

THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF CLASS A1 NOTEHOLDERS. IF CLASS A1 NOTEHOLDERS ARE IN ANY DOUBT AS TO THE ACTION THEY SHOULD TAKE, THEY SHOULD CONSULT THEIR OWN INDEPENDENT PROFESSIONAL ADVISERS AUTHORISED UNDER THE FINANCIAL SERVICES AND MARKETS ACT 2000 IMMEDIATELY.

NOTICE OF MEETING OF CLASS A1 NOTEHOLDERS

\$985,000,000 Class A1 mortgage backed floating rate notes due 2041
(Reg S Common Code: 024690075; Reg S ISIN: XS0246900756; Rule 144A Common Code: 024766519; Rule 144A ISIN: US69911MAA27; Rule 144A CUSIP: 69911MAA2)

issued by Paragon Mortgages (No. 11) PLC

Paragon Mortgages (No. 11) PLC (the "**Issuer**") hereby gives notice of a meeting of the holders of the \$985,000,000 Class A1 mortgage backed floating rate notes due 2041 issued by the Issuer to be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ on Friday, 14 December 2012 at 9 a.m. (London time), 10 a.m. (CET) and 4 a.m. (New York time) (the "**Meeting**").

The Meeting is to be held pursuant to Condition 13 of the Notes and the provisions of Schedule 3 of the trust deed dated 23 March 2006 (the "**Trust Deed**") relating to the Notes and made between the Issuer and Citicorp Trustee Company Limited (the "**Trustee**") as trustee for the Noteholders, for the purposes of considering and, if thought fit, passing the resolution set out below, which will be proposed as an Extraordinary Resolution in accordance with the provisions of the Trust Deed.

Separate notices will be sent to the Class A2a Noteholders, the Class A2b Noteholders, the Class B1a Noteholders, the Class B1b Noteholders, and the Class C1b Noteholders. The proposed amendments in relation to which the proposed resolutions are to be passed require Extraordinary Resolutions to be passed at separate meetings of the holders of each class of Notes because they relate to Basic Terms Modifications and accordingly no such Extraordinary Resolutions shall take effect until all such Extraordinary Resolutions are passed.

Capitalised terms not otherwise defined in this Notice shall bear the meaning given to them in the Trust Deed.

EXTRAORDINARY RESOLUTION

The following is the text of the Extraordinary Resolution to be proposed at the Meeting:

"THAT this Meeting of the holders of the \$985,000,000 Class A1 mortgage backed floating rate notes due 2041 issued by Paragon Mortgages (No. 11) PLC (the "**Issuer**", and the holders of such notes being the "**Class A1 Noteholders**") constituted by the trust deed dated 23 March 2006, as varied or supplemented from time to time, and made between the Issuer and Citicorp Trustee Company Limited as trustee (the "**Trustee**") assent to:

1. the modification and supplementing of the Deed of Sub-Charge and Assignment between, *inter alios*, the Issuer and the Trustee, in the manner set out in the first supplemental deed of charge to be entered into between, *inter alios*, the Issuer and the Trustee in or substantially in the form that was available from the Principal Paying

Agent for inspection by the Class A1 Noteholders prior to this Meeting (the "**First Supplemental Deed of Charge**");

2. the modification of the Terms and Conditions of the Notes in the manner set out in the first supplemental trust deed to be entered into between the Issuer and the Trustee in or substantially in the form that was available from the Principal Paying Agent for inspection by the Class A1 Noteholders prior to this Meeting (the "**First Supplemental Trust Deed**");
3. the modification of the Administration Agreement in the manner set out in the deed of amendment and restatement in respect of the Administration Agreement to be entered into between, *inter alios*, the Issuer, the Administrators and the Trustee in or substantially in the form that was available from the Principal Paying Agent for inspection by the Class A1 Noteholders prior to this Meeting (the "**Deed of Amendment and Restatement (Administration Agreement)**");
4. the appointment of Structured Finance Management Limited as substitute administrator facilitator on the terms set out in the substitute administrator facilitator agreement to be entered into between the Issuer, the Trustee and Structured Finance Management Limited as substitute administrator facilitator in or substantially in the form that was available from the Principal Paying Agent for inspection by the Class A1 Noteholders prior to this Meeting (the "**Substitute Administrator Facilitator Agreement**"); and
5. the modification of the Substitute Administrator Agreement in the manner set out in the deed of amendment and restatement in respect of the Substitute Administrator Agreement to be entered into between, *inter alios*, the Issuer, the Trustee and the Substitute Administrator in or substantially in the form that was available from the Principal Paying Agent for inspection by the Class A1 Noteholders prior to this Meeting (the "**Deed of Amendment and Restatement (Substitute Administrator Agreement)**").

That the Class A1 Noteholders hereby:

- (a) sanction every abrogation, modification, compromise or arrangement in respect of the rights of the Noteholders pertaining to the Notes against the Issuer or any other person involved in or resulting from the modifications referred to in this Extraordinary Resolution;
- (b) direct and authorise the entry into, execution and delivery of the First Supplemental Deed of Charge, the First Supplemental Trust Deed, the Deed of Amendment and Restatement (Administration Agreement), the Substitute Administrator Facilitator Agreement and the Deed of Amendment and Restatement (Substitute Administrator Agreement) (all together the "**Amendment Documents**");
- (c) direct, authorise and instruct the Trustee to authorise the Issuer to make the modifications if the Rating Agencies have been notified of the proposed modifications to be effected pursuant to the Amendment Documents (for which purpose the Trustee may rely on confirmation in writing by or on behalf of the Issuer that the Rating Agencies have been so notified) notwithstanding

that explicit approval of the amendments and/or confirmation that this will not adversely affect the rating of the Notes may not have been received from the Rating Agencies;

- (d) authorise, direct and instruct the Trustee to concur in taking all steps considered by it in its sole discretion to be necessary, desirable or expedient to carry out and give effect to this Extraordinary Resolution (including, without limitation, agreeing to such amendments or modifications to the form of the Amendment Documents as the Trustee may in its sole and absolute discretion approve) and acknowledge that any such steps will not subsequently be called into question by us;
- (e) direct, authorise and instruct the Trustee to concur in the modifications referred to in this Extraordinary Resolution and agree that the Trustee shall not be responsible for any liability in relation thereto including any consequences to any person resulting therefrom;
- (f) direct, authorise and instruct the Trustee not to require any legal opinions in relation to the Amendment Documents to give effect to this Extraordinary Resolution; and
- (g) discharge and exonerate the Trustee from any liability in respect of any act or omission for which the Trustee may be or may become responsible by reason of its acting in accordance with this Extraordinary Resolution or making any determination or exercising (or, as the case may be, not exercising) any other power or right conferred pursuant to, or arising out of, this Extraordinary Resolution.

Capitalised terms not otherwise defined in this Extraordinary Resolution shall have the meaning given to them in the trust deed dated 23 March 2006."

Background and Reasons for Meeting

The proposed changes are intended to (i) enhance the structural features of the transaction to deal with any risk of performance disruption in respect of mortgage administration and cash management, and (ii) make allowance for the Issuer to make payments as part of the pre-enforcement priority of payments, by way of settlement, to any unsecured claimants up to the "prescribed part" as stipulated in the Insolvency Act 1986 (Prescribed Part) Order 2003 (as amended, varied or supplemented from time to time).

Structural Enhancements

Moody's has identified a number of structural enhancements to be made to the Transaction to minimise the risk to Noteholders where there is performance disruption in respect of the mortgage administration and cash management services provided by the Administrators. These enhancements can be summarised as follows:

1. The appointment of Structured Finance Management Limited as substitute administrator facilitator, to assist the Issuer in:
 - (a) identifying and appointing a successor Administrator to perform the Cash Bond Management Services in the event that the Administrator defaults in its

provision of the Administrator Report and the Substitute Administrator fails to assume performance of the Cash Bond Management Services within 5 Business Days of such default;

- (b) identifying a successor Substitute Administrator in the event that the appointment of the Administrators is terminated for any other reason. Such successor Substitute Administrator shall be appointed Administrator if the current Substitute Administrator fails to assume the duties and obligations of the Administrators in accordance with the Substitute Administrator Agreement;
- (c) after being notified in writing by the Substitute Administrator of its resignation, and in any event no later 6 months from the date of such notice, identify and appoint a successor Substitute Administrator; and
- (d) after being notified in writing by the Substitute Administrator, the Issuer or the Trustee that the Issuer, Substitute Administrator or the Trustee has terminated, or intends to terminate, the appointment of the Substitute Administrator (or any successor thereto) as Substitute Administrator or that such appointment has terminated by virtue of the provisions of the Substitute Administrator Agreement, identify and appoint a successor Substitute Administrator (and in relation to appointment of a successor Substitute Administrator to assume performance of the Cash Bond Management Services only, such identification and appointment to be made within 7 Business Days).

In each case, the successor Administrator or Substitute Administrator (as the case may be) must (a) have experience of administering mortgage loans secured on residential properties in England and Wales; (b) enter into an agreement with, amongst others, the Issuer and the Trustee substantially on the terms of (in the case of a successor Administrator) the Administration Agreement or (in the case of a successor Substitute Administrator) the Substitute Administrator Agreement, and at fees which are consistent with those payable generally at the relevant time for acting as a substitute mortgage administrator; and (c) to the extent reasonably practicable, satisfy the then applicable criteria of the Rating Agencies.

In cases where the appointment of the current Administrators is terminated in respect of the Cash Bond Management Services only, they may nevertheless continue to perform the remainder of the Services until their appointment is otherwise terminated in accordance with the terms of the Administration Agreement.

2. In situations where the relevant Administrator has not provided all the calculation data in relation to a Collection Period necessary to determine the payments to be made by the Issuer on the immediately following Interest Payment Date, allowing for estimation of such payments based on previous data.

Claims of Unsecured Claimants

As the Issuer is part of the Paragon Group (and not an orphan vehicle), Moody's is concerned that there is an increased risk that there may be an incremental category of unsecured claimants (relative to the position where the issuing vehicle is a orphan) who may claim against the Issuer and if those claims are not satisfied they may petition for the insolvency of the Issuer. Since claims of unsecured claimants are generally limited to £600,000, being the

"prescribed part" as stipulated in the Insolvency Act 1986 (Prescribed Part) Order 2003, the Issuer has negotiated with Moody's that such settlement amounts will be allowed to be paid as part of the pre-enforcement priority of payments. If such an allowance is incorporated into the transaction, unsecured claimants may be disincentivised from petitioning for the insolvency of the Issuer because they would, upon insolvency, most likely be entitled to no more than the "prescribed part" because the Issuer has given a full fixed and floating charge in favour of all the Secured Parties.

Failure to implement the changes described above may potentially result in (1) either immediately or in the future, the ratings ascribed to some or all classes of Notes by Moody's being downgraded or otherwise adversely affected and (2) other adverse consequences for the holders of all classes of Notes (including, without limitation, in relation to the price at which the Notes may trade).

The Issuer is proposing amendments to:

1. the Deed of Sub-Charge and Assignment (to be implemented by way of a First Supplemental Deed of Charge (the "**First Supplemental Deed of Charge**"));
2. the Trust Deed and the Conditions (to be implemented by way of a first supplemental trust deed (the "**First Supplemental Trust Deed**"));
3. the Administration Agreement (to be implemented by way of a deed of amendment and restatement in respect thereof (the "**Deed of Amendment and Restatement (Administration Agreement)**")); and
4. the Substitute Administrator Agreement (to be implemented by way of a deed of amendment and restatement in respect thereof (the "**Deed of Amendment and Restatement (Substitute Administrator Agreement)**"),

and is proposing that a substitute administrator facilitator agreement be entered into between the Trustee and Structured Finance Management Limited (the "**Substitute Administrator Facilitator Agreement**"), which together will seek to ensure that the requirements of Moody's are complied with and maintain the current rating of the Notes. It is proposed that such amendments be assented to by the Class A1 Noteholders by Extraordinary Resolution in accordance with Paragraph 18(C) of Schedule 3 to the Trust Deed.

The direction to the Trustee to authorise the Issuer to make amendments if the modifications have been notified to the Rating Agencies is intended to accommodate current practice and policy of the Rating Agencies relating to requests for written confirmation of approvals in these circumstances. The Issuer intends to notify Fitch and S&P regarding the amendments proposed above but may not necessarily receive their explicit approvals to the amendments in writing.

The Issuer has accordingly convened the Meeting by the above Notice to request the Class A1 Noteholders' agreement by Extraordinary Resolution to the matters contained in the Extraordinary Resolution.

Copies of the Trust Deed, the Terms and Conditions of the Notes and the Amendment Documents in substantially the same form as it is proposed they shall be executed (if the Extraordinary Resolution set out above is passed and Extraordinary Resolutions in similar

terms have been passed by all other classes of Noteholders) are available on Citibank, N.A., London Branch's (the "**Principal Paying Agent**") transaction services website www.transactionservices.citi.com/offerinfo (on the website, enter Deal ID: "PM11"). Copies of those documents will also be available for inspection at the Meeting. Copies of this Notice, the Extraordinary Resolution, the Trust Deed, the Terms and Conditions of the Notes, and any related documents will not be mailed or otherwise distributed or sent in or into the United States, including to any Class A1 Noteholder with addresses in the United States. Any U.S. person receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them in, into or from the United States. Moreover, a recipient of this Notice should not contact the Issuer, the Principal Paying Agent or the Trustee for a copy of the Extraordinary Resolution, the Trust Deed, the Terms and Conditions of the Notes or other information relating to the Notes if by doing so it will contravene any securities or other law or regulation to which it is subject.

The attention of the Class A1 Noteholders is particularly drawn to the quorum required for the Meeting and for an adjourned Meeting which is set out in paragraph 3 of "Voting and Quorum" below.

In accordance with normal practice the Trustee expresses no opinion as to the merits of the Extraordinary Resolution or the deeds and agreements referred to in it (which it was not involved in negotiating). It has, however, authorised it to be stated that, on the basis of the information set out in this Notice, it has no objection to the Extraordinary Resolution referred to above being submitted to the Class A1 Noteholders for their consideration. The Trustee has, however, not been involved in formulating the modifications referred to in the Extraordinary Resolution and makes no representation that all relevant information has been disclosed to the Class A1 Noteholders in this Notice. Accordingly, the Trustee urges Class A1 Noteholders who are in any doubt as to the impact of the implementation of the modifications and waivers referred to in the Extraordinary Resolution to seek their own independent legal and financial advice.

VOTING AND QUORUM

1. **Who is entitled to vote on the proposed Extraordinary Resolution?**

The Class A1 Notes are currently held in the form of both:

- (a) Global Reg S Notes which are held by a custodian for, and registered in the name of, a nominee of the common depository for the accounts of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream**", and each of Euroclear and Clearstream, a "**clearing system**"); and
- (b) Global Rule 144A Notes which are held by a custodian for, and registered in the name of Cede & Co., a nominee of the Depository Trust Company ("**DTC**") (each such Note a "**DTC Note**" and together the "**DTC Notes**").

Beneficial Holders through the Global Reg S Notes

Each person who is the owner of a particular nominal amount of the Class A1 Notes, as shown in the records of Euroclear, Clearstream or their respective accountholders ("**Accountholders**"), (a "**European Global Beneficial Owner**"), should note that they will only be entitled to attend and vote at the Meeting in accordance with the procedures set out below in "*Procedures for Voting*". The only person currently able to vote at the Meeting with respect to the Class A1 Notes represented by the relevant Global Reg S Notes will be the registered holder of such Global Reg S Notes, which is Citivic Nominees Limited, as nominee for the common depository of Euroclear and Clearstream. However, Citibank, N.A., London Branch, on behalf of Citivic Nominees Limited, may grant proxies to the European Global Beneficial Owners to attend and vote at the Meeting. Alternatively, European Global Beneficial Owners who hold their interests through a clearing system and who do not wish to attend and vote in person may convey their voting instructions by contacting the relevant clearing system (or through the relevant Accountholder, if applicable) and arrange for votes to be cast on their behalf. See "*Procedures for Voting*" below.

Beneficial Holders through the Global Rule 144A Notes

For the purposes of the DTC Notes and the Meeting, Cede & Co. is the only holder of the Class A1 Notes represented by those DTC Notes. Each person who is the owner of a particular nominal amount of the Notes, as shown in the records of the participants of DTC ("**DTC Participants**"), (a "**DTC Beneficial Owner**"), should note that they will only be entitled to vote at the Meeting in accordance with the "blocking" procedures set out below. Accordingly, DTC Beneficial Owners should convey their voting instructions, directly or through their respective accountholders, to DTC in accordance with the procedures of DTC described below.

The Meeting is being conducted in a manner eligible for use of the Automated Tender Offer Program of DTC ("**ATOP**"). It has been confirmed by DTC that holders of Class A1 Notes in the minimum denomination of \$100,000 and integral multiples of \$1,000 ("**Non-Stub Amount Holders**") may arrange for the DTC Participant through which they hold their Class A1 Notes to submit voting instructions through ATOP. Holders who hold Class A1 Notes worth less than the minimum denomination of \$100,000 ("**Stub Amount Holders**") will not be eligible to vote through the ATOP system but should follow the procedures set out below.

The DTC Participants will be appointed by DTC as its proxies and will be entitled to attend and vote at the Meeting. In the alternative, the DTC Participants may arrange for a sub-proxy being any third person or an employee of the Principal Paying Agent to attend and vote at the Meeting on their behalf. **DTC Participants should direct any questions regarding appointing proxies or the voting procedures to the Principal Paying Agent at its address indicated below.**

Holders of record of the Class A1 Notes at the close of business New York City time on the date of this notice of Meeting (the "**Record Date**") will be entitled to vote on the Extraordinary Resolution and shall remain so entitled notwithstanding any transfer of such holders' Class A1 Notes after the Record Date. Transferees of the Class A1 Notes after the Record Date will not be entitled to vote on the Extraordinary Resolution.

2. **Procedures for Voting**

Those persons entitled to do so may vote on the proposed Extraordinary Resolution by either attending and voting at the Meeting as a proxy or delivering voting instructions through the clearing systems (where their interest is through a Global Reg S Note) or DTC (where their interest is through a Global Rule 144A Note) with respect to the relevant Class A1 Notes. A diagram summarising the procedures described below is set out at the end of this notice. However, please note that the diagram is being included merely to assist you and is not intended to be read and relied on in replacement for the procedures described below.

Attending and Voting at the Meeting:

Beneficial Holders through the Global Reg S Notes

Those European Global Beneficial Owners who hold their interests in the Class A1 Notes through the clearing systems and who wish to attend and vote at the Meeting should contact the relevant clearing system (through the relevant Accountholder, if applicable) to make arrangements to be appointed as proxy in respect of those Class A1 Notes in which they have an interest for the purpose of attending and voting at the Meeting in person. Such European Global Beneficial Owners must have made arrangements to vote with the relevant clearing system (through the relevant Accountholder, if applicable), in accordance with the regulations of the relevant clearing system, in time for the relevant clearing system to arrange for them to be appointed as a proxy no later than 48 hours before the time fixed for the Meeting.

Beneficial Holders through the Global Rule 144A Notes

Non-Stub Amount Holders and Stub Amount Holders wishing to attend and vote at the Meeting in person must arrange for the DTC Participant through which they hold their DTC Notes to provide a Sub-Proxy Form B which includes identity details of the person wishing to attend.

Forms of sub-proxy are available on the Principal Paying Agent's transaction services website www.transactionservices.citi.com/offerinfo (on the website, enter Deal ID: "PM11") no later than 48 hours before the time fixed for the Meeting.

Delivering instructions to vote:

Beneficial Holders through the Global Reg S Notes

Those European Global Beneficial Owners who hold their interests in the Class A1 Notes through a clearing system and who wish to vote at but who do not wish to attend the Meeting should contact the relevant clearing system (through the relevant Accountholder, if applicable) to arrange for another person nominated by them to be appointed as a proxy in respect of such Class A1 Notes in which they have an interest to attend and vote at the Meeting on their behalf or to make arrangements for the votes relating to such Class A1 Notes in which they have an interest to be cast on their behalf by or on behalf of the Principal Paying Agent acting as a proxy. A European Global Beneficial Owner must have made arrangements to vote with the relevant clearing system (through the relevant Accountholder, if applicable), in accordance

with the regulations of the relevant clearing system, in time for the relevant clearing system to arrange for the European Global Beneficial Owner's nominee, or a representative of the Principal Paying Agent to be appointed as a proxy not later than 48 hours before the time fixed for the Meeting.

Beneficial Holders through the Global Rule 144A Notes

- (a) A DTC Participant or a DTC Beneficial Owner not wishing to attend and vote at the Meeting in person may appoint a proxy or, in the case of a DTC Beneficial Owner who is not a DTC Participant, arrange through the DTC Participant through whom he holds his Class A1 Notes, for the appointment of some other person as a sub-proxy, to attend and vote at the Meeting in accordance with his instructions.
- (b) Stub Amount Holders who wish to appoint a proxy or sub-proxy or give voting instructions for the purpose of the Meeting must arrange for the DTC Participant through which they hold their Class A1 Notes to complete and return to the Principal Paying Agent a duly completed Sub-Proxy Form A. Forms of sub-proxy are available on the Principal Paying Agent's transaction services website www.transactionservices.citi.com/offerinfo (on the website, enter Deal ID: "PM11") no later than 48 hours before the time fixed for the Meeting.
- (c) Non-Stub Amount Holders who wish to give voting instructions for the purpose of the Meeting must deliver an electronic instruction in respect of the relevant DTC Notes to the Registrar by submitting that instruction through the Participant Tenders Over PTS function of DTC ("**PTOP**") in accordance with the ATOP procedures and using the applicable contra CUSIP number (each of the two such contra CUSIP numbers, a "**Contra CUSIP Number**") to identify whether the votes in respect of such DTC Notes are to be cast in favour of or against the Extraordinary Resolution at the Meeting (each such instruction, along with any instruction stipulating attendance in person, a "**DTC Instruction**").

DTC's procedures in respect of DTC Instructions:

- (a) DTC will confirm the electronic delivery of a DTC Instruction by sending an Agent's Message (as defined below) to the Registrar. Any DTC Notes in respect of which a DTC Instruction is so delivered will be held by DTC in contra under the applicable Contra CUSIP Number and will not be available for transfer to third parties until the Registrar returns the DTC Notes as provided for below.
- (b) The term "**Agent's Message**" means a message transmitted by DTC and received by the Registrar, which states that DTC has received an express acknowledgment from the DTC Participant, by way of the submission of the relevant DTC Instruction through PTOP, that such DTC Participant instructs the Registrar to appoint one or more representatives of the Principal Paying Agent as its proxy to attend the Meeting and vote in respect of the Extraordinary Resolution in the manner identified by the relevant Contra CUSIP Number used in that DTC Instruction.

- (c) DTC Instructions must be given not later than 48 hours before the time fixed for the Meeting and may not be revoked during that period. Holders of DTC Notes that wish to deliver DTC Instructions should note that the cut-off time for instructions through ATOP is 5 p.m. New York time so they must allow sufficient time for completion of the ATOP procedures or the usual DTC procedures before that cut-off time so that the Agent's Message can be delivered to the Registrar 48 hours before the time fixed for the Meeting.
- (d) DTC Beneficial Owners should contact the DTC Participant through whom they hold their Notes to arrange voting as set out above.
- (e) *No letter of transmittal or consent form:*

No consent form or letter of transmittal needs to be executed in relation to DTC Instructions in respect of Non-Stub Amount Holders. The valid electronic submission of DTC Instructions through PTOP in respect of DTC Notes, by the relevant deadline, in accordance with the ATOP procedures and using the applicable Contra CUSIP Number shall constitute written voting instructions or a written request for the appointment of a proxy or sub-proxy in respect of the Meeting.

- (f) *Book-Entry Transfer:*

The Registrar will establish and maintain one or more accounts with respect to the DTC Notes at DTC (the "**Book Entry Transfer Facility**") promptly after the date of this Notice (to the extent such arrangements have not been made previously by the Registrar), and any financial institution which is a DTC Participant and whose name appears on a security position listing as an owner of the DTC Notes may make a book-entry delivery and surrender of DTC Notes into one of the Registrar's accounts in accordance with the Book-Entry Transfer Facility's procedures for such transfer. The confirmation of a book-entry transfer of DTC Notes into one of the Registrar's accounts at DTC as described above is referred to in this Notice as a "**Book-Entry Confirmation**".

The DTC Notes, the subject of a DTC Instruction delivered to the Registrar by the relevant deadline will be held by DTC in contra under the applicable Contra CUSIP Number established with the assistance of the Registrar and DTC during the period beginning at the time the DTC Participant electronically submits a DTC Instruction through PTOP and ending on the earlier of (i) the date on which the relevant DTC Instruction is validly revoked, in the limited circumstances in which such revocation is permitted, and (ii) the conclusion of the Meeting (including any adjourned Meeting). On the next New York City Business Day following the conclusion of the Meeting (including any adjourned Meeting) or the date on which the relevant DTC Instruction is validly revoked, the DTC Notes will be released back to the relevant DTC Participant and will trade under their original CUSIP number. During the period that DTC Notes are held under a Contra CUSIP Number, such Notes will not be freely transferable to third parties.

A "**New York City Business Day**" means a day, other than a Saturday or a Sunday, on which banks generally are open for business in New York City.

3. **Quorum**

The quorum required at the Meeting is two or more persons present in person holding Class A1 Notes or being proxies and holding or representing greater than 75 per cent of the aggregate GBP Equivalent Initial Principal Amount of the Class A1 Notes for the time being outstanding.

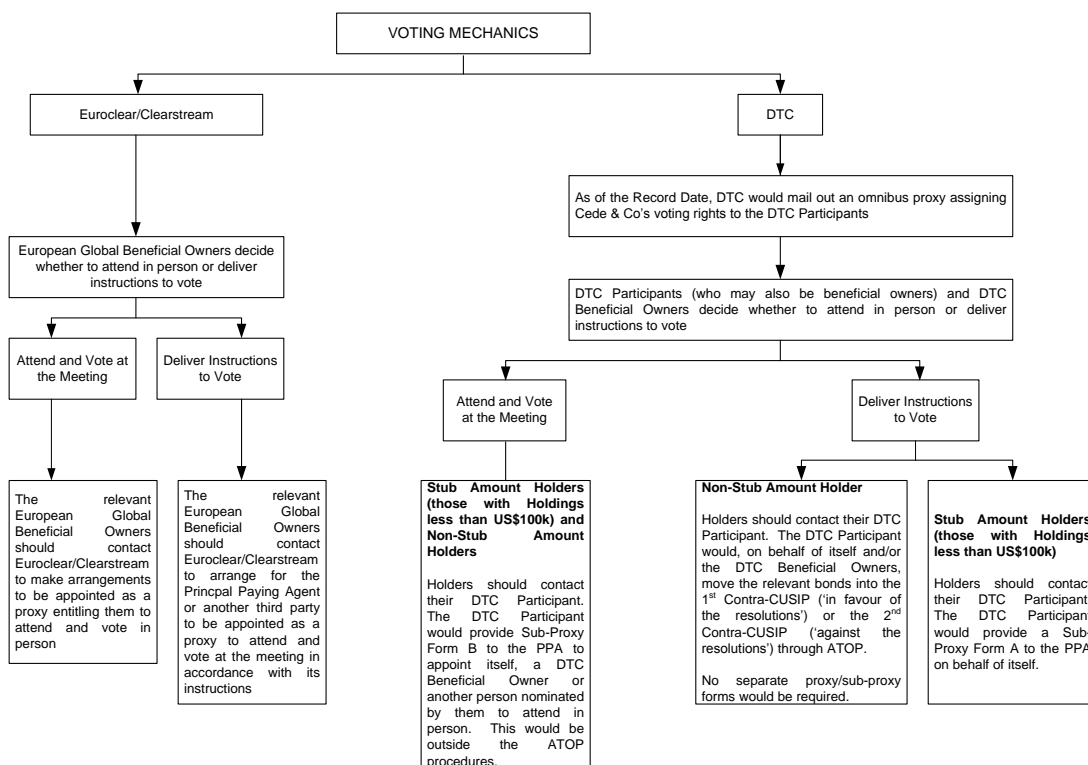
4. **Adjourned Meeting**

If within 15 minutes from the time fixed for the Meeting a quorum is not present the Meeting shall stand adjourned for such period, being not less than 14 days nor more than 42 days, and to such time and place, as may be appointed by the Chairman of the Meeting and approved by the Trustee. The quorum required at such adjourned Meeting is two or more persons holding or representing greater than 25 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Notes then outstanding held by the Relevant Noteholders.

5. **Procedures at the Meeting**

- (a) Every question submitted to the Meeting will be decided on a show of hands unless a poll is duly demanded by the Chairman of the Meeting, the Issuer or by two or more persons present being holders of Class A1 Notes or being proxies and holding or representing not less than 2 per cent. of the aggregate GBP Equivalent Initial Principal Amount of the Class A1 Notes for the time being outstanding. On a show of hands every person who is present in person and produces a Class A1 Note or is a proxy shall have one vote and on a poll every person so present shall have one vote in respect of each £1 in principal amount of the GBP Equivalent Initial Principal Amount of the Class A1 Notes then outstanding. If a poll is duly demanded, it shall be taken in such manner as the Chairman of the Meeting directs.
- (b) In case of equality of votes, the Chairman of the Meeting shall, both on a show of hands and on a poll, have a casting vote in addition to the vote or votes (if any) which he may have as a Class A1 Noteholder or as a proxy.
- (c) To be passed, the Extraordinary Resolution requires not less than 75 per cent. of the votes cast.
- (d) **If passed, the Extraordinary Resolution will be binding on all the Class A1 Noteholders, whether or not present at such Meeting and whether or not voting, and upon all the holders of the coupons relating to the Class A1 Notes.**

PARAGON NOTEHOLDER MEETING PROCESS



This Notice is given by Paragon Mortgages (No. 11) PLC

21 November 2012

Any questions in connection with the Amendment Documents and reasons for the amendments should be addressed to the following:

Paragon Mortgages (No.11) PLC
 St Catherine's Court
 Herbert Road
 Solihull
 West Midlands
 B91 3QE

Telephone Numbers: Stephen Bowcott: +44 (0) 20 7786 8470
 John Harvey: +44 (0) 121 712 3894
 Jimmy Giles: +44 (0) 121 712 2315

Emails: Stephen.Bowcott@paragon-group.co.uk
 Jimmy.Giles@paragon-group.co.uk
 John.Harvey@paragon-group.co.uk

Any questions in connection with the mechanics of the Meeting and voting should be addressed to the following:

The Principal Paying Agent
Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Telephone Number: +44 (0) 20 7508 3775

Email: Exchange.gats@citi.com