of a Notice of Physical Settlement.

Deliver means to deliver, novate, transfer, assign or sell, as appropriate, in the manner customary for the settlement of the relevant Deliverable Obligations (which shall include executing all necessary documentation and taking any other necessary actions), in order to convey all right, title and interest in the Deliverable Obligations specified in the Notice of Physical Settlement to the Noteholders free and clear of any and all liens, charges, claims or encumbrances (including, without limitation, any counterclaim, defence (other than a counterclaim or defence based on the Permitted Factors) or right of set off by or of the Reference Entity); and **Delivery**, **Delivery** and **Delivered** will be construed accordingly.

Deliverable Obligation means any of the following:

- (a) the Reference Obligation; and
- (b) any of the Reference Assets or any obligation of the Reference Entity which, on the Credit Event Determination Date, would rank for payment in accordance with the Issuer Post-Acceleration Priority of Payments (if a payment were then due thereunder) at the same level as any of the Reference Assets, provided, in each case, that the Deliverable Obligation Maximum Maturity Criteria is satisfied.

Deliverable Obligation Maximum Maturity Criteria means, in respect of any obligation, that such obligation has a remaining maturity from the Credit Event Redemption Date of not greater than 30 years.

Expected Payment Amount means a payment of interest or principal due or scheduled to be paid pursuant to the terms of the Reference Obligation or any Reference Asset. The Expected Payment Amount shall not include any amount properly withheld from a payment in respect of the Reference

Obligation or any Reference Asset, as the case may be, or any additional amount required to be paid in respect of the Reference Obligation or any Reference Asset, as the case may be, in each case because of any withholding tax.

Failure to Pay means either:

- (a) after the expiration of any applicable grace period, the occurrence of a non-payment of an Expected Payment Amount on a Scheduled Distribution Date; or
- (b) a failure to pay in full either the Reference Obligation Principal Amount Outstanding of the Reference Obligation or the Reference Asset Principal Amount Outstanding of any of the Reference Assets, at the earlier of:
 - (i) the Reference Obligation Final Maturity Date or the Reference Asset Final Maturity Date, as the case may be; and
 - (ii) the day on which the assets designated to fund either the Reference Obligation or any of the Reference Assets have been disposed of (whether or not in accordance with the terms of the Reference Obligation or the relevant Reference Asset, as the case may be, and whether pursuant to sale or liquidation or otherwise) and all proceeds of those assets have been fully distributed (whether or not in accordance with the terms of the Reference Obligation or the relevant Reference Asset, as the case may be, and whether so distributed to holders of the Reference Obligation or the relevant Reference Asset, as the case may be, or to any other person).

Full Quotation means a firm bid quotation obtained from a Quotation Dealer at the Valuation Time, to the extent reasonably practicable, for an amount of the relevant Deliverable Obligation with an outstanding principal balance equal to the Quotation Amount.

Governmental Authority means any de facto or de jure government (or any agency, instrumentality, ministry or department thereof), court, tribunal, administrative or other governmental authority or other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Reference Entity or of the jurisdiction of organisation of the Reference Entity.

Impossibility or Illegality means, in respect of a failure to Deliver Deliverable Obligations, that it is impossible or illegal for the Issuer to Deliver such Deliverable Obligations due to events beyond its control (including, without limitation, due to an inability on the part of the entity to which such Deliverable Obligations are to be Delivered to accept Delivery thereof or an inability on the part of the Reference Entity to register the Delivery thereof, any law, regulation or court order, but excluding market conditions).

Initial Principal Amount (or IPA) means the Aggregate Nominal Amount of the Series.

Interest Accrual Date means (a) the 10th of March, June, September and December in each year from, but excluding, the Interest Commencement Date to, and including, the later of the 10th of March, June, September or December immediately prior to the Interest Accrual End Date (in each case, subject to adjustment in accordance with the Modified Following Business Day Convention) and (b) the Interest Accrual End Date.

Interest Accrual End Date means the earliest to occur of (i) the Maturity Date and (ii) the Credit Event Determination Date.

Interest Payment Percentage means, in respect of each deferral of interest pursuant to Condition 3(h) (*Deferral of Interest*), the Reference Asset Interest Residual Amount expressed as a percentage of the Reference Asset Payable Amount.

Interest Shortfall means, in respect of each deferral of interest pursuant to Condition 3(h) (*Deferral of Interest*), an amount equal to the Interest Amount which would otherwise be payable on the relevant Interest Payment Date less the Note Interest Residual Amount.

Instalment Amount means, on each Instalment Date, an amount equal to:

$$\text{IPA} \times \left(\frac{\text{B} - 7 \text{ Amort} + \text{C} - 1 \text{ Amort} + \text{C} - 2 \text{ Amort}}{\pounds 379,645,000} \right)$$

Instalment Date means the date which is two Business Days following each date on which the principal amount of any Reference Asset is reduced by payment of the relevant redemption amount to the holders of such Reference Asset in accordance with Conditions 5(b), 5(c) and/or 5(d) of the relevant Reference Asset Conditions (and subject, in each case, to the application of Condition 15 of the relevant Reference Asset Conditions).

Issuer Post-Acceleration Priority of Payments has the meaning given to it in the Reference Obligation Conditions.

Market Valuation Method means the Market Value determined by the Calculation Agent with respect to the Valuation Date by seeking firm bids from at least six Quotation Dealers.

Market Value means, with respect to the relevant Deliverable Obligation on the Valuation Date, (a) if more than three Full Quotations are obtained, the arithmetic mean of such Full Quotations, disregarding the Full Quotations having the highest and lowest values (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (b) if exactly three Full Quotations are obtained, the Full Quotation remaining after disregarding the highest and lowest Full Quotations (and, if more than one such Full Quotations have the same highest value or lowest value, then one of such highest or lowest Full Quotations shall be disregarded); (c) if exactly two Full Quotations are obtained, the arithmetic mean of such Full Quotations; (d) if fewer than two Full Quotations are obtained and a Weighted Average Quotation is obtained, such Weighted Average Quotation; (e) if fewer than two Full Quotations are obtained and no Weighted Average Quotation is obtained, subject to (f) below, an amount as determined by the Calculation Agent on the next Business Day on which two or more Full Quotations or a Weighted Average Quotation is obtained; and (f) if two or more Full Quotations or a Weighted Average Quotation are not obtained on the same Business Day on or prior to the tenth Business Day following the Valuation Date, (i) any Full Quotation obtained at the Valuation Time on such tenth Business Day or, if no Full Quotation is obtained, the weighted average of any firm quotations for the relevant Deliverable Obligation obtained from Quotation Dealers at the Valuation Time on such tenth Business Day with respect to the aggregate portion of the Quotation Amount for which such quotations were obtained and a quotation deemed to be equal to the lowest of such firm quotations for the balance of the Quotation Amount for which firm quotations were not obtained on such day or (ii) if no firm quotations for the relevant Deliverable Obligation are obtained from Quotation Dealers at the Valuation Time on such tenth Business Day, an amount to be determined as the Market Value by the Valuation Agent as soon as practicable thereafter.

Where more than one type of Deliverable Obligation is specified in the Notice of Physical Settlement, the Market Value shall be determined separately in respect of each type of Deliverable Obligation.

Minimum Quotation Amount means the Quotation Amount or, if lower, £5,000,000.

Notice Delivery Period means the period from, and including, the Issue Date to, and including, the Credit Event Cut-Off Date.

Notice of Physical Settlement means an irrevocable notice given in writing by the Calculation Agent to the Issuer that the Calculation Agent has determined that the Notes have become due and repayable in accordance with the Condition 5(l) (*Redemption following a Credit Event*). The notice must contain a detailed description of the Deliverable Obligations (to be determined in the absolute discretion of the Calculation Agent) that the Issuer must deliver to the Noteholders (which, for the avoidance of doubt, may consist of one or more different types of Deliverable Obligations which fall within the definition thereof) and the outstanding principal balance thereof (as interpreted in accordance with the 2003 Definitions), such outstanding principal balance to be an amount (excluding accrued interest, if any), as determined by the Calculation Agent, equal to the Outstanding Principal Amount of the Notes.

Outstanding Principal Amount means, on any date, the Initial Principal Amount as reduced, on each Instalment Date, by the applicable Instalment Amount.

Permitted Currency means (a) the legal tender of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership) or (b) the legal tender of any country which, as of the date of such change, is a member of the Organization for Economic Cooperation and Development and has a local currency long-term debt rating of either AAA or higher assigned to it by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. or any successor to the rating business thereof, Aaa or higher assigned to it by Moody's Investors Service, Inc. or any successor to the rating business thereof or AAA or higher assigned to it by Fitch Ratings or any successor to the rating business thereof.

Permitted Factors means (a) any lack of alleged lack of authority or capacity of the Reference Entity to enter into the relevant Deliverable Obligation, (b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to the relevant Deliverable Obligation, (c) any applicable law, order, regulation, decree or notice, howsoever described, or the promulgation or, or change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, howsoever described, or (d) the imposition of, or any change in, any exchange controls, capital restrictions or any other similar restrictions imposed by any monetary or other authority, howsoever described.

Quotation Amount means an amount, as determined by the Calculation Agent, equal to the outstanding principal balance (as interpreted in accordance with the 2003 Definitions) of the Undelivered Obligations.

Quotation Dealer means a dealer (other than the Issuer or the Calculation Agent) in obligations similar to the Deliverable Obligations selected in good faith and in a commercially reasonable manner by the Calculation Agent.

Recovered Amounts means, in respect of any Deliverable Obligation, an amount equal to the amount received by the holders of an outstanding principal balance (as interpreted in accordance with the 2003 Definitions) of such Deliverable Obligation equal to the amount of such Deliverable Obligation specified in the Notice of Physical Delivery (excluding any amount paid in respect of accrued interest) on the redemption thereof.

Reference Asset means each of the Class B-7 Reference Assets, the Class C-1 Reference Assets and the Class C-2 Reference Assets.

Reference Asset Conditions means, in respect of each Reference Asset, the terms and conditions of such Reference Assets as applicable at the date hereof.

Reference Asset Deferral Amount means, in respect of each Reference Asset and each Reference Asset Payment Date, an amount equal to the Reference Asset Payable Amount of such Reference Asset on such Reference Asset Payment Date less the Reference Asset Interest Residual Amount in respect of such Reference Asset on such Reference Asset Payment Date.

Reference Asset Final Maturity Date has, in respect of each Reference Asset, the meaning given to the term "Final Maturity Date" in the relevant Reference Asset Conditions.

Reference Asset Interest Residual Amount means, in respect of each Reference Asset and each Reference Asset Payment Date, an amount equal to the Interest Residual Amount (as defined in Condition 15 of the relevant Reference Asset Conditions) received by the holder of such Reference Asset on such Reference Asset Payment Date.

Reference Asset Payable Amount means, in respect of each Reference Asset and each Reference Asset Payment Date, the amount of interest which would have been payable to the holder of such Reference Asset on such Reference Asset Payment Date but for the application of Condition 15 of the relevant Reference Asset Conditions.

Reference Asset Payment Date, in respect of each Reference Asset, has the meaning given to the term "Interest Payment Date" in the relevant Reference Asset Conditions.

Reference Asset Principal Amount Outstanding has, in respect of each Reference Asset, the meaning given to the term "Principal Amount Outstanding" in the relevant Reference Asset Conditions.

Reference Entity means Telereal Securitisation plc or any Successor Reference Entity (which such Successor Reference Entity shall be notified to the Noteholders by the Issuer in accordance with Condition 18 of the Notes as soon as reasonably practicable after becoming aware of the occurrence of a Succession Event in respect of the Reference Entity).

Reference Obligation means the Class B-2 Fixed/Floating Rate Secured Notes due 2033 of the Reference Entity (ISIN: XS0139654635) or, in the event that such notes are redeemed by the Reference Entity prior to the Scheduled Maturity Date, such of the other Deliverable Obligations as the Calculation Agent may determine.

Reference Obligation Conditions means the terms and conditions of the Reference Obligation as applicable at the date hereof.

Reference Obligation Final Maturity Date has the meaning given to the term "Final Maturity Date" in the Reference Obligation Conditions.

Reference Obligation Principal Amount Outstanding has the meaning given to the term "Principal Amount Outstanding" in the Reference Obligation Conditions.

Relevant Obligations means the obligations constituting bonds or loans of the Reference Entity outstanding immediately prior to the effective date of the Succession Event, excluding any debt obligations outstanding between the Reference Entity and any affiliates, as determined by the Calculation Agent.

Restructuring means that, with respect to the Reference Obligation or any of the Reference Assets, any one or more of the following events occurs in a form that binds all holders of the Reference Obligation or such Reference Asset, as the case may be, is agreed between the Reference Entity or a Governmental Authority and a sufficient number of holders of the Reference Obligation or such Reference Asset, as the case may be, to bind all holders of the Reference Obligation or such Reference Asset, as the case may be, or is announced (or otherwise decreed) by the Reference Entity or a

Governmental Authority in a form that binds all holders of the Reference Obligation or such Reference Asset, as the case may be, and such event is not expressly provided for under the terms of the Reference Obligation or such Reference Asset, as the case may be, in effect as of the Trade Date:

- (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;
- (b) a reduction in the amount of principal or premium payable at maturity or at scheduled redemption dates;
- (c) a postponement or other deferral of a date or dates for either (i) the payment or accrual of interest or (ii) the payment of principal or premium;
- (d) any alteration of the capital structure of the obligations of the Reference Entity causing an increase in the Subordination of the Reference Obligation or such Reference Asset, as the case may be, to the Class A Notes; or
- (e) any change in the currency or composition of any payment of interest or principal to any currency which is not a Permitted Currency.

Notwithstanding the foregoing, none of the following shall constitute a Restructuring:

- (i) the payment in euros of interest or principal in relation to the Reference Obligation or such Reference Asset, as the case may be, in the event that the United Kingdom adopts the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union;
- (ii) the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (e) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business; and
- (iii) the occurrence of, agreement to or announcement of any of the events described in paragraphs (a) to (e) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity.

Scheduled Distribution Date means each day on which interest and/or principal payments are due or scheduled to be paid pursuant to Reference Obligation Conditions or the Reference Asset Conditions (subject, in each case, to the application of Condition 15 of the Reference Obligation Conditions or Condition 15 of the relevant Reference Asset Conditions, as the case may be, in respect of the full amount of such interest and/or principal payments). For the avoidance of doubt, a deferral of or a failure to make interest and/or principal payments because of insufficient funds (other than a deferral of interest and/or principal payments in accordance with Condition 15 of the Reference Obligation Conditions and/or and Condition 15 of the relevant Reference Asset Conditions in respect of the full amount of such interest and/or principal payments) does not alter the Scheduled Distribution Date.

Scheduled Maturity Date means the date that is seven Business Days following 10 December 2033 (as adjusted in accordance with the Modified Following Business Day Convention).

Step Up Date means the Interest Accrual Date falling in September 2011.

Subordination means, with respect to an obligation (the Subordinated Obligation) and another obligation of the Reference Entity to which such obligation is being compared (the Senior Obligation), a contractual, trust or similar arrangement providing that (i) upon the liquidation, dissolution, reorganisation or winding up of the Reference Entity, claims of the holders of the Senior Obligation

will be satisfied prior to claims of holders of the Subordinated Obligation or (ii) holders of the Subordinated Obligation will not be entitled to receive or retain payments in respect of their claims against the Reference Entity at any time that the Reference Entity is in payment arrears. For the purposes of determining whether Subordination exists or whether an obligation is Subordinated with respect to another obligation to which it is being compared, the existence of preferred creditors arising by operation of law or of collateral, credit support or other credit enhancement arrangements shall not be taken into account.

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. Notwithstanding the foregoing, "Succession Event" shall not include an event in which the holders of obligations of the 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.

For these purposes succeed means, with respect to the Reference Entity and the Relevant Obligations, that a party other than the Reference Entity (i) assumes or becomes liable for the Relevant Obligations, whether by operation of law or pursuant to any agreement or (ii) issues bonds, notes or other debt securities that are exchanged for the Relevant Obligations, and the Reference Entity is no longer an obligor (primarily or secondarily) or guarantor or insurer with respect to the Relevant Obligations.

Successor Reference Entity means the entity or entities, if any, determined as set out below:

- (a) if an entity directly or indirectly succeeds to all of the Relevant Obligations by way of a Succession Event, that entity will be the sole Successor Reference Entity in respect of the Relevant Obligations; and
- (b) if one or more entities each directly or indirectly succeeds to a portion of the Relevant Obligations by way of a Succession Event, each such entity as determined by the Calculation Agent in a commercially reasonable manner, and (in the event that there is more than one Successor Reference Entity) the Issuer shall adjust the Conditions in the manner that the Calculation Agent may determine to be appropriate and shall notify the Noteholders of any such adjustment as soon as reasonably practicable thereafter in accordance with Condition 18 of the Notes.

Trade Date means 13 July 2007.

Valuation Agent means any reputable, experienced and non-affiliated person appointed as such by the Issuer for the purpose of determining the Market Value of the relevant Deliverable Obligation.

Valuation Date means the date which is 5 Business Days after the date on which the Issuer determines that it cannot Deliver all or a portion of the Deliverable Obligations specified in the Notice of Physical Settlement as a result of Impossibility or Illegality.

Valuation Time means 11.00 am (London time).

Weighted Average Quotation means the weighted average of firm bid quotations obtained from Quotation Dealers at the Valuation Time, to the extent reasonably practicable, each for an amount of the relevant Deliverable Obligation with an outstanding principal balance as large a size as available but less than the Quotation Amount (but of a size not less than the Minimum Quotation Amount) that in the aggregate are approximately equal to the Quotation Amount.

SCHEDULE 3

FORM OF TOTAL RETURN SWAP

[Headed paper of Buyer]

Date: []
To: [Name and Address or Facsimile Number of Seller]
From: [Buyer]
RE: Total Return Swap Transaction relating to a Credit Derivative Transaction on Asset-Backed Security with Cash or Physical Settlement

Dear _____:

The purpose of this letter agreement (this “Confirmation”) is to confirm the terms and conditions of the transaction entered into between The Royal Bank of Scotland plc (“Buyer”) and [] (“Seller”) on the Trade Date specified below (the “Transaction”). This Confirmation constitutes a “Confirmation” as referred to in the ISDA Master Agreement specified below.

The definitions and provisions contained in the 2000 ISDA Definitions (the “Definitions”) as published by the International Swaps and Derivatives Association Inc., are incorporated into this Confirmation. In the event of any inconsistency between the Definitions and this Confirmation, this Confirmation will govern.

[This Confirmation constitutes, supplements, forms a part of and is subject to, the ISDA Master Agreement between the parties dated as of [] (as amended and supplemented from time to time, (the “Agreement”)). All provisions contained in the Agreement govern this Confirmation except as expressly modified below.]¹ [This Confirmation evidences a complete and binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. In addition, you and we agree to use all reasonable efforts promptly to negotiate, execute and deliver an agreement in the form of an ISDA Master Agreement, with such modifications as you and we will in good faith agree. Upon the execution by you and us of such an agreement, this Confirmation will supplement, form part of, and be subject to that agreement. All provisions contained in or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, the Confirmation, together with all other documents referring to an ISDA Master Agreement (each a “Confirmation”) confirming transactions (each a “Transaction”) entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to, an agreement in the form of the 1992 ISDA Master Agreement (Multicurrency – Cross Border) if any Confirmation dated

¹ Include if the parties have an ISDA Master Agreement between them in place.

prior to the date of this Confirmation refers to that ISDA Master Agreement and otherwise the 2002 ISDA Master Agreement as if we had executed an agreement in such form (but without any Schedule except for the election of [English law][the laws of the State of New York] as the governing law and [specify currency] as the Termination Currency) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for purposes of this Transaction.]²

The Transaction is entered into pursuant to a credit default swap transaction between the parties in relation to the Reference Obligation having a Trade Date of [], an Effective Date of [] and the reference [] (the “CDS Transaction”) and documented by way of a Confirmation (the “CDS Confirmation”). Terms used in this Confirmation but not defined herein shall have the meaning given to them in the CDS Confirmation.

The terms of the Transaction are as follows:

1. **General Terms:**

| | |
|-------------------------------|--|
| Trade Date: | [] |
| Effective Date: | [<i>The Trade Date</i>] |
| Termination Date: | The last Total Return Payment Date. |
| Business Day Convention: | Following (which shall apply to any date referred to in this Confirmation that falls on a day that is not a Business Day). |
| Business Days: | [] |
| Calculation Agent: | Buyer |
| Total Return Payments: | On each Total Return Payment Date, the Total Return Payer shall pay to the Seller an amount equal to the related Total Return Amount. |
| Total Return Payer: | Buyer |
| Total Return Payment Date: | Each date falling [two] Business Days following each date on which the Total Return Payer becomes aware (to the actual knowledge of any relevant officer or employee of the Total Return Payer responsible for monitoring the obligations of the Total Return Payer under this Transaction, including pursuant to notice |

² Include if the parties have not yet executed, but intend to execute, an ISDA Master Agreement.

from the Seller as contemplated below) that a Distribution Date has occurred.

Distribution Date: Each day on which Distributions are made during the period from and including the Effective Date to and including the day that is [one calendar year following the legal final maturity date of the Reference Obligation].

Distributions: All payments of interest or principal or other distributions of any kind that would have actually been received by a holder of the Face Amount of the Reference Obligation if such holder was domiciled for taxation purposes in the jurisdiction in which the Office of the Total Return Payer for the purposes of this Transaction is located in respect of such Reference Obligation.

Total Return Amount: With respect to a Total Return Payment Date, an amount equal to the Distribution made on the related Distribution Date.

The Total Return Payer shall notify the Seller and (if the Total Return Payer is not the Calculation Agent) the Calculation Agent as soon as practicable following the determination of any Total Return Amount (and, in any event, not later than the related Total Return Payment Date).

Reference Entity: On the Trade Date, [] and thereafter the primary obligor in respect of the Reference Obligation from time to time.

Reference Obligation: The obligation identified as follows: [*To be the relevant Undeliverable Obligation*]

Primary Obligor: []

[Guarantor: []]

[Insurer: []]

Legal final maturity date: []

Coupon: []

CUSIP/ISIN: []

For the avoidance of doubt, the Total Return Payer shall not be required to own or otherwise hold any interest in respect of the Reference Obligation.

Face Amount: *[The face amount of Undeliverable Obligation]*

Occurrence of Total Return Payment Dates: The Total Return Payer shall use reasonable efforts to ensure that it is informed of the occurrence of any Distribution Date, including, without limitation, requesting copies of relevant trustee or agent's reports, or access to relevant websites. The Total Return Payer shall not be required to hold any amount of the Reference Obligation for such purpose.

If the Seller becomes aware that a Distribution Date has occurred, then it may notify the Total Return Payer in writing to such effect. Any such notice shall attach a copy of a trustee or agent's report (or such other form of evidence as may be satisfactory to the other party acting in a commercially reasonable manner) evidencing the occurrence of the relevant Distribution and the relevant Total Return Amount.

Any such notice shall be delivered to the following address and contact details: *[As set out below]**[Insert contact details, including relevant desk/trader[s], if different from general contact details in relation to the transaction]*

[Additional Representations and Warranties] The provisions of Section 9.1 of the Credit Derivatives Definitions shall apply subject to the following amendments:

- (a) references to "Credit Derivative Transaction" shall be construed as references to this Transaction;
- (b) references to "Underlying Obligor" shall be disregarded; and
- (c) sub-section 9.1(b)(i) shall be deemed to have been deleted and replaced as follows: "the parties will be obligated to make payment in respect of this Transaction irrespective of the existence or amount of the parties' exposure to the Reference Obligation".]

Offices:

The Office of Seller for this Transaction is [].

The Office of Buyer for this Transaction is [].

Notice and Account Details:

Telephone, Telex
and/or
Facsimile Numbers
and
Contact Details for
Notices:

Buyer: The Royal Bank of Scotland plc

Seller: []

Account Details:

Account Details of []
Buyer:

Account Details of []
Seller:

Please confirm your agreement to be bound by the terms of the foregoing by executing a copy of this Confirmation and returning it to us [by facsimile].

Yours sincerely,

THE ROYAL BANK OF SCOTLAND PLC

By: _____
Name:
Title:

Confirmed as of the date first above written:

[SELLER]

By: _____
Name:
Title: