

OPERATING CONDITIONS - PART V

PROVISIONS RELATING TO A CONTINGENT LIABILITY FACILITY

1. We will, at your written request made at any time after the Start Date, issue (or make arrangements for an Issuer to issue) on your behalf any or all of those Contingent Instruments specified in the Commercial Terms with a face value up to the maximum amounts set out in the Commercial Terms.
2. Where we arrange for an Issuer to issue the Contingent Instrument we will provide the Issuer with a Counter Indemnity.
3. We will apply a Reserve equal to our maximum liability under any Contingent Instrument or Counter Indemnity issued by us.
4. Our fee for this Facility will be charged annually in advance on the date on which the Contingent Instrument or Counter Indemnity is issued and on each anniversary thereof for so long as it remains outstanding.
5. Any request for a Contingent Instrument shall be in writing and specify the beneficiary, the amount and any other information which we may require.
6. You will provide us with cash cover and/or an indemnity in our standard form from a financial institution acceptable to us in respect of any ongoing liability we may have under any Contingent Instrument or Counter Indemnity issued pursuant to this Facility, where your Facility is terminated or a Termination Event occurs and we request such cash cover or indemnity.
7. Any Contingent Instrument issued by us will be in a form approved by us. Any Contingent Instrument or Counter Indemnity issued by an Issuer will be in its standard form and issued on its standard terms and conditions, a copy of which will be made available to you.
8. You hereby irrevocably and unconditionally:
 1. agree to pay to us on written demand an amount equal to any amount which is paid by us under or pursuant to any Contingent Instrument or Counter Indemnity;
 2. agree to indemnify and hold us harmless on demand from and against all losses, costs, damages, expenses, liabilities, actions, claims and demands whatsoever which we may incur or sustain or which may be made against us by reason of or in any way whatsoever in connection with the issue of, or the performance of our obligations under, any Contingent Instrument or Counter Indemnity issued by us;
 3. authorise us to make payment in respect of any Contingent Instrument or Counter Indemnity and to comply with any other demand made on us under and in accordance with the terms of a Contingent Instrument or Counter Indemnity notwithstanding that you may dispute the validity of such demand, without any reference to or authority from you and without being under a duty to enquire into the validity, genuineness or accuracy of any document received by us under or pursuant to the Contingent Instrument or Counter Indemnity or into the propriety of any claim made or purported to be made under either such obligation. It shall not be a defence to any demand made against you under this indemnity, nor shall your liability be affected or impaired by the fact that we were or might have been, justified in refusing to perform in whole or in part the obligations for which any claim or demand shall have been made or notified. Any payment made in respect of any Contingent Instrument or Counter Indemnity shall be accepted as conclusive evidence that we were liable to pay or comply with the same;

4. agree that your liability under this indemnity shall apply notwithstanding any extension or renewal of the Contingent Liability or Counter Indemnity (whether on the same or different terms) and shall be in addition to and not in substitution for any guarantee, lien, pledge, bill, note, mortgage or other security or right or remedy now or at any time in the future held by or available to us and shall not in any way be prejudiced or affected thereby or by the invalidity thereof or by any release, variation or other dealing therewith or any enforcement or non-enforcement thereof, it being acknowledged by you that we shall not be obliged to resort to any other such security or other means of payment before enforcing this indemnity;
 5. agree that your liability under this indemnity shall not be lessened or impaired by any waiver, time, indulgence or release being given by us to any other person liable or to us by the beneficiary of the Contingent Instrument or to us by the Issuer or by any invalidity of any Contingent Instrument or Counter Indemnity or any other circumstance which might but for this provision impair, exonerate or discharge you from your Obligations to us.
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