

30 March 2011

**LEEK FINANCE NUMBER NINETEEN PLC ANNOUNCEMENT TO ALL NOTEHOLDERS**

**£28,000,000 CLASS A1a MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294474464),**

**U.S.\$255,000,000 CLASS A1b MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (REGULATION S NOTES ISIN: XS0294475867, RULE 144A NOTES ISIN: US52426WAA45),**

**£110,000,000 CLASS A2a MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294479778),**

**U.S.\$624,100,000 CLASS A2b MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (REGULATION S NOTES ISIN: XS0294480602, RULE 144A NOTES ISIN: US52426WAB28),**

**€124,500,000 CLASS A2c MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294482483),**

**£23,000,000 CLASS Ma MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294483614),**

**€68,000,000 CLASS Mc MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294484349),**

**£12,000,000 CLASS Ba MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294484778),**

**€51,000,000 CLASS Bc MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294485072),**

**£6,000,000 CLASS Ca MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294485403),**

**€32,900,000 CLASS Cc MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294486476),**

**£13,000,000 CLASS Da MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294486559), AND**

**€6,700,000 CLASS Dc MORTGAGE BACKED FLOATING RATE NOTES DUE 2038 (ISIN: XS0294486716) (THE NOTES)**

The Co-operative Bank p.l.c. (the **Co-operative Bank**) have approached the Board of Directors of Leek Finance Number Nineteen PLC (the **Issuer**) (the **Leek 19 Board**) and advised them that the Co-operative Bank will not fund the repurchase of the mortgage loans held by the Issuer on the 21 June 2012 (the **Leek 19 Step Up Date**). The Leek 19 Board will not therefore have a source of funds in place from the Co-operative Bank to enable it to redeem the Leek 19 Notes on the Leek 19 Step Up Date.

The Bank will host a listen-only conference call at 3 p.m. on 1 April 2011 to answer questions from investors. Questions must be submitted in advance by 5 p.m. 31 March 2011 via email to leek.info@britannia.co.uk. This call will be recorded and the replay made available for 2 weeks following the call. The dial in code for the call and replay is UK Direct 0207 136 9233, UK Freephone 0800 032 9687, Passcode 782551. The Bank will be available for meetings and calls with investors commencing the week of 11 April 2011.

In addition, the Leek 19 Board announce that the liquidity facility currently provided by Danske Bank A/S, London Branch has today been novated to the Co-op Bank who will provide the liquidity facility on a fully drawn basis.

## **LEEK FINANCE NUMBER NINETEEN PLC ANNOUNCEMENT TO CLASS A2 NOTEHOLDERS ONLY**

The Issuer announced today its invitation to holders of the outstanding £110,000,000 Class A2a Mortgage Backed Floating Rate Notes Due 2038 (ISIN: XS0294479778), U.S.\$624,100,000 Class A2b Mortgage Backed Floating Rate Notes Due 2038 (Regulation S Notes ISIN: XS0294480602, Rule 144a Notes ISIN: US52426WAB28) and €124,500,000 Class A2c Mortgage Backed Floating Rate Notes Due 2038 (ISIN: XS0294482483) (the **Class A2 Notes**) to vote in respect of an Extraordinary Resolution in respect of their Class A2 Notes. The Extraordinary Resolution will approve and assent to a Class A2 Noteholder proposal which includes, amongst other things, (i) the removal of S&P from the Conditions and the Transaction Documents, (ii) the addition of an investor redemption option for all Noteholders, (iii) additional credit enhancement of the Notes by the purchase of UK Gilts by the Issuer, (iv) the insertion of an Additional Coupon Payment for the Class A Noteholders and (v) the collateralisation of the monies held under the Co-op GIC Account (the **Class A2 Noteholder Proposal**).

The Class A2 Noteholder Proposal is made on the terms and subject to the conditions contained in the Consent Solicitation Memorandum dated 30 March 2011 (the **Consent Solicitation Memorandum**).

The meeting of holders of the Class A2 Notes (the **Meeting**) to consider, and if thought fit, to pass the Extraordinary Resolutions to approve the Class A2 Noteholder Proposal will be held at 11:00 a.m. (London time) (12:00 a.m. CET and 6.00 a.m. New York time) on 11 May 2011 at the offices of Allen & Overy LLP, One Bishop Square, London E1 6AD.

The Issuer proposes to amend certain Transaction Documents and the Conditions as set out in the Global Amendment and Restatement Deed, pursuant to the amendments,

- (a) all classes of Noteholders will be provided with an investor redemption option (the **Investor Redemption Option**) pursuant to which a Noteholder may elect to have his Notes redeemed by the Issuer at the Principal Amount Outstanding of the relevant Notes adjusted for any principal deficiencies in the Portfolio applicable to those Notes, as further set out in the documents. The redemption of Notes subject to the Investor Redemption Option will be funded through the issuance of variable funding notes corresponding to each Class of Notes being redeemed (respectively, the J1 VFN, the J2 VFN, the J3 VFN, the J4 VFN and the J5 VFN and, together, the **J VFN**);
- (b) the credit enhancement of the Notes will be increased by the purchase of UK Gilts by the Issuer using the proceeds of the issuance of a new variable funding note (the **K VFN**) to be subscribed to and funded by the Co-operative Bank. Such UK Gilts will be placed in a new custody account in the name of the Issuer and charged in favour of the Trustee and the income generated from the UK Gilts will be added to Income Received whilst the cash received from the redemption of the UK Gilts will be added to Principal Received. Any interest received on the UK Gilts in excess of the interest due on the K VFN will be used to redeem the K VFN in accordance with the amended Pre-Enforcement Interest Priority of Payments. To the extent there is insufficient Applied Income to pay interest on the K VFNs on an Interest Payment Date, such unpaid interest amount will be capitalised, a new Condition 5(i) (Interest Accrual) will be inserted. The K VFN will rank junior to the existing Notes and the Required Amount in the Payments Priorities;
- (c) all references to S&P and any S&P criteria or requirements contained in the Transaction Documents will be deleted and all obligations on any of the parties thereto to comply with any of the S&P criteria or requirements shall cease to have effect;

- (d) the A Noteholders will receive an additional payment (the **Additional Coupon Payment**) on the final Interest Payment Date of the Class A2 Notes. The Issuer will issue a new variable funding note (the **L VFN**) the proceeds of which will be used to make three term loans (the **Co-op Multi-Currency Loans**) to the Co-operative Bank. The Co-op Multi-Currency Loans will be repayable on the Additional Coupon Payment Date and the repayment proceeds will be used to pay the Additional Coupon Payment; and
- (e) upon the termination of the RBS GIC Guarantee on the Leek 19 Step Up Date, the documents will provide for the collateralisation of the monies held under the Co-op GIC Accounts which will be funded by the issuance by the Issuer of a new variable funding note (the **N VFN**) the proceeds of which will be used to fund the Co-op Collateral Amount.

The Class A2 Noteholder Proposal, if passed and consented to by all appropriate parties, will, subject to it not being withdrawn by the Issuer, be implemented on 6 June 2011 (the **Implementation Date**), after the relevant consents and instructions are delivered (which is expected to be as soon as possible after the date of the Meeting) and, (if applicable) after the date of any adjournment of such Meeting.

Holders of Class A2 Notes who wish to accept the Class A2 Noteholder Proposal should refer to the Consent Solicitation Memorandum for the procedures which must be followed in order to accept the Class A2 Noteholder Proposal.

The **Record Date** is, in respect of Class A2 Notes held in DTC, 11:00 p.m. (London time) (12:00 p.m. CET) (6:00 p.m. New York time) on 29 March 2011.

The **Expiration Deadline/Final Voting Deadline** is 11:00 a.m. (London time) (12:00 a.m. CET) (6:00 a.m. New York time) on 9 May 2011.

Capitalised terms used in this announcement have the meanings ascribed to them in the Consent Solicitation Memorandum.

Copies of the latest draft of the Global Amendment and Restatement Deed and copies of the First Supplemental Trust Deed (including the Conditions of the Notes), the Supplemental Deed of Charge, the Co-op Multi-Currency Loan Agreement, the Custody Account Agreement and copies of the Amended and Restated Agency Agreement, the Amended and Restated Administration Agreement, the Amended and Restated Co-op GIC Agreement, the Amended and Restated RBS GIC Agreement, the Amended and Restated Master Framework Agreement and any other Transaction Document being amended pursuant to the Global Amendment and Restatement Deed will be available for inspection at the office of the Principal Paying Agent and the U.S. Registrar.

**For further information:**

A complete description of the terms and conditions of the Class A2 Noteholder Proposal and the Consent Solicitation will be set out in the Consent Solicitation Memorandum. Further details on the transaction can be obtained from:

**The Solicitation Agents:**

***J.P. Morgan Securities Ltd.***

125 London Wall  
London EC2Y 5AJ  
Attn: Fixed Income Syndicate  
Fax: +44 (0)20 7777 9153  
Email: structured.lm@jpmorgan.com

***The Royal Bank of Scotland plc***

135 Bishopsgate  
London EC2M 3UR  
Attn: Liability Management Group

Tel: +44 20 7085 9178 / 7085 8806  
Email: liabilitymanagement@rbs.com

Requests for information in relation to voting and attendance at the Meeting and requests for copies of the Consent Solicitation Memorandum and the draft documentation should be directed to:

**The Principal Paying Agent**

***HSBC Bank plc***

8 Canada Square  
London E14 5HQ

Attn: The Senior Manager, CT Client Services, Corporate Trust and Loan Agency

Tel: +44 20 7991 3745

Fax: +44 20 7260 8932

**U.S. Registrar**

***HSBC Bank USA, National Association***

452 Fifth Avenue

New York

NY 10018-2706

Attn: Elena Zheng

Tel: +1 212 525 1367

Fax: +1 212 525 1300

Email: elena.zheng@us.hsbc.com

The Notice of Meeting has been submitted to the National Storage Mechanism and will shortly be available for inspection at [www.Hemscott.com/nsm.do](http://www.Hemscott.com/nsm.do).

**DISCLAIMER:** This announcement must be read in conjunction with the Consent Solicitation Memorandum. The Consent Solicitation Memorandum contains important information which should be read carefully before any decision is made with respect to the Class A2 Noteholder Proposal. If any Class A2 Noteholder is in doubt as to the action it should take, it is recommended to seek its own financial advice, including in respect of any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee must contact such entity if it wishes to vote in respect of the Class A2 Noteholder Proposal. None of the Issuer, the Solicitation Agents, the Principal Paying Agent, the U.S. Registrar or the Trustee for the Notes makes any recommendation as to whether or not or how holders of the Notes should vote in respect of the Class A2 Noteholder Proposal.

The distribution of this announcement and the Consent Solicitation Memorandum in certain jurisdictions may be restricted by law and persons into whose possession this announcement and the Consent Solicitation Memorandum comes are requested to inform themselves about, and to observe, any such restrictions.