

**EGG BANKING PLC**

(company number 02999842)

- and -

**YORKSHIRE BUILDING SOCIETY**

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**SCHEME**

**for the transfer of part of the banking business of**

**Egg Banking plc to the Yorkshire Building Society**

**pursuant to Part VII of the Financial Services and Markets Act 2000**

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Ref: C4/JDB/2457320

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## **PART A - BACKGROUND TO THE TRANSFER**

### **1. BACKGROUND**

1.1 It is proposed that subject to and in accordance with Part VII of the FSMA each of the Business Assets and the Assumed Liabilities shall by the Order transfer from Egg to the Yorkshire on and with effect from the applicable Relevant Date in accordance with the terms of this Scheme.

1.2 As at 16 August 2011, the entire issued ordinary share capital of Egg is legally and beneficially owned by Citibank Overseas Investment Corporation and wholly owned subsidiaries of Citibank Overseas Investment Corporation.

### **2. INTERPRETATION**

The definitions and principles of interpretation set out in Schedule 1 shall apply in this Scheme.

## **PART B - THE TRANSFER**

### **3. TRANSFER OF THE BUSINESS**

#### **Transfer of business**

- 3.1 On and with effect from the Effective Date the business comprising the Business Assets and Assumed Liabilities shall be transferred by Egg to and vest in the Yorkshire in accordance with, but subject to the terms of, this Scheme.

#### **Transferred Assets**

- 3.2 On and with effect from the Effective Date, the Transferred Assets shall, by this Scheme and without any further act or instrument, be transferred to and vest in the Yorkshire subject to all Encumbrances (if any) affecting such assets in accordance with the terms of this Scheme.

#### **Residual Assets**

- 3.3 On and with effect from each Subsequent Transfer Date (if any), each Residual Asset to which such Subsequent Transfer Date applies shall, by this Scheme and without any further act or instrument, be transferred to and vest in the Yorkshire subject to all Encumbrances (if any) affecting such Residual Asset in accordance with the terms of this Scheme.

#### **Transferred Liabilities**

- 3.4 On and with effect from the Effective Date, the Transferred Liabilities shall, by this Scheme and without any further act or instrument, be transferred to and become Liabilities of the Yorkshire subject to all Encumbrances (if any) affecting such Liabilities and shall cease to be Liabilities of Egg in accordance with the terms of this Scheme.

#### **Residual Liabilities**

- 3.5 On and with effect from each Subsequent Transfer Date (if any), each Residual Liability to which such Subsequent Transfer Date applies shall, by this Scheme and without any further act or instrument, be transferred to and become a Liability of the Yorkshire subject to all Encumbrances (if any) affecting such Liabilities and shall cease to be a Liability of Egg in accordance with the terms of this Scheme.

**Excluded Assets**

- 3.6 This Scheme shall not operate to transfer or have the effect of transferring, or be construed to operate to transfer or have the effect of transferring to the Yorkshire any of the Excluded Assets.

**Excluded Liabilities**

- 3.7 This Scheme shall not operate to transfer or have the effect of transferring, or be construed to operate to transfer or have the effect of transferring to the Yorkshire any of the Excluded Liabilities.

**Transfer of assets and Liabilities with associated Encumbrance**

- 3.8 Unless otherwise agreed by Egg and the Yorkshire, any Business Asset (including any asset arising under a Customer Agreement and any associated Mortgage Loan, guarantee, indemnity or other right or benefit) in respect of which an Encumbrance has been granted by or in favour of Egg shall only transfer to the Yorkshire if the relevant Encumbrance transfers at the same time, and any Encumbrance granted by or in favour of Egg in respect of any Business Asset shall only transfer to the Yorkshire if the relevant Business Asset transfers at the same time.

- 3.9 Unless otherwise agreed by Egg and the Yorkshire, any Assumed Liability (including any Liability arising under a Customer Agreement and any associated Mortgage Loan, guarantee, indemnity or other Liability) in respect of which an Encumbrance has been granted by or in favour of Egg shall only transfer to the Yorkshire if the relevant Encumbrance transfers at the same time, and any Encumbrance granted by or in favour of Egg in respect of any Assumed Liability shall only transfer to the Yorkshire if the relevant Assumed Liability transfers at the same time.

**Transfer of Offset Mortgage Agreement with associated Offset Deposit**

- 3.10 Unless otherwise agreed by Egg and the Yorkshire, any Business Asset or Assumed Liability arising under an Offset Mortgage Agreement shall only transfer to the Yorkshire if the associated Offset Deposit transfers at the same time, and any Offset Deposit associated with any Offset Mortgage Agreement shall only transfer to the Yorkshire if the Business Assets and Assumed Liabilities arising under the associated Offset Mortgage Agreement transfer at the same time.

**Transfer of EMM Agreement with associated Deposit Agreement or Mortgage Agreement**

- 3.11 Unless otherwise agreed by Egg and the Yorkshire, any Business Asset or Assumed Liability arising under an EMM Agreement relating to a Customer shall only transfer to the

Yorkshire if the Business Assets and Assumed Liabilities arising under at least one Deposit Agreement relating to that Customer or under at least one Mortgage Agreement relating to that Customer transfer at the same time. The Business Assets and Assumed Liabilities arising under an EMM Agreement relating to a Customer shall transfer on the first Relevant Date on which the Business Assets and Assumed Liabilities arising under a Deposit Agreement relating to that Customer or under a Mortgage Agreement relating to that Customer transfer.

### **Residual Assets and Residual Liabilities**

- 3.12 Any Business Assets or Assumed Liabilities, including any related Encumbrance granted by or in favour of Egg, which do not transfer on the Effective Date as a result of paragraphs 3.8 or 3.9 shall be held by Egg as set out in paragraph 11 until the applicable Subsequent Transfer Date as Residual Assets or Residual Liabilities.
- 3.13 Residual Assets and Residual Liabilities may be transferred to the Yorkshire pursuant to this Scheme or by any other process or procedure.

### **Consequences of the transfer**

- 3.14 Neither the transfer of the Business Assets and Assumed Liabilities nor this Scheme nor anything done or omitted to be done in connection with the transfer of the Business Assets or Assumed Liabilities or this Scheme shall, in respect of any Transferred Asset, Transferred Liability, Residual Asset, Residual Liability or any asset, property or Liability of, or the business of, any member of the Yorkshire Group including the Yorkshire, or any member of the Egg Group including the business of Egg, whether before, on or after the Effective Date:
- (a) invalidate, discharge or result in the termination of any agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
  - (b) constitute a breach of or default, event of default, potential event of default, termination event, mandatory prepayment event, enforcement event, perfection event or other similar event or condition (however described) under, or allow any person to terminate, or amend the terms of, or take any other action in relation to, any agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;
  - (c) require any registration, re-registration or filing or any amendment to any existing registration or filing in respect of any agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title;

- (d) require any person to perform any new or additional obligation or to take any new or additional step or action, including the giving of any notice, the obtaining of any consent, approval or determination, the accession to any agreement, the payment of any fee, cost, expense, interest or other amount, the granting of any new or additional Encumbrance or the transfer of any asset or property;
- (e) entitle or require any person to exercise any right or remedy, to reduce, suspend, delay, alter or discharge its rights or obligations, to accelerate, terminate, suspend, delay, alter or discharge the performance of any rights or obligations or otherwise to vary, amend, disclaim, repudiate or terminate any agreement, instrument or Encumbrance; or
- (f) affect the enforceability, priority or ranking of any Encumbrance.

3.15 On and with effect from each Relevant Date, the Yorkshire shall succeed to the Business Assets and the Assumed Liabilities transferred on such date as if in all respects, but subject to the terms of this Scheme, the Yorkshire were the same person in law as Egg with such assets, property, Liabilities, rights and obligations as Egg had immediately prior to that Relevant Date with respect to those Business Assets and Assumed Liabilities.

**3.16 Amendment of contracts and title**

Subject to paragraph 3.14 and Part D, nothing in this Scheme shall prejudice any right which the Yorkshire or any other person may have on a Relevant Date or subsequently to vary, terminate or perfect any agreement, instrument, trust deed, indenture, Encumbrance, right, interest, benefit, power, obligation or title whether under its terms as amended by this Scheme, by law or otherwise.

**3.17 Capacity of Egg and the Yorkshire**

The transfers made pursuant to this Scheme shall have effect notwithstanding any provision to the contrary in any agreement, instrument, trust deed, indenture or arrangement and whether or not either Egg or the Yorkshire has capacity to effect the same.

**PART C - FURTHER PROVISIONS RELATING TO THE TRANSFER**

**4. CONTINUITY IN AGREEMENTS AND ELSEWHERE**

4.1 On and with effect from each Relevant Date and subject to the terms of this Scheme, each agreement forming part of the Business Assets or the Assumed Liabilities transferred on such date, whether in writing or not, shall have effect as if the Yorkshire had always been a party to it instead of Egg and, subject to the terms of this Scheme, each such agreement shall be subject to the same terms and conditions and Encumbrances as applicable immediately prior to the Relevant Date, and accordingly, on and with effect from the Relevant Date, the rights and obligations of Egg in respect of any such agreement shall be extinguished.

4.2 On and with effect from each Relevant Date and subject to the terms of this Scheme:

- (a) any Mortgage Loan, mortgage, guarantee, indemnity or other assurance available to any person from Egg immediately prior to that Relevant Date and forming part of the Business Assets or the Assumed Liabilities transferred on such date shall become a Mortgage Loan, mortgage, guarantee, indemnity or other assurance available to such person from the Yorkshire, and, subject to the terms of this Scheme, the Yorkshire shall have all rights, powers, remedies and Encumbrances in its favour, and shall be subject to the same obligations and Encumbrances against it and without affecting the enforceability, priority or ranking of any such Encumbrance, in respect of such Mortgage Loan, mortgage, guarantee, indemnity or other assurance as Egg immediately prior to that Relevant Date;
- (b) any deposit, Mortgage Loan, mortgage, guarantee, indemnity or other assurance available to Egg from any person immediately prior to that Relevant Date and forming part of the Business Assets or the Assumed Liabilities transferred on such date shall become a deposit, Mortgage Loan, mortgage, guarantee, indemnity or other assurance available to the Yorkshire from such person, and, subject to the terms of this Scheme, the Yorkshire shall have the same rights, powers, remedies and Encumbrances in its favour and shall be subject to the same obligations and Encumbrances against it and without affecting the enforceability, priority or ranking of any such Encumbrance, in respect of such deposit, Mortgage Loan, mortgage, guarantee, indemnity or other assurance as Egg immediately prior to that Relevant Date;
- (c) any Deposit Account or Mortgage Account between Egg and any other person in respect of the Deposit Agreements or the Mortgage Agreements transferred on

such date shall become an account between the Yorkshire and such person and, subject to the terms of this Scheme, shall be subject to the same terms and conditions and Encumbrances as applicable to it immediately prior to that Relevant Date, and such account shall be deemed for all purposes to be a single continuing account irrespective of any re-designation or change in reference to that account by sort code and account number or otherwise made on or after that Relevant Date, and any Encumbrance over such account immediately prior to that Relevant Date shall continue to be an Encumbrance over the account on and after that Relevant Date, including in circumstances where the account is re-designated or re-referenced, without the giving of any notice or the taking of any other steps;

- (d) as regards agreements forming part of the Business Assets or the Assumed Liabilities transferred on such date, under which interest, principal or other sums attributable or referable thereto are payable:
  - (i) to the extent that interest, principal or other sums were payable by Egg immediately prior to that Relevant Date, such interest, principal or other sums shall be payable by the Yorkshire;
  - (ii) to the extent that interest, principal or other sums were payable to Egg immediately prior to that Relevant Date, such interest, principal or other sums shall be payable to the Yorkshire; and
  - (iii) Egg shall account to the Yorkshire for any such interest or principal or other sums referred to in paragraph 4.2(d)(ii) to the extent that the same are received by Egg.

4.3 The Yorkshire shall designate each Deposit Account, and each Deposit Account shall by operation of this Scheme be so designated, from the Effective Date or (if such Deposit Account relates to a Residual Liability) the applicable Subsequent Transfer Date, a shareholding account with the Yorkshire and accordingly each Deposit Account holder shall, with effect immediately from that date, rank in all respects as a Shareholding Member of the Yorkshire and, save where the Deposit Account holder is already a Shareholding Member or Borrowing Member of the Yorkshire (or is a member of Norwich and Peterborough at the Effective Date and does not cease to be a member of Norwich and Peterborough between the Effective Date and the Norwich and Peterborough Effective Date, but if the merger of Norwich and Peterborough with the Yorkshire does not take effect, then the Declaration shall be deemed to have been made as at the Effective Date unless the Deposit Account holder was also already a Shareholding or Borrowing Member of the Yorkshire immediately prior to the Effective Date), shall be deemed simultaneously to have made a Declaration, to the intent that the Deposit Account holder's

enjoyment of rights deriving from being a Shareholding Member of the Yorkshire should be fettered to the same degree only as those of any other individual who becomes a new Shareholding Member or new Borrowing Member of the Yorkshire on or immediately after that date other than as a result of this Scheme.

4.4 Each Mortgage Accountholder with a Mortgage Account shall, with effect immediately from the Effective Date or (if such Mortgage Account relates to a Residual Asset) the applicable Subsequent Transfer Date, rank as a Borrowing Member of the Yorkshire and, save where the Mortgage Accountholder is already a Shareholding Member or Borrowing Member of the Yorkshire (or is a member of Norwich and Peterborough at the Effective Date and does not cease to be a member of Norwich and Peterborough between the Effective Date and the Norwich and Peterborough Effective Date, but if the merger of Norwich and Peterborough with the Yorkshire does not take effect, then the Declaration shall be deemed to have been made as at the Effective Date unless the Mortgage Accountholder was also already a Shareholding or Borrowing Member of the Yorkshire immediately prior to the Effective Date), shall be deemed simultaneously to have made a Declaration, to the intent that the Mortgage Accountholder's enjoyment of rights deriving from being a Borrowing Member of the Yorkshire should be fettered to the same degree only as those of any other individual who becomes a new Borrowing Member or Shareholding Member of the Yorkshire on or immediately after that date other than as a result of the Scheme.

4.5 On and with effect from each Relevant Date:

(a) subject to the terms of this Scheme, any Encumbrance in respect of or constituting part of the Business Assets or Assumed Liabilities transferred on such date that was held by or vested in Egg, or a nominee or agent of or trustee for Egg (whether for Egg alone or for Egg and other persons) immediately prior to the Relevant Date shall be held by or vested in the Yorkshire or, as applicable, that nominee, agent or trustee for the Yorkshire as if the Yorkshire or that nominee, agent or trustee had always held such Encumbrance or had the benefit of such Encumbrance and be available to and enforceable by the Yorkshire, or the relevant nominee, agent or trustee, both with respect to (i) any Liabilities and indebtedness (including any principal, interest, fees, charges or other sums) to which the Encumbrance relates which has been incurred or which has arisen prior to the applicable Relevant Date and (ii) any Liabilities and indebtedness (including any principal, interest, fees, charges or other sums) to which the Encumbrance relates which is incurred or which arises on or after the applicable Relevant Date; and

(b) subject to the other provisions of this Scheme, in respect of any Encumbrance referred to in paragraph 4.5(a) which is transferred on that Relevant Date and any Liabilities thereby secured, the Yorkshire, or the relevant nominee, agent or trustee for the Yorkshire, shall on and from that Relevant Date be entitled to the same rights, ranking and priorities and be subject to the same obligations and incidents as those to which Egg, or the relevant nominee, agent or trustee, was entitled and subject immediately prior to that Relevant Date and, without prejudice to the generality of the foregoing, all waivers, amendments, conditions, consents, deeds of substitution, deeds of release, ranking agreements and priority agreements relating to any such Encumbrance shall be enforceable by and binding upon the Yorkshire, or the relevant nominee, agent or trustee for the Yorkshire, on and after that Relevant Date to the same extent to which the same would have been enforceable by and binding upon Egg, or the relevant nominee, agent or trustee, prior to that Relevant Date.

4.6 On and with effect from each Relevant Date and subject to the terms of this Scheme, any asset forming part of the Business Assets transferred on that Relevant Date which was held by Egg, whether alone or jointly with others, as a trustee, custodian or in a similar fiduciary capacity shall be held by the Yorkshire alone or jointly, as the case may be, and in the same capacity, with and subject to the rights, powers, discretions, duties and obligations previously applicable to Egg.

4.7 On and with effect from each Relevant Date and subject to the terms of this Scheme, any asset forming part of the Business Assets transferred on that Relevant Date and in which Egg was interested, whether alone or jointly with others, as a beneficiary or in a similar capacity shall vest in the Yorkshire alone or jointly, as the case may be, and in the same capacity, with and subject to the rights, powers, duties and obligations previously applicable to Egg.

4.8 On and with effect from each Relevant Date and subject to the terms of this Scheme, all references in respect of the Business Assets or the Assumed Liabilities transferred on that Relevant Date, whether in a contract to which Egg is party, a contract to which Egg is not a party or elsewhere including (i) references to Egg as the party whose interest is noted under a Customer Building Policy, and (ii) any label, stamp, identifier or marker designating such an asset as the property of Egg and whether in writing or not, to Egg, the Egg Group, the Egg Board or any director, officer, employee or agent of Egg shall be read as references to the Yorkshire, the Yorkshire Group, the Yorkshire Board or any director, officer, employee or agent of the Yorkshire respectively. In addition, all rights and/or duties in any such agreement which is exercisable or expressed to be exercisable or responsibilities to be performed by Egg, the Egg Board or any director, officer,

employee or agent of Egg, shall, on and with effect from the Relevant Date and subject to the terms of this Scheme, be exercisable or required to be performed by the Yorkshire, the Yorkshire Board or any director, officer, employee or agent of the Yorkshire as appropriate.

4.9 Without prejudice to the generality of paragraph 4.8, on and with effect from the Effective Date:

- (a) any offer or invitation to treat made to or by Egg prior to the Effective Date in respect of the Pipeline Business shall be construed and have effect as an offer or invitation to treat made to or by the Yorkshire;
- (b) if a person executes an agreement, undertaking, mortgage instrument, Encumbrance or other document as a result of any offer or invitation to treat referred to in paragraph 4.9(a) which would, when completed, on its face be an agreement with or undertaking, mortgage instrument, Encumbrance or document in favour of Egg, such agreement, undertaking, mortgage instrument, Encumbrance or other document shall operate as if with or in favour of the Yorkshire; and
- (c) paragraph 4.8 shall apply in respect of any references to Egg, the Egg Group, the Egg Board or any director, officer, employee or agent of Egg in or relating to such offer, invitation to treat, agreement, undertaking, mortgage instrument, Encumbrance or other document and any further document relating thereto including any Customer Building Policy.

## 5. CONTINUITY OF PROCEEDINGS

5.1 On and with effect from each Relevant Date, unless otherwise agreed in writing between Egg and the Yorkshire, any Proceedings issued, served, pending, threatened or otherwise, in connection with the Business Assets or the Assumed Liabilities transferred on that Relevant Date, and in respect of which Egg is plaintiff, claimant, applicant, defendant, respondent or other party, shall be continued by, against or with the Yorkshire in place of Egg and the Yorkshire shall be entitled to all defences, claims, counterclaims, defences to counterclaims and (subject to paragraph 13) rights of set-off that were or would have been available to Egg in respect of those Proceedings.

5.2 For the avoidance of doubt and subject to the terms of this Scheme, any Proceedings issued or served which Egg and the Yorkshire have agreed, pursuant to paragraph 5.1 are not to be continued by, against or with the Yorkshire shall be continued by, against or with Egg and Egg shall remain entitled to all defences, claims, counterclaims, defences to

counterclaims and rights of set-off that were or would have been available to it in relation to those Proceedings.

5.3 To the extent that any Proceedings are issued or served in connection with any Residual Asset or Residual Liability, they shall, until the applicable Subsequent Transfer Date, be continued by Egg in accordance with the reasonable instructions of the Yorkshire, and the Yorkshire shall indemnify Egg in relation to all reasonable costs and Liabilities incurred in connection with the continuance of such Proceedings or in following the directions of the Yorkshire.

5.4 On and with effect from each Relevant Date, unless otherwise agreed in writing between Egg and the Yorkshire, any judgment, settlement, order or award obtained by or against Egg in respect of any Business Assets or Assumed Liabilities transferred on that Relevant Date and not fully satisfied before such Relevant Date shall, to the extent to which it was enforceable by or against Egg immediately prior thereto, become enforceable by or against the Yorkshire.

**6. ADDITIONAL PROVISIONS RELATING TO THE TRANSFER**

6.1 On and with effect from each Relevant Date and subject to the terms of this Scheme:

(a) any negotiable instrument, cheque, warrant, draft, or order for payment of money relating to any of the Business Assets or Assumed Liabilities transferred on that Relevant Date and drawn on or by, or given to or by, or accepted or endorsed by, Egg, or payable at any place of business of Egg, whether so drawn, given, accepted, endorsed or payable before, on or after that Relevant Date, shall have the same effect as if it had been drawn on or by, or given to or by or accepted or endorsed by, the Yorkshire or, as the case may be, as if the place of business at which it is payable were a place of business of the Yorkshire;

(b) the custody of any document, record, goods or other thing held by Egg as bailee or chargee in respect of any of the Business Assets or the Assumed Liabilities transferred on that Relevant Date shall pass to the Yorkshire and the rights and obligations of Egg under any agreement or bailment relating to any such document, record, goods or thing shall on that day become rights and obligations of the Yorkshire; and

(c) any instruction, standing order, direct debit, direction, mandate, indemnity, power of attorney, authority, undertaking, declaration or consent given to or by Egg in respect of any Business Asset or Assumed Liability transferred on that Relevant Date (whether in writing or not and whether or not in respect of an account) shall have effect as if given to or, as the case may be, by the Yorkshire.

- 6.2 The Yorkshire shall have the same rights, powers and remedies (and in particular the same rights and powers as to taking or resisting legal proceedings or making or resisting applications to any authority) for ascertaining, perfecting or enforcing any Business Asset or Assumed Liability as if it had at all times been an asset or Liability of the Yorkshire.
- 6.3 The Yorkshire shall be entitled to rely on and enforce any consent, waiver, representation, warranty, statement or estoppel given or made to Egg by a person in respect of any Business Asset or Assumed Liability prior to the applicable Relevant Date as though such consent, waiver, representation, warranty, statement or estoppel had been given or made to the Yorkshire and to the same extent that Egg would have been able to rely on and enforce the same.
- 6.4 Subject to the provisions of paragraph 12 of this Scheme, with effect from each Relevant Date the Yorkshire shall have the same rights under any agreement forming part of the Business Assets or the Assumed Liabilities transferred on that Relevant Date as Egg had immediately prior to such Relevant Date to publish, determine, ascertain, vary or amend any rates, charges, tariffs, scale of fees or other terms. Any such rates, charges, tariffs, scale of fees or other terms published, determined, ascertained, varied or amended by the Yorkshire at any time on or after the applicable Relevant Date shall apply for the purposes of any such agreement in place of those most recently published, determined, ascertained, varied or amended prior to that time.
- 6.5 Where, prior to the Relevant Date, a Customer has notified Egg that he wishes to receive communications from Egg electronically, that notification shall remain valid for communications from the Yorkshire to the electronic address which the person has notified Egg before the Relevant Date and, except where the Customer notifies the Yorkshire otherwise, that notification shall be deemed to apply on and with effect from the Relevant Date in respect of any communications by the Yorkshire to the Customer arising from or in connection with the relevant Customer Agreement save in respect of the despatch of any notice of general meeting or annual report and accounts for which the Yorkshire shall seek the Customer's explicit consent for those documents to be sent electronically.
- 6.6 Where, following the Effective Date or, if later (and to the extent only that a Deposit Accountholder has a savings account with Norwich and Peterborough), the Norwich and Peterborough Effective Date, a Deposit Accountholder holds a savings account or savings accounts (including any Deposit Accounts) with the Yorkshire with an aggregate balance in excess of £85,000 (or £170,000 in the case of joint accountholders), for a period of 60 days following the Effective Date (or if later, and to the extent only that a Deposit Accountholder has a savings account with Norwich and Peterborough, the Norwich and Peterborough Effective Date) the Yorkshire shall allow such Deposit Accountholder to

withdraw any excess amount over £85,000 (or £170,000 in the case of joint accountholders) from any savings account with the Yorkshire to bring the aggregate balance in such savings accounts to £85,000 (or £170,000 in the case of joint accountholders) free from notice or charge (including loss of interest) which may otherwise apply. The right to withdraw sums from accounts held with the Yorkshire free from notice or loss of interest or charge under this paragraph 6.6 shall not apply to any amounts held in Guaranteed Equity Bonds.

## 7. **PRIVACY, CONFIDENTIALITY AND DATA PROTECTION**

7.1 On and with effect from each Relevant Date, the Yorkshire shall owe to any person the same duties of confidentiality and privacy as those which Egg owed immediately prior to such Relevant Date in respect of the Business Assets and the Assumed Liabilities transferred on that Relevant Date.

7.2 Without prejudice to the other provisions of this Scheme, in respect of the Data Processing Consents, the Yorkshire shall, with effect from the Effective Date:

- (a) succeed to all rights, Liabilities and obligations of Egg in respect of those Data Processing Consents;
- (b) become the Data Controller in respect of those Data Processing Consents in place of Egg and shall be deemed to have been the Data Controller at all material times when the Personal Data was processed pursuant to those Data Processing Consents;
- (c) be under the same duty by virtue of any law to which Egg was subject to respect the confidentiality and privacy of any person in respect of the Personal Data processed pursuant to those Data Processing Consents and shall, subject to paragraph 8, be bound by any specific notice or Consent given, or request made, by the Data Subject which was binding on Egg, and which required Egg not to use the Personal Data for marketing purposes; and
- (d) have the right to share with Egg any Personal Data in relation to Customers, for the purposes of the provision of transitional services by Egg to the Yorkshire and in relation to any Proceedings which Egg and the Yorkshire have agreed, pursuant to paragraph 5.1 are not to be continued by, against or with the Yorkshire,

and in any such Data Processing Consent, any reference to Egg shall be deemed to be a reference to the Yorkshire.

**8. MARKETING PREFERENCES**

Where, prior to the Effective Date, a Customer has provided Marketing Preferences to each of the Yorkshire and Egg, the Yorkshire's record of his Marketing Preference shall be deemed to apply on and with effect from the Effective Date in respect of the Business Assets and the Assumed Liabilities whether or not it is the same as any Marketing Preference of his forming part of the Business Assets and the Assumed Liabilities.

**9. SUBJECT ACCESS REQUESTS**

9.1 Where Personal Data has been provided about individuals in connection with any application for or operation of a Customer Agreement and any such individual has made a Subject Access Request to Egg before the Effective Date and Egg has not responded with a copy of the Personal Data held by it in accordance with the DPA before the Effective Date, the Yorkshire may respond to the request, in accordance with the DPA, by providing copies of Personal Data held by Egg immediately before the Effective Date.

9.2 Where a Data Subject has made a Subject Access Request to the Yorkshire before the Effective Date and the Yorkshire has not responded with a copy of the Personal Data held by it in accordance with the DPA before the Effective Date, the Yorkshire may exclude Personal Data forming part of the Business Assets and the Assumed Liabilities from its response thereafter.

**10. EVIDENCE: BOOKS AND DOCUMENTS**

10.1 All books and other documents which would, before the Effective Date, have been evidence in respect of any matter for or against Egg at the Effective Date shall be admissible in evidence in respect of the same matter for or against the Yorkshire on or after the Effective Date. In this paragraph "documents" has the same meaning as in section 13 of the Civil Evidence Act 1995.

10.2 On and from the Effective Date, the Bankers' Books Evidence Act 1879 shall apply to any books of Egg transferred to, and vested in, the Yorkshire by virtue of this Scheme, and to entries made in those books before the Effective Date, as if such books were the books of the Yorkshire.

10.3 For the purpose of section 4 of the Bankers' Books Evidence Act 1879, books so transferred to, and vested in, the Yorkshire shall be deemed to have been the ordinary books of the Yorkshire at the time of the making of any entry therein which purports to have been made before the Effective Date, and any such entry shall be deemed to have been made in the usual and ordinary course of business.

10.4 In this paragraph "books" shall be construed in accordance with section 9(2) of the Bankers' Books Evidence Act 1879.

11. **DECLARATION OF TRUST BY EGG**

11.1 If:

- (a) any Business Asset is not transferred to and vested in the Yorkshire by this Scheme on the Effective Date by reason of such asset being a Residual Asset or otherwise; or
- (b) any Residual Asset is not transferred to and vested in the Yorkshire by this Scheme on the Subsequent Transfer Date applicable thereto,

then Egg shall, on and from the Effective Date (but save to the extent that giving effect to such a trust would require a consent or waiver which has not been obtained or that such a trust would not be recognised by any Applicable Law or unless otherwise agreed by Egg and the Yorkshire) hold any asset referred to in paragraphs 11.1(a) and (b), together with any proceeds of sale or income or other right accrued or return arising in respect thereof (including any payment, property or right within paragraph 11.3 below), as trustee for the Yorkshire.

11.2 Unless otherwise agreed by Egg and the Yorkshire, Egg shall be subject to directions from the Yorkshire in respect of any asset referred to in paragraphs 11.1(a) and (b) on and from the Effective Date until the relevant property is transferred to or otherwise vested in the Yorkshire or is disposed of (whereupon Egg shall account to the Yorkshire for the proceeds thereof), and the Yorkshire shall have authority to act as the attorney of Egg in respect of such property. The Yorkshire shall indemnify Egg on demand against any reasonable costs or Liability incurred in holding such asset, following directions given to it by the Yorkshire under this paragraph 11.2, but Egg shall bear the costs and liabilities of transferring such asset to the Yorkshire.

11.3 In the event of any payment being made to, asset being received by, or right being conferred upon Egg on or after the Effective Date in respect of any Business Asset or Assumed Liability, and unless otherwise agreed by Egg and the Yorkshire, Egg shall, as soon as is reasonably practicable after its receipt, pay over the full amount of such payment or (to the extent to which it is able to do so) transfer such asset or right to, or in accordance with the directions of the Yorkshire.

**PART D - PROVISIONS RELATING TO CUSTOMERS**

**12. CHANGES TO CUSTOMER AGREEMENTS**

12.1 In respect of each Mortgage Agreement which provides for an interest rate expressly set at the Egg SVR or the Pi SVR, the interest rate shall, with effect from the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date), be a rate which is set at Yorkshire SVR and which is variable by the Yorkshire in the same way as Egg has the discretion to vary the Egg SVR or the Pi SVR under the relevant Mortgage Agreement. Subject to paragraph 12.2, from the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date) any reference in a Mortgage Agreement to the Egg SVR or the Pi SVR shall be reference to the Yorkshire SVR.

12.2 In respect of each Mortgage Agreement which provides for an interest rate expressly calculated at a discount to Pi SVR:

(a) unless paragraph 12.2(b) applies, the interest rate shall, with effect from the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date), change to a rate which is set at the Yorkshire SVR without a discount. From the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date) any reference in a Mortgage Agreement to an interest rate calculated at a discount to the Pi SVR shall be a reference to the Yorkshire SVR;

(b) where, immediately prior to the Effective Date, the Mortgage Accountholder pays a rate which is lower than the Yorkshire SVR, the interest rate shall, with effect from the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date), change to a rate which is set at a discount to the Yorkshire SVR such that at the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date) the effective interest rate applicable to the Mortgage Account remains the same as immediately prior to the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date).

12.3 With effect from the Migration Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, and the Subsequent Transfer Date is after the Migration Date, the Subsequent Transfer Date):

(a) where a Mortgage Agreement contains:

- (i) a provision that all interest shall be worked out up to each Payment Date during the Term on a daily basis at the Rate;
- (ii) a provision that all interest shall be worked out up to each Payment Date during the Term on a daily basis at the Rate on the Amount Secured and will be collected in arrears on each Payment Date; and/or
- (iii) a provision that if the Mortgage Accountholder fails to make any Home Finance Payment on the appropriate Payment Date, then that part of the Home Finance Payment which represents interest will be added to and form part of the Amount Secured, but will not be subject to any interest charge unless the Mortgage Accountholder agrees to this as part of a repayment plan,

those provisions shall be deleted and the relevant Mortgage Agreement shall be read and construed as if it included a provision that interest shall be calculated on the Amount Secured on a daily basis at the Rate and added to the Amount Secured at the end of each day and the Mortgage Payment is calculated on the assumption that the Mortgage Payment is made on the 15th of the month;

- (b) each Mortgage Agreement shall be read and construed as if it included a provision that the Mortgage Payment will be recalculated in March each year based on the Rate(s) applicable during the previous calendar year and remaining Term as at 1 January that year;
- (c) where a Mortgage Agreement contains a provision that the Mortgage Accountholder will be sent a statement every six months showing the Amount Secured and all transactions made on the Mortgage Account during the previous six months that provision shall be deleted and the relevant Mortgage Agreement shall be read and construed as if it included a provision that the Mortgage Accountholder will be sent a statement in January each year showing all transactions made on the Mortgage Account during the previous year together with the new Mortgage Payment due from March; and
- (d) each Mortgage Agreement where the Rate is set with reference to the Bank of England Base Rate shall be read and construed as if it included a provision that changes to the Rate resulting from an increase or decrease in the Bank of England Base Rate will be implemented by the 15th day of the month after the month in which the Bank of England Base Rate changes.

- 12.4 In the event of any conflict between any changes to the Mortgage Agreement introduced by paragraph 12.2 and the provisions in the existing Mortgage Agreement, the provisions introduced by paragraph 12.2 shall apply.
- 12.5 With effect from the Effective Date (or where such Mortgage Loan forms part of a Residual Asset or Residual Liability, the Subsequent Transfer Date) each Mortgage Agreement shall be read and construed as if it includes the following provision:
- (a) at any time within the period of two years following the Effective Date, the Yorkshire may, by giving not less than 30 days' written notice to the Mortgage Accountholder, make such changes to the Mortgage Agreement as are reasonably required by the Yorkshire for either of the following purposes:
    - (i) to allow the operation and administration of the Mortgage Account to be migrated from the administration and computer systems operated by Egg to the administration and computer systems operated by the Yorkshire; and
    - (ii) to allow the Mortgage Account to be operated in a manner which is consistent with the Yorkshire's administration and computer systems (including payment systems and process requirements) and its rules.
  - (b) at any time within 90 days after receiving notice of any change to the Mortgage Agreement under paragraph 12.5(a) which in the reasonable opinion of the Yorkshire is significantly to the disadvantage of the applicable Mortgage Accountholder (whether taken on its own or in combination with other changes to the Mortgage Agreement of which the Mortgage Accountholder has been given notice as described in paragraph 12.5(a)), the Mortgage Accountholder may repay the full amount owing on the Mortgage Account to the Yorkshire, without paying any charge that would otherwise have been payable under the Mortgage Agreement; and
  - (c) the power to make changes to the Mortgage Agreement under paragraph 12.5 is in addition to any existing contractual powers to change the Mortgage Agreement. The right of the Mortgage Accountholder to close his account without any charge as described in paragraph 12.5(b) will not apply in relation to changes made using any contractual powers to change the Mortgage Agreement which are in existence immediately prior to the Effective Date. Where a change is made under the power described in paragraph 12.5(a), the Yorkshire shall procure that the written notice of the change sent to Mortgage Accountholders specifies that the change is being made in accordance with such provision and that the Mortgage Accountholder has

the right to repay the full amount owing on the Mortgage Account to the Yorkshire without paying any charge that would otherwise have been payable under the Mortgage Agreement.

- 12.6 The Yorkshire shall not use the variation provision set out in paragraph 12.5 to make any changes to the Mortgage Agreements which are to be implemented through the changes to Mortgage Agreements set out in paragraphs 12.1, 12.2 or 12.3.
- 12.7 Prior to making any change to the Mortgage Agreement under the provision in 12.5(a), the Yorkshire shall notify the FSA of the proposed change within a reasonable time in advance of the notification of the changes to Mortgage Accountholders.
- 12.8 In the event of any conflict between any changes to the Mortgage Agreement introduced by paragraph 12.5 and the provisions in the existing Mortgage Agreement, the provisions introduced by paragraph 12.5 shall apply.

**13. SET-OFF RIGHTS OF THE YORKSHIRE**

- 13.1 On and with effect from the Effective Date, the Yorkshire shall not be entitled to apply any Set-Off Rights which might otherwise be exercisable by the Yorkshire by virtue of this Scheme to reduce or discharge any Liability arising from time to time:
- (a) under any Existing Yorkshire Agreement, using credit balances held pursuant to any Egg Agreement; or
  - (b) under any Egg Agreement, using credit balances held pursuant to any Existing Yorkshire Agreement.
- 13.2 The restrictions set out in paragraph 13.1 shall cease to apply in relation to any credit balance held pursuant to any Egg Agreement or any Existing Yorkshire Agreement as follows:
- (a) where the credit balance is at the Effective Date held for a fixed term, the date that falls three months after the end of that term;
  - (b) where the credit balance is at the Effective Date held on terms that a promotional rate of interest will be lost if the deposit is withdrawn before the end of a certain period, on the date that falls three months after the expiry of that period; and
  - (c) in all other cases, on the date that falls three months after the Effective Date.

**14. ALL MONIES RIGHTS**

The Yorkshire shall not be entitled on and from the Effective Date to apply any All Monies Rights which might otherwise be exercisable by the Yorkshire by virtue of this Scheme:

- (a) under any Existing Yorkshire Agreement, to secure any Liability arising from time to time under any Egg Agreement; or
- (b) under any Egg Agreement, to secure any Liability arising from time to time under any Existing Yorkshire Agreement or under any New Yorkshire Agreement that is an unsecured loan.

**15. CONSOLIDATION RIGHTS**

The Yorkshire shall not be entitled on and from the Effective Date to apply any Consolidation Rights which might otherwise be exercisable by the Yorkshire by virtue of this Scheme to prevent the release of any Encumbrance given in respect of:

- (a) any Existing Yorkshire Agreement, until any obligations have been satisfied under any Egg Agreement; or
- (b) any Egg Agreement, until any obligations have been satisfied under any Existing Yorkshire Agreement.

**16. OTHER RIGHTS OF THE YORKSHIRE**

The Yorkshire shall not be entitled on and from the Effective Date to apply any other right, benefit, interest, discretion, authority or power which might otherwise be exercisable by the Yorkshire by virtue of this Scheme under or in respect of any:

- (a) Existing Yorkshire Agreement, to terminate, reduce, suspend, delay, alter, discharge or otherwise secure any Liability arising from time to time under any Egg Agreement; or
- (b) Egg Agreement, to terminate, reduce, suspend, alter, discharge or otherwise secure any Liability arising from time to time under any Existing Yorkshire Agreement.

**17. ENTIRE AGREEMENT PROVISIONS**

- 17.1 Where an Egg Agreement contains an Entire Agreement Provision, on and with effect from the Relevant Date applicable to that Egg Agreement, the relevant clause shall be read and construed as if it referred only to products or services provided in respect of the Business Assets or Assumed Liabilities, and shall not apply to, and the Egg Agreement shall not supersede, any Existing Yorkshire Agreements.

17.2 Where an Existing Yorkshire Agreement contains an Entire Agreement Provision, on and with effect from the Effective Date, the relevant clause shall be read and construed as if it referred only to products or services of the Yorkshire not provided in respect of the Business Assets or Assumed Liabilities, and shall not apply to, and the Existing Yorkshire Agreement shall not supersede, any Egg Agreements.

17.3 Where a New Yorkshire Agreement contains an Entire Agreement Provision, the relevant clause shall, unless expressly stated to the contrary, be read and construed as if it referred only to products or services of the Yorkshire not provided in respect of any Business Asset or Assumed Liability, and shall not apply to, and the New Yorkshire Agreement shall not supersede, any Egg Agreement.

**18. CROSS DEFAULT RIGHTS**

The Yorkshire shall not be entitled on and from the Effective Date to apply any Cross Default Rights which might otherwise be exercisable by the Yorkshire by virtue of this Scheme to accelerate or alter any rights or obligations:

- (a) under any Existing Yorkshire Agreement, as a result of the breach of any Egg Agreement; or
- (b) under any Egg Agreement, as a result of the breach of any Existing Yorkshire Agreement.

**19. SAVINGS TO RIGHTS**

19.1 The provisions of paragraphs 13 to 18 shall not apply to diminish any right, benefit, interest, discretion, authority or power which:

- (a) immediately prior to the Effective Date, the Yorkshire or its counterparty has in respect of agreements entered into by Egg, including any rights of the Yorkshire to use credit balances on accounts held with the Yorkshire to pay debts owed to Egg;
- (b) immediately prior to the Effective Date, Egg or its counterparty has in respect of Existing Yorkshire Agreements; or
- (c) the Yorkshire, Egg or a Customer may acquire other than as a result of the Scheme, including as a result of the variation on or after the Effective Date of an Egg Agreement, Existing Yorkshire Agreement or New Yorkshire Agreement.

19.2 If, on or after the Effective Date, the Yorkshire acquires any rights to exercise any of the rights, benefits, interests, discretions, authorities or powers referred to in paragraphs 13 to

18 in respect of agreements entered into with other Yorkshire Group companies ("**Acquired Rights**") either:

- (a) as a result of any contractual variation; or
- (b) through other means, other than as a result of the Scheme,

paragraphs 13 to 18 shall not apply to restrict the Yorkshire's rights to exercise the Acquired Rights.

**PART E - MISCELLANEOUS PROVISIONS**

**20. EFFECTIVE DATE**

20.1 This Scheme shall become effective in respect of the business comprising the Business Assets and Assumed Liabilities at 23.59 hrs on 31 October 2011, or such other time and date as the Court may allow on the application of Egg and the Yorkshire.

20.2 Unless this Scheme shall become effective on or before 23.59 hrs on 31 March 2012, or such other date and/or time as the Court may allow on the application of Egg and the Yorkshire, it shall lapse.

**21. MODIFICATIONS AND ADDITIONS**

21.1 Egg and the Yorkshire may consent for and on behalf of themselves and all other persons concerned to any modification of or addition to this Scheme or to any further condition or provision affecting the same which, in each case prior to its sanction of this Scheme, the Court may approve or impose.

21.2 At any time after the sanction of this Scheme, Egg and the Yorkshire may apply to the Court for consent to amend its terms to the extent that they apply to any Transferred Asset or Assumed Liability, provided that in any such case the FSA shall be notified of, and have the right to be heard at, any hearing of the Court at which such application is considered. If such consent is granted, Egg and the Yorkshire may amend the terms of this Scheme in accordance with such consent.

21.3 At any time after the sanction of this Scheme, in the case of any minor or technical amendment to the terms of this Scheme, or any amendment to correct any manifest error in its terms, the amendment may be made without the consent of the Court provided that in any such case the FSA shall have been notified of the proposed amendment and shall have approved the same.

**22. EVIDENCE OF TRANSFER**

22.1 The production of a copy of the Order and of this Scheme, with any modifications made under paragraph 21, for all purposes shall be conclusive evidence of the transfer to, and vesting in, the Yorkshire of the Transferred Assets, the Transferred Liabilities, the Residual Assets and the Residual Liabilities.

22.2 In order to enable the Yorkshire to complete any title to any property or interest in land transferred to, and vested in, it by virtue of this Scheme and, without prejudice to paragraphs 3 to 18 inclusive and 22.1, by notice of title or otherwise, or to deduce title,

this Scheme and/or the Order, with any modifications made under paragraph 21, together with any document ancillary thereto (including a certificate of any officer or employee of the Yorkshire identifying the relevant property or interest in land) shall be deemed to be, and may be used as, a general disposition, conveyance or as the case may be, assignation, of such property or interest in favour of the Yorkshire.

23. **THIRD PARTY RIGHTS**

A person who is not a party to this Scheme may not enforce any term of this Scheme pursuant to the Contracts (Rights of Third Parties) Act 1999.

24. **GOVERNING LAW**

This Scheme is governed by, and shall be construed in accordance with, English law.

Dated: [        ] 2011.

## SCHEDULE 1

### DEFINITIONS AND INTERPRETATION

25. In this Scheme, the following defined terms have the meanings set out opposite them:

- "Accrued Business Receivables Interest" the amount of interest (including default interest) which has accrued on the Mortgage Agreements and has not been added to the principal amount outstanding thereunder and which remains unpaid at the Reference Time;
- "Accrued Deposit Interest" the amount of interest which has accrued on the Deposits and has not been added to the principal amount outstanding thereunder and which remains unpaid at the Reference Time but excluding any amounts payable to customers in respect of the Guaranteed Equity Bonds;
- "Affiliate" of a person means at any relevant time a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the first person. A person shall be deemed to control another person if such first person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of such other person, whether through the ownership of voting securities, by contract or otherwise;
- "All Monies Rights" rights providing for a charge, debenture, mortgage or standard security or any other security given in respect of an agreement to secure, in addition, obligations arising under other agreements;
- "AML Legislation" applicable legislation related to the prevention of money laundering, including (to the extent in force at any relevant time) the Money Laundering Regulations 1993 (SI 1993/1933), Financial Services and Markets Act 2000 (Regulations Relating to Money Laundering) (SI 2001/1819), Money Laundering Regulations 2003 (SI 2003/3075) and Money Laundering Regulations 2007 (SI 2007/2157);

"Amount Secured"	has the meaning given in the Mortgage Agreement;
"Applicable Law(s)"	all applicable laws, rules, regulations, ordinances, directives, statutes, authorisations, permits, licences, notices, instructions, decrees, administrative practices, formal or informal guidance, policies, measures or publications of any Governmental Authority or any other relevant regulator (including, for the avoidance of doubt, the FSA's guidance, policies and publications relating to the Treating Customers Fairly initiative), any judgment or judicial practice of any court, any rules of any stock exchange on which the shares of Egg or the Yorkshire (or its holding company) are listed, the Banking Code, the Code of Conduct on Advertising Interest Bearing Accounts, the BBA/BSA/Payments Council Industry Guidance for FSA Banking Conduct of Business Sourcebook, other voluntary codes of practice in relation to banking or a consumer lending business that Egg has publicly committed to follow and any other requirements of any Governmental Authority having jurisdiction with respect to the Business Assets and the Assumed Liabilities and, for the avoidance of doubt, the foregoing shall include any Governmental Authority, regulator, court or stock exchange of the United States of America or of any member country of the European Union;
Asset Files	in relation to a Mortgage Loan in respect of unregistered land, the customer file maintained by Egg or any agents on its behalf (which includes, save to the extent that such documents are missing, the application or applications for the Mortgage Loan, the Home Finance Offer, the Report on Title and the Valuation Report and any facility letters or change of term letters that have been provided to the Customer, but excluding the Title Deeds and the Mortgages Restricted Materials);
"assets" or "property"	assets, property, title, claims, benefits, rights, interests, authorities, discretions and powers of any description, whether present or future or actual or contingent, including any interest (legal or equitable) in real or personal property, any thing in action, any right in contract, tort or otherwise,

any asset held on trust or in a fiduciary capacity, any interest under or by virtue of a trust (howsoever arising), any interest arising under any Encumbrance and any right in respect of a judgment, order or award made in any Proceedings and any power under or by virtue of a power of attorney (howsoever arising);

"Assumed Deposit Liabilities"

all liabilities of Egg in respect of the Deposit Agreements to pay or repay the Deposits, including, for this purpose, any return due to Customers in respect of the Guaranteed Equity Bonds, and all future liabilities of Egg in respect of the Deposit Agreements to pay interest and bonuses or other return which become due to the relevant Customer after the Reference Time in respect of the Deposits;

"Assumed Liabilities"

- (a) the Assumed Deposit Liabilities;
- (b) all Liabilities relating to or arising from Complaints made after (whether or not in respect of the period after) the Reference Time, other than Liabilities in respect of the sale of payment protection insurance by Egg to customers;
- (c) all Liabilities under the Customer Agreements and the EMM Agreements in respect of the period after the Reference Time, other than as described in paragraph (a) above;
- (d) all Liabilities to the extent related to or arising out of the ownership, use, possession, enjoyment, transfer or operation of the Business Assets in respect of the period after the Reference Time;
- (e) all Liabilities relating to the Business Assets arising in respect of the period after the Reference Time in respect of:
  - (i) basic rate tax payable to HMRC in respect of interest payments to

Customers in accordance with the terms and conditions of the Deposit Agreements; and

- (ii) payments for regulatory fees and levies in respect of the Financial Services Compensation Scheme;
- (f) all Liabilities in relation to the Business Receivables in respect of the period after the Reference Time;
- (g) all Liabilities in respect of the period after the Reference Time in respect of any Related Security or Related Security Arrangements; and
- (h) all Liabilities in relation to the Pipeline Business in respect of the period after the Reference Time;

"BCOBS" the FSA Banking Conduct of Business Sourcebook (as amended, supplemented and restated from time to time);

"Borrowing Member" any individual whom the Yorkshire has designated as such in accordance with its memorandum and rules;

"Business Assets" the following assets and property of Egg in respect of the Relevant Activities as at the Reference Time, whether or not governed by the law of England and Wales and whether or not situated in England and Wales:

- (a) all of the Business Receivables;
- (b) all of the Deposits Cash, subject to the obligation to discharge the Assumed Deposit Liabilities;
- (c) the Customer Agreements and the EMM Agreements, including the rights and benefits (but subject to the burden) of Egg arising thereunder, including all claims that

Egg has thereunder against the Customers or otherwise arising, or which will arise, out of the Customer Agreements and the EMM Agreements and any other related contractual documentation, or howsoever connected thereto, including:

- (i) any claim to periodic finance charges, late fees, payment fees, special fees, tax stamps and any periodic payments or option payments;
- (ii) any claim to administration or service fees or third party fees or outgoings or expenses owed, in each case in connection with the Mortgage Loan which is debited to the Mortgage Loan;
- (iii) any claim for damages, costs or restitutions suffered or incurred by, or owed to, Egg (including any claim relating to legal fees incurred in recovering any amount owed to Egg) in connection with the Relevant Activities and any legal actions brought in connection therewith, including any action of claw-back or ineffectiveness of payments;
- (iv) any claim relating to any other sum or amount howsoever owed to Egg by a Customer (including any receiver thereof) in connection with the Relevant Activities (including any claim which, as at the Reference Time, was proved in bankruptcy against any Customer, including as a consequence of a revocation or

declaration of ineffectiveness of a payment made to Egg); and

- (v) any claim to interest (including default interest) that will accrue on the Mortgage Loans following the Reference Time,

and in each case together with any substantive or procedural right, claim, action and defence inherent or otherwise ancillary to the claims listed above in this paragraph (b), including pursuant to the provisions of the Customer Agreements, the EMM Agreements or Applicable Law, including any early termination right and the right to accelerate obligations of Customers, but excluding the Business Receivables;

- (d) all estate, right and interest in the Properties vested in Egg subject to redemption and cesser and any third party rights in respect of the Properties;
- (e) the Related Security, the Related Security Arrangements and the right to sue on all covenants, undertakings and obligations to Egg in relation thereto and all related rights and benefits subject to any third party rights in respect of the Properties ;
- (f) all rights, title, interest and benefit (present and future) of Egg under the Customer Building Policies;
- (g) all rights, title, interest and benefit (present and future) of Egg under the Pipeline Business;
- (h) the Data Processing Consents;
- (i) all Deposits Records, all Mortgages Records

and all EMM Data, except for any Deposits Records, Mortgages Records or EMM Records which are confidential and may not be transferred to the Yorkshire pursuant to Applicable Law, provided that Egg may deliver copies or other reproductions of such Deposits Records, Mortgages Records or EMM Records and shall be permitted to retain originals or copies thereof and that Egg shall be permitted to delete or omit from the Deposits Records, Mortgages Records or EMM Records information pertaining to businesses of Egg or its Affiliates other than the business carried on in respect of the Deposits and the Mortgage Loans;

- (j) all rights, interests, benefits and powers of Egg against Valuers in respect of valuation of Properties and related activities carried out in connection with any Mortgage Agreement;
- (k) all rights, interests, benefits and powers of Egg against solicitors, licensed conveyancers and other conveyancers in respect of entry into any Mortgage or Mortgage Agreement (and the taking and perfecting of any Encumbrance); and
- (l) all rights and claims of Egg (whether present or future, actual or contingent) against any other person, and proceedings to which Egg is a party, which relate to any Customer or the Relevant Activities,

but excluding the Business Intellectual Property and any of Egg's internal policies or policy documents;

"Business Day"

means any calendar day which is not (i) a Saturday or Sunday or (ii) a day on which credit institutions are authorised to close in London (United Kingdom) or New

York (United States).

"Business Intellectual Property"	all and any rights of Egg in or to any Intellectual Property, which is used by Egg in relation to, or exists in, the Business Assets or the Assumed Liabilities;
"Business Receivables"	any and all receivables owing to Egg as at the Reference Time in respect of the Relevant Activities or arising on or before the Reference Time out of the Customer Agreements and any other related contractual documentation, including any claim to, right to receive, sue for, recover and give receipts for all principal and other sums payable under the Mortgage Agreements, Related Security and Related Security Arrangements or the unpaid part thereof, including any Accrued Business Receivables Interest;
"Complaint"	any complaint (within the meaning of the FSA Handbook in relation to DISP 1.1 and DISP 1.3) in relation to the Business Assets and/or Assumed Liabilities, commenced by an eligible complainant (within the meaning of the FSA Handbook in DISP 2.7) against Egg or the Yorkshire and which seeks or may reasonably be expected to lead to a direction from the Financial Ombudsman or a claim seeking financial compensation, including a claim that the debt balance owed by the Customer or other amount is unenforceable, void or voidable, or should be waived, reduced or written off;
"Consent"	consent for the purposes of paragraph 1 of Schedule 2 to the DPA;
"Consolidation Rights"	rights providing for any Encumbrance given in respect of an agreement not to be released or discharged until obligations have been satisfied in respect of any other agreement;
"Court"	the High Court of England and Wales;

"Cross Default Rights"	rights providing for, or which (if exercised) might result in, the acceleration or alteration of payment obligations or other obligations under an agreement as a result of a default under another agreement;
"Customer"	a natural person who has entered into a Deposit Agreement or a Mortgage Agreement (including joint account holders) and whether with such person or their successors (which for the purpose of this definition of Customer shall include its or their personal representative, trustee in bankruptcy or administrator of an involuntary arrangement);
"Customer Agreements"	the Deposit Agreements and the Mortgage Agreements;
"Customer Building Policy"	<p>in relation to a Property:</p> <p>(i) any buildings insurance policy taken out by a Customer or, in Scotland, by a factor of the building of which the Property forms part for the benefit of inter alia the Customer; or</p> <p>(ii) (in the case of leasehold or, in Scotland, long lease Property) any buildings insurance policy taken out by a Customer, the landlord of a Customer, a superior landlord or a management company under the lease of such Property,</p> <p>and, in each case, any other insurance contracts in replacement, addition or substitution therefor from time to time (including in each case any endorsements or extensions thereto as issued from time to time) (but which, for the avoidance of doubt, in each case excludes any buildings insurance policy and any contingency insurance policy maintained by or on behalf of Egg).</p>
"Data Controller"	has the meaning given under section 1 of the DPA;
"Data Processing Consent"	any Consent provided by a Data Subject to Egg, and any notification made by Egg to a Data Subject in respect of the processing of that Data Subject's Personal Data, in connection with a Customer Agreement;

"Data Subject"	has the meaning given under section 1 of the DPA;
"Declaration"	the declaration of agreement to assign relevant conversion benefits to Yorkshire Building Society Charitable Foundation a company limited by guarantee (Registered Company number 3545437, Charity Number 1069082) required to be executed by all new individual members of the Yorkshire (subject to certain exceptions), in the form contained in Appendix 1;
"Deed of Consent"	In relation to a Mortgage Loan, a deed whereby the signatory has agreed to postpone his interest (if any) in the relevant Property by declaring that he will not assert any right to an overriding interest by occupation adverse to Egg's rights under such Mortgage;
"Deposit"	each deposit held by Egg for a customer as at the Reference Time, in relation to which that customer has entered into a Deposit Agreement, and comprising the aggregate of all principal sums and interest and other monies owing to that customer under that Deposit Agreement as at the Reference Time, including the Accrued Deposit Interest but excluding any amounts payable to customers in respect of the Guaranteed Equity Bonds other than in respect of guaranteed principal;
"Deposit Account"	an account maintained by Egg in relation to a Deposit;
"Deposit Accountholder"	a Customer who, at the Reference Time, has a Deposit Agreement with Egg in respect of a Deposit;
"Deposit Agreement"	the terms and conditions and any other arrangements entered into between Egg and a customer (each as varied by Egg from time to time) and applicable to the accounts that record the amounts owed to customers by Egg, in relation to any of the following types of accounts provided by Egg:  (a) instant access accounts, including the Egg Savings Account, the Internet Savings Account, the standard savings account, the Prudential savings account and the bonus

savings accounts;

- (b) offset deposit accounts;
- (c) guaranteed equity bonds;
- (d) fixed rate bonds; and
- (e) cash ISAs,

in each case, excluding (i) the Excluded Deposit Agreements; and (ii) any arrangements between Egg and third parties (including Customers) in respect of subordinated debt securities listed by Egg;

"Deposits Cash"

means an amount in cash equal to the Deposits;

"Deposits Records"

to the extent that such data, files and information exist and are controlled by Egg and to the extent that such data, files and information are not Statutory Records or VAT Records:

- (a) information in respect of the identities of the Customers that has been collected by Egg for the purposes of compliance with the AML Legislation;
- (b) the hard copy applications from Customers in respect of the Deposits, held on FileNet or DocuShare by Egg;
- (c) the online applications from Customers in respect of the Deposits held in soft copy format by Egg on ICBS and GTX; and
- (d) all other material correspondence between Egg and Customers in respect of the Deposits and full customer transaction history (whether in electronic or hard copy);

"DPA"

the Data Protection Act 1998;

"Effective Date"

the date referred to in paragraph 20.1 on which the Scheme is to become effective;

"Egg"	Egg Banking plc, a company registered in England and Wales, with registered number 2999842 and whose registered office is at Citi Group Centre, Canada Square, Canary Wharf, London E14 5LB;
"Egg Agreement"	a Customer Agreement or EMM Agreement or an agreement between Egg and a person who has provided an Encumbrance in respect of a Customer and "Egg Agreements" shall mean all such agreements;
"Egg Board"	the board of directors of Egg;
"Egg Deposit Product"	any one of the following: <ul style="list-style-type: none"><li>(a) an instant access account, including the Egg Savings Account, the Internet Savings Account, the standard savings account, the Pi savings account and the bonus savings account;</li><li>(b) an offset deposit account;</li><li>(c) a Guaranteed Equity Bond;</li><li>(d) a fixed rate bond; and</li><li>(e) a cash ISA;</li></ul>
"Egg Group"	Egg and its subsidiaries;
"Egg SVR"	the standard variable mortgage rate of Egg designated by Egg as the "Egg Mortgages Standard Variable Rate";
"EMM Agreement"	an agreement (as amended by Egg from time to time) between Egg and a Customer in relation to the Egg Money Manager service;
"EMM"	the Egg system known as Egg Money Manager;
"EMM Customer"	a Customer who has, at any time prior to the Effective Time, signed up for EMM;
"EMM Data"	data retained by Egg in EMM relating to the EMM Customers (but excluding any data relating to any historic

transactions undertaken by the EMM Customers);

"Encumbrance"

- (a) any mortgage or standard security (including for the avoidance of doubt those registered at the Land Registry or those registered in the Land Register of Scotland or recorded in the General Register of Sasines in Scotland or registered in the Land Registers of Northern Ireland), charge, pledge, assignment or assignation by way of security, lien or any other security interest or encumbrance of any kind, whether legal or equitable, securing any obligation of any person or any other agreement or arrangement having a similar effect, including (i) any indemnity, guarantee, letter of credit, letter of comfort, letter of support, insurance, warranty, representation or other assurance; and (ii) any fixed or floating charge or right of set-off;
- (b) any intercreditor agreement, subordination agreement, postponement agreement or other ranking agreement in respect of the rights and/or obligations of any person or any security interest;
- (c) any equalisation agreement, standstill agreement or similar agreement or arrangement;
- (d) any third party right or interest, whether legal or equitable, including in any real or personal property; and
- (e) any option, restriction, right of first refusal, right of pre-emption or any other type of preferential arrangement (including title transfer and retention agreements) having a similar effect;

with the exception of liens arising by operation of law;

"English Mortgage"	a Mortgage over a Property located in England or Wales;
"Entire Agreement Provision"	a clause contained in an Egg Agreement, Existing Yorkshire Agreement or New Yorkshire Agreement which provides it represents the entire agreement between the parties in respect of all or some of the accounts or services of the type that are the subject matter of the agreement or that are referred to in the agreement, or otherwise states that the relevant Customer Agreement, Existing Yorkshire Agreement or New Yorkshire Agreement (as applicable) will apply to all accounts or services provided by Egg or the Yorkshire as appropriate;
"Excluded Assets"	any assets which are not Business Assets including the Excluded Deposit Agreements and the Excluded Mortgage Agreements;
"Excluded Deposit Agreement"	any terms and conditions or other arrangements entered into between Egg and a customer and applicable to an account relating to an Egg Deposit Product where: <ul style="list-style-type: none"><li>(a) the total aggregated balance of all such Egg Deposit Products held by that customer, including any accrued but not applied interest in respect of those accounts, was less than £1.01 as at 30 June 2011 (each such account held by that customer being a "Low Balance Account"), unless that customer:<ul style="list-style-type: none"><li>(i) holds an Out of Scope Account that is a fixed rate bond or a Guaranteed Equity Bond that has not been terminated as at 30 June 2011;</li><li>(ii) holds or has held an Out of Scope Account in relation to which any monetary system-generated transaction (other than the</li></ul></li></ul>

application of credit interest) has been carried out during the six month period immediately prior to 30 June 2011;

- (iii) holds an Out of Scope Account in relation to which a promotional interest rate period has not expired as at 30 June 2011;
  - (iv) has used EMM at any time during the six month period immediately prior to 30 June 2011; or
  - (v) has entered into a Mortgage Agreement which has not been terminated as at 30 June 2011; or
- (b) such terms and conditions or other arrangements were terminated prior to 5 April 2010 (an "April 2010 Closed Account"); or
- (c) the relevant customer has been sent a notice of termination in relation to such terms and conditions or other arrangements prior to the Effective Date and Egg and the Yorkshire have agreed in writing that such terms and conditions or other arrangements should not transfer to the Yorkshire,

save that (in respect of either (a) or (b)) any terms and conditions or other arrangements relating to that Egg Deposit Product shall not be an Excluded Deposit Agreement where the relevant customer:

- (a) is a joint account holder with a Customer or Customers (either alone or with others) as at 30 June 2011;
- (b) has entered into any terms and conditions or other arrangements in respect of an Egg

Deposit Product with Egg which had not terminated as at 30 June 2011 and which is not an Out of Scope Account; or

- (c) has entered into any terms and conditions or other arrangements in respect of an Egg Deposit Product with Egg after 30 June 2011,

and, for the avoidance of doubt, such terms and conditions or other arrangements shall, accordingly, be construed as a Deposit Agreement.

"Excluded Mortgage Agreement"

an agreement relating to a mortgage loan originated by Egg or a predecessor in title to Egg under the 'Egg' or 'Pi' brands on or before the Reference Time:

- (a) in relation to which the Property taken as security for the Mortgage Loan has been repossessed by Egg on or prior to 30 June 2011; or
- (b) which has been terminated on or before the Reference Time or in respect of which Egg has served notice as at the Reference Time upon the relevant customer to terminate such arrangements,

(such mortgage loan being an "Out of Scope Mortgage Loan"), save that any agreement relating to an Out of Scope Mortgage Loan relating to (b) above held by a customer shall not be an Excluded Mortgage Agreement where the relevant customer has entered into:

- (c) a Deposit Agreement; or
- (d) an agreement relating to a mortgage loan originated by Egg or a predecessor in title to Egg under the 'Egg' or 'Pi' brands (other than an agreement relating to an Out of Scope Mortgage Loan),

in which case, for the avoidance of doubt, such agreement relating to an Out of Scope Mortgage Loan shall be construed as a Mortgage Agreement.

"Excluded Liabilities"	any Liabilities of Egg (whether present or future, actual or contingent) in respect of the Business Assets as at the Reference Time that are not Assumed Liabilities including any liabilities of Egg to Taxation;
"Existing Yorkshire Agreement"	any agreement, to the extent in force immediately prior to the Effective Date (or in the case of an agreement with Norwich and Peterborough, and subject to the merger completing, an agreement to the extent in force immediately prior to the Norwich and Peterborough Effective Date), between the Yorkshire or Norwich and Peterborough (as applicable) and (i) a Customer; or (ii) a person who has provided an Encumbrance in respect of a Customer;
"FSA"	the Financial Services Authority and any successor body or bodies to all or part thereof;
"FSMA"	the Financial Services and Markets Act 2000 (as amended);
"Governmental Authority"	any multinational, national, federal, state, provincial or local governmental or regulatory or supervisory authority or entity or body or any subdivision thereof, including any agency, instrumentality, division, department, court or other body thereof and including, for the avoidance of doubt, any Regulatory Body;
"Guaranteed Equity Bonds"	non-interest bearing guaranteed principal deposits held by Egg, in relation to which returns payable to customers are dependent on the performance of a given stock market index;
"Home Finance Offer"	an offer of a Mortgage made by Egg to a Customer or prospective Customer;
"Home Finance Payment"	has the meaning given in the Mortgage Agreement;
"HMRC"	HM Revenue and Customs;

"Intellectual Property"	patents, trade marks, service marks, rights in designs, rights in trade and business names, copyrights (including rights in computer software), database rights, domain names and any and all other similar proprietary rights which may subsist anywhere in the world, in each case, whether or not any of these rights is registered and including registrations, and applications for registration (and rights to apply for registration), of any such rights;
"Land Registers of Northern Ireland"	the Land Registry of Northern Ireland and the Registry of Deeds of Northern Ireland;
"Land Registry"	the Land Registry of England and Wales;
"Liabilities"	all liabilities, duties and obligations of every description, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed, including any obligations in respect of any judgment, order or award made in any Proceedings and any requirement of a Regulatory Body, and whether owed or incurred severally or jointly or as principal or surety, and "Liability" means any one of them;
"Marketing Preference"	either a Consent by a Data Subject for use of his Personal Data to market directly to him by any means, or an indication (by act or omission as appropriate) by the Data Subject that such Consent is withheld;
"Migration Date"	the date on which the Yorkshire takes the servicing of the Deposit Accounts and the Mortgage Accounts onto the Yorkshire's IT systems;
"Mortgage"	a first or subsequent fixed charge by way of legal mortgage (in relation to English Mortgages) or a first or subsequent ranking Standard Security (in relation to Scottish Mortgages) or a first or subsequent ranking mortgage or legal charge (in relation to Northern Irish Mortgages) which secures the repayment of a Mortgage Loan or Mortgage Loans;

"Mortgage Account"	an account maintained by Egg in relation to a Mortgage Loan;
"Mortgage Accountholders"	persons who, at the Reference Time, have a Mortgage Agreement with Egg;
"Mortgage Agreement"	an agreement relating to a Mortgage Loan and contained in the Mortgage Loan Conditions, the Mortgage Conditions, the Home Finance Offer, the Mortgage Deed and any offer conditions (and any terms implied by law), but excluding the Excluded Mortgage Agreements;
"Mortgage Conditions"	the terms and conditions applicable to a Mortgage as contained in standard documentation of Egg or of any of its predecessors and provided to Customers from time to time;
"Mortgage Deed"	the document between Egg and a Customer granting a legal or real right and/or interest in any mortgaged property;
"Mortgage Loan"	each mortgage loan originated by Egg or a predecessor in title to Egg under the "Egg" or "Pi" brands on or before the Reference Time and comprising the aggregate of all principal sums, interest, costs, charges, expenses and other monies (including all further advances) due or owing with respect to that mortgage loan under the relevant Mortgage Agreement by a Customer on the security of a mortgage from time to time outstanding or, as the context may require, the Customer's obligations in respect of the same;
"Mortgage Loan Conditions"	the terms and conditions applicable to a Mortgage Loan as contained in standard documentation of Egg or of any of its predecessors and provided to Customers from time to time;
"Mortgage Payment"	has the meaning given in the relevant Mortgage Agreement;
"Mortgages Records"	to the extent that such data, files and information exist and are controlled by Egg, and to the extent that such data, files and information are not Statutory Records or VAT Records:  (a) information in respect of the identities of the

Customers that has been collected by Egg for the purposes of compliance with AML Legislation;

- (b) the applications from Customers for the Mortgage Loans, held in electronic format on Omiga;
- (c) correspondence with Customers, held by FileNet;
- (d) the hard copy files maintained in respect of the Mortgage Loans, the Mortgages and the Properties for each Customer, including the Valuation Reports;
- (e) the Title Deeds and Asset Files in respect of unregistered land or land located in Scotland and the Customer's title to which is recorded in the General Register of Sasines; and
- (f) all other material correspondence between Egg and the Customers relating to the Mortgage Loans and full customer transaction history (whether in electronic or hard copy);

"Mortgages Restricted Materials"

- (a) any internal audit or management reports and any tax returns, filings or notices, and any and all documents or information relating thereto, which relate in whole or in part to Egg and are prepared by or on behalf of or for the benefit of Egg or any of its Affiliates and any and all correspondence and related documents, memoranda and other information between Egg and any government entity, Tax Authority or any Regulatory Body and any reports of examination prepared by any government entity or any Regulatory Body in respect of

Egg or any of its Affiliates, provided that Mortgages Restricted Materials shall not include any of the above which have been prepared for or by Egg relating exclusively to the Mortgage Loans or Related Security Arrangements; and

- (a) Egg's records analysing, reporting on or measuring results of solicitation and acquisition of the Mortgage Loans including valuations models and similar models or any records created by Egg for management information reporting purposes;

"New Yorkshire Agreement"

any agreement entered into on or after the Effective Date between the Yorkshire and (i) a Customer; or (ii) a person who has provided an Encumbrance in respect of a Customer;

"Northern Irish Mortgage"	a Mortgage over a Northern Irish Property;
"Northern Irish Property"	in relation to a Mortgage Loan and its related Mortgage, the freehold or fee farm grant or leasehold residential property located in Northern Ireland mortgaged or charged as security for the repayment of such Mortgage Loan;
"Norwich and Peterborough"	Norwich and Peterborough Building Society;
"Norwich and Peterborough Effective Date"	the date of the merger between Norwich and Peterborough and the Yorkshire;
"Offset Deposit"	a Deposit held by Egg for a Customer in an offset savings account and which is set off against the balance of a mortgage account held under an Offset Mortgage Agreement when determining the relevant balance for the purposes of interest calculation on such mortgage account;
"Offset Mortgage Agreement"	a Mortgage Agreement relating to an offset mortgage arrangement under which Customer deposits held in an offset savings account are set off against the balance of the mortgage account when determining the relevant balance for the purposes of interest calculation;
"OFT"	the Office of Fair Trading;
"Order"	the order of the Court sanctioning this Scheme pursuant to Part VII of the FSMA and any order (including any subsequent order) in respect of this Scheme made by the Court under section 112 of FSMA;
"Out of Scope Account"	a Low Balance Account or an April 2010 Closed Account;
"Payment Date"	the date specified in the Customer Agreement for a Mortgage account as the relevant payment date;
"Payment Services Regulations"	the Payment Services Regulations 2009 (SI 2009/209);
"Personal Data"	has the meaning given under section 1 of the DPA;

"Pi SVR"	the standard variable mortgage interest rate of Egg designated by Egg as the "Pi Mortgages Standard Variable Rate";
"Pipeline Business"	any application made by a person to Egg, whether or not accepted by Egg, and any offer or invitation made by Egg to a person, in each case made prior to the Effective Date, which may result in the execution on or after the Effective Date of what would, but for the transfer in accordance with this Scheme, be a Customer Agreement;
"Proceedings"	any claim, counterclaim, complaint, petition, suit, appeal or other legal process, whether intended to have interim or final legal effect in respect of its subject matter, before any court, Governmental Authority, Regulatory Body, tribunal, arbitration panel, ombudsman or other body subsisting or empowered by law or regulation or by the provisions of an agreement;
"Property"	a freehold, heritable or leasehold property (or, in Scotland, a property held under a long lease) or common hold which is subject to a Mortgage;
"Reference Time"	the time, on the day prior to the Effective Date, that is immediately prior to the commencement of the batch process by which all accounting processes for the previous 24 hours (48 hours in the case of Mondays) are updated, transactions posted and accounts held by Customers notated by Egg;
"Rate"	has the meaning given in the Mortgage Agreement;
"Regulatory Body"	means (but is not limited to) the FSA, the OFT, the Trading Standards Office, the Lending Standards Board, the Federal Reserve Board and any other body involved in the regulation or supervision of financial services institutions;
"Related Security"	in relation to a Mortgage Loan, the security for the repayment of that Mortgage Loan including the relevant Mortgage and all other matters applicable thereto including:  (a) the benefit of all Encumbrances, affidavits, consents,

renunciations, guarantees, indemnities, waivers and postponements (including Deeds of Consent, deeds of postponement and ranking agreements) from occupiers and other persons having an interest in or rights in connection with the relevant Property;

(b) the benefit of (including the rights as the insured person under and as notations of interest on, returns of premium and proceeds of claims under) any insurance cover deposited, charged, obtained, or held in connection with the relevant Mortgage Loan, Mortgage or Property and Mortgages Records;

"Related Security Arrangements"

other than the Mortgages, any and all contracts, agreements, deeds, documents, instruments and other arrangements entered into by Customers and/or others that provide for Egg to be granted security in respect of the Mortgage Loans, or for Egg otherwise to be entitled to the benefit of any Encumbrances, charge agreements, guarantees, indemnities, rental assignments or assignments, mortgages, standard securities or other security interests or other obligations guaranteeing or securing any liability resulting from or in connection with any of the Customer Agreements, in each case which was entered into before the Relevant Date, to the extent that, immediately before the Relevant Date, the same remained to be completed (in whole or in part) or remain in force.

"Relevant Activities"

the business of Egg consisting of the origination, holding and servicing of the Deposits and the Mortgage Loans;

"Relevant Date"

the date on which a Business Asset or Assumed Liability transfers to the Yorkshire, being the Effective Date (in respect of Transferred Assets and Transferred Liabilities) or the applicable Subsequent Transfer Date (in respect of a Residual Asset or a Residual Liability);

"Report on Title"

means each and any report on, or certificate of, title obtained by Egg in respect of a Property;

"Residual Asset"

(a) any Business Asset:

- (i) which the Court does not have jurisdiction to transfer;
  - (ii) which, despite having such jurisdiction, the Court determines not so to transfer;
  - (iii) the transfer of which requires but does not have recognition by the laws of any relevant jurisdiction; or
  - (iv) which Egg and the Yorkshire agree in writing prior to the Effective Date would more conveniently be, or which pursuant to the terms of this Scheme is to be, transferred after the Effective Date; and
- (b) any proceeds of sale or income or other accrual or return whatsoever, whether or not in any case in the form of cash, or other asset earned or received from time to time after the Effective Date in respect of any property referred to in paragraph (a);

"Residual Liability"

any Assumed Liability:

- (a) which the Court does not have jurisdiction to transfer;
- (b) which, despite having such jurisdiction, the Court determines not so to transfer;
- (c) the transfer of which requires but does not have recognition by the laws of any relevant jurisdiction;
- (d) which Egg and the Yorkshire agree in writing prior to the Effective Date would more conveniently be, or which pursuant to the terms of this Scheme is to be,

transferred after the Effective Date; or

- (e) which relates to a Residual Asset and arises at any time before the Subsequent Transfer Date applicable to that Residual Asset;

"Scheme"	this scheme in its original form or with or subject to any modification, addition or condition that may be approved or imposed by the Court;
"Scottish Mortgage"	a Mortgage over a Scottish Property;
"Scottish Mortgage Loan"	a Mortgage Loan secured by a Scottish Mortgage;
"Scottish Property"	a Property located in Scotland;
"Set-Off Rights"	rights arising under, or in respect of, any Customer Agreement or Existing Yorkshire Agreement providing for credit balances on one account to be used as payment towards a Liability arising on, or in respect of, another account or facility;
"Shareholding Member"	any individual whose deposit the Yorkshire has accepted (as that act is defined under the Building Societies Act 1986) and where the Yorkshire designates a Deposit Account as a shareholding account in accordance with its memorandum and rules;
"Standard Security"	a heritable security created by a standard security over any interest in land located in Scotland in terms of the Conveyancing and Feudal Reform (Scotland) Act 1970;
"Statutory Records"	all books, files, registers, documents, correspondence, papers and other records that are in the possession of or held to the order of Egg immediately prior to the Effective Date in relation to the Business Assets, the Deposits and the Assumed Liabilities and that are required, by any applicable legal or regulatory requirement or corporate governance requirement (whether or not having the force of law), to be kept by Egg and retained in its possession;
"Subject Access Request"	a request for information made pursuant to section 7 of the

DPA;

"Subsequent Transfer Date"

in respect of any Residual Asset or Residual Liability, the time and date after the Effective Date on which such Residual Asset or Residual Liability is to be transferred to the Yorkshire, namely:

- (a) in respect of any Residual Asset falling within paragraph (a)(i) to (iii) of the definition of Residual Asset, and of any Residual Liability falling within paragraph (a) to (c) of the definition of Residual Liability, the time and date on which the requisite order or recognition to enable the same to be transferred to the Yorkshire upon the terms of this Scheme is:
  - (i) obtained; or
  - (ii) no longer required;
- (b) in respect of any Residual Asset falling within paragraph (a)(iv) of the definition of Residual Asset and of any Residual Liability which falls within paragraph (d) of the definition of Residual Liability, the time and date on which Egg and the Yorkshire agree that the transfer shall take effect or on which the Residual Asset or Residual Liability becomes capable of being transferred under the terms of this Scheme (as notified by Egg to the Yorkshire); and
- (c) in the case of any Residual Asset falling within paragraph (b) of the definition of Residual Asset and of any Residual Liability falling within paragraph (e) of the definition of Residual Liability, the time and date on which such Residual Asset or Residual Liability is received, earned or incurred by Egg, to the extent that such transfer is

possible under this Scheme and Egg and the Yorkshire agree that such transfer should take place;

"Tax" and "Taxation"	all forms of taxation, whether direct or indirect and whether levied by reference to income, profits, gains, net wealth, asset values (including the transfer and registration of real estate), turnover, added value or other reference, and statutory, governmental, state, provincial, local government or municipal impositions or surcharges, duties, customs and excise duties, contributions, rates and levies (including social security contributions and any other payroll taxes), whenever and wherever imposed (whether imposed by way of a withholding or deduction for or on account of tax or otherwise) and in respect of any persons, and all penalties, charges, costs and interest relating thereto;
"Tax Authority"	any governmental or other authority competent to impose and/or collect any kind of Tax;
"Title Deeds"	in relation to a Mortgage Loan over unregistered land or land title to which is recorded in the General Register of Sasines, the agreement or agreements for such Mortgage Loan, the deed or document constituting the relevant Mortgage and any documents of title to the relevant Property;
"Transferred Assets"	the Business Assets except to the extent that they are Residual Assets;
"Transferred Liabilities"	the Assumed Liabilities except to the extent that they are Residual Liabilities;
"Valuation Report"	the valuation report or reports for mortgage purposes obtained by Egg from a Valuer in respect of each Property;
"Valuer"	means an independent valuer of a Property (being a fellow or associate of the Royal Institution of Chartered Surveyors);

"VAT Records"	all records that are referred to in section 49(5) VATA and that are in the possession of or held to the order of Egg immediately prior to the Effective Date in relation to the Business Assets, the Deposits and the Assumed Liabilities; and
"VATA"	the Value Added Tax Act 1994.
"the Yorkshire"	Yorkshire Building Society, whose principal office is at Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ;
"Yorkshire Board"	the board of directors of the Yorkshire;
"Yorkshire SVR"	the standard variable mortgage interest rate of the Yorkshire, designated by the Yorkshire as the "Yorkshire Mortgage Standard Variable Rate";
"Yorkshire Group"	The Yorkshire and any subsidiary of the Yorkshire;

26. In this Scheme:

(a) **References to the Scheme and to paragraphs, Parts, Schedules or Appendices**

Any reference to the Scheme shall include any Schedules and Appendices to it and references in the Scheme to paragraphs, Parts, Schedules or Appendices are, except where the context otherwise requires, to paragraphs of, Parts of, Schedules to, and Appendices to this Scheme.

(b) **Headings**

Headings are inserted for convenience only and shall not affect the construction of this Scheme.

(c) **Singular and plural, and gender**

Any reference to the singular shall include a reference to the plural and vice versa and any reference to the masculine shall include a reference to the feminine and neuter and vice versa.

(d) **Reference to an agreement**

Reference to an agreement includes an agreement or undertaking effected by contract, deed or any other instrument.

(e) **Reference to a person**

Any reference to a person shall include a reference to (i) any natural person, and (ii) any general or limited partnership, corporation, company, partnership, firm, association or organisation, joint venture, state, state agency, Governmental Authority, institution, trust or other legal entity.

(f) **References to services**

Any reference to services provided or agreed to be provided by Egg includes the accepting of deposits, the provision and making of Mortgage Loans or any other form of finance, whether secured or unsecured, or the provision of any guarantee, indemnity or other assurance.

(g) **References to writing**

Any reference to writing shall include any modes of reproducing words in a legible and non-transitory form.

(h) **References to property**

The expression "**property**" includes, without limitation, property, assets, claims interests, claims, benefits, rights (including, contingent rights as to the repayment of tax) and powers of every description (whether present or future, actual or contingent) and includes property held on trust and securities, benefits, powers of any description and any interest whatsoever in any of the foregoing.

(i) **References to rights**

The expression "**rights**" includes, without limitation, present, future, contingent or prospective rights, whether ascertained or unascertained and any rights in respect of any judgment or award made in any proceedings.

(j) **References to transfer**

The expression "**transfer**" includes (as the context may require) "vest", "assign", "assignment" or "assignment", "dispose" or "disposal" or "convey" or "conveyance".

(k) **References to variation**

The expression "**variation**" includes, without limitation any amendment, modification, variation, supplement, deletion, replacement or termination (as the context requires), however effected.

(l) **References to holding company, subsidiary and wholly-owned subsidiary**

The expressions "**holding company**", "**company**", "**subsidiary**" and "**wholly-owned subsidiary**" shall have the same meanings as in the Companies Act 2006.

(m) **References to relating to and in relation to**

Each of the expressions "**relating to**" and "**in relation to**", when used in conjunction with any business or item, concerns subject-matter that has a more substantial connection with that business or item than with any other.

(n) **References to enactments or statutory provisions**

Any reference to an enactment or a statutory provision shall include a reference to (i) that enactment or statutory provision as amended, consolidated, modified, replaced or re-enacted from time to time and (ii) any subordinate legislation, instrument or order made under the relevant enactment or statutory provision as itself amended, consolidated, modified, replaced or re-enacted from time to time and, for the avoidance of doubt, subordinate legislation shall include provisions of the FSA Handbook of rules and guidance made pursuant to the FSMA.

(o) **References to "including and "in particular"**

References to "**including**" and "**in particular**" shall not be construed restrictively but shall mean "including without prejudice to the generality of the foregoing and without limitation" and "in particular but without prejudice to the generality of the foregoing and without limitation".

(p) **Exercise of powers of control**

Where any obligation pursuant to this Scheme is expressed to be undertaken or assumed by any person, such obligation shall be construed as including a requirement on that person to exercise all rights and powers of control over the affairs of any other person which that person is properly able to exercise (whether directly or indirectly) in order to secure performance of such obligation.

(q) **English law concepts**

Reference to any process or concepts of English law shall include all equivalent processes or concepts under the laws of any other applicable jurisdiction.

## APPENDIX 1

### DECLARATION

Terms defined in the Scheme relating to the transfer of certain assets and liabilities from Egg to Yorkshire Building Society (the "Society") pursuant to Part VII of the Financial Services and Markets Act 2000 (as amended) shall have the same meaning when used herein.

27. I agree with the Society and Yorkshire Building Society Charitable Foundation ("the Foundation") that I will assign to the Foundation (or to any charity(ies) nominated by it but to no other person) the rights to any relevant conversion benefits which are defined below. This obligation will not apply to me or may apply to me for less than 5 years if I fall within any class of persons which, as at the Effective Date, the Society decides would be inappropriate to be bound by this assignment condition. This agreement is irrevocable and authorises the Society to give to the Foundation (or to any charity(ies) nominated by it) any such benefits without further notice to me. I understand that neither the Society nor the Foundation will release me from this agreement or vary its terms and I will continue to be bound by the above condition even if the Society decides at some time in the future (and announces any such decision by press release) that it is no longer in the best interests of the Society to continue with the above assignment condition generally in respect of new members.
28. "Relevant conversion benefits" means any benefits under the terms of any future transfer of the Society's business to a company (i.e. on a conversion or takeover) which I might become entitled to as a member or depositor with the Society at any time within 5 years immediately following the Effective Date. Relevant conversion benefits does not include the statutory right to have shares in the Society (including any balances on share accounts) converted into deposits with the company on a conversion or takeover. If the Society merges with any other society, after the date of such merger the "Society" includes such other society.
29. I authorise the Society to pass to the Foundation such information relating to me and all my accounts with the Society as the Foundation may reasonably require in order to administer this agreement to assign and for no other purpose.