

## TERMS AND CONDITIONS OF THE TIER 2 NOTES

The Notes are constituted by a trust deed originally dated 21 December 2016 as amended and restated on 30 March 2017 (the “**Original Trust Deed**”), as amended by a supplemental trust deed dated 12 December 2018 (the “**Amended Trust Deed**” and, together with the Original Trust Deed, the “**Trust Deed**”) between Phoenix Group Holdings (“**PGH**”), Phoenix Group Holdings plc (the “**Issuer**”) and Citibank, N.A., London Branch (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An agency agreement originally dated 21 December 2016 as amended and restated on 30 March 2017 (the “**Original Agency Agreement**”), as amended by a supplemental agency agreement dated 12 December 2018 (the “**Amended Agency Agreement**” and, together with the Original Agency Agreement, the “**Agency Agreement**”) has been entered into in relation to the Notes between PGH, the Issuer, the Trustee, Citibank, N.A., London Branch as initial issuing and paying agent, Citigroup Global Markets Europe AG as registrar and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and (unless otherwise set out herein or hereon) the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents. The substitution of PGH with the Issuer with effect from 12 December 2018 (the “**Substitution Date**”) was (save in respect of any further notes issued pursuant to Condition 14 and forming a single series with the Notes) authorised by a resolution of the Board of Directors of the Issuer passed on 15 October 2018.

The Noteholders and the holders of the interest coupons (the “**Coupons**”) relating to interest-bearing Notes in bearer form and, where applicable, in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement. Any reference herein to Coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

### 1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Specified Denomination(s) shown hereon provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State in circumstances which require the publication of a Prospectus under the Prospectus Directive (Directive 2003/71/EC, as amended), the minimum Specified Denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

This Note is a Fixed Rate Note, a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or a combination of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(b), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass upon registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

## 2 Transfers of Registered Notes

### (a) *Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer (as set out in Schedule 1 of the Trust Deed) endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

### (b) *Exercise of Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of an Issuer’s option in respect of a holding of Registered Notes represented by a single Certificate or a partial redemption of a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

### (c) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(a) or (b) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange.

Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(c), “**Business Day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(d) ***Transfer Free of Charge***

Transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(e) ***Closed Periods***

No Noteholder may require the transfer of a Note (or part thereof) to be registered during the period of 15 days ending on the due date for any payment of principal or interest or during the period following delivery of a notice of a voluntary payment of Arrears of Interest in accordance with Condition 5(d) and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

### 3 **Status of the Notes**

(a) ***Status***

The Notes and the Coupons relating to them constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Noteholders in any Issuer Winding-Up are as described in the Trust Deed, this Condition 3 and Condition 10.

(b) ***Issuer Winding-Up***

Subject to Condition 3(c), if:

- (i) at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, (A) a solvent winding-up solely for the purpose of a reconstruction or amalgamation, the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution and do not provide that the Notes or any amount in respect thereof shall thereby become payable or (B) the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer in accordance with the provisions of Condition 12); or
- (ii) an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend or other distribution of the assets of the Issuer,

(the events in Conditions 3(b)(i) and 3(b)(ii) each being an “**Issuer Winding-Up**”), the rights and claims of the Trustee (on behalf of the Noteholders and Couponholders but not the rights and claims of the Trustee in its personal capacity under the Trust Deed which shall not be subordinated), the Noteholders

and the Couponholders against the Issuer in relation to the Notes, the Coupons and the Trust Deed (including, without limitation, any damages awarded for breach of any obligations under the Notes, the Coupons and the Trust Deed) will be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank:

- (A) in the case of dated Notes, being Notes with a Maturity Date stated hereon
  - (x) at least *pari passu* with (i) all claims of holders of subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which are, or have been, incurred by the Issuer in relation to a financing transaction where some or all of the initial proceeds from the relevant financing transaction have been on-lent by the Issuer or any Subsidiary of the Issuer to any member of the Insurance Group in a form having the necessary features to qualify as Tier 2 Capital as at the date such on-loan is made and (ii) all claims of holders of other subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, *pari passu* with the Notes (and shall include, without limitation and for so long as any of the same shall remain outstanding, the Issuer's £428,113,000 6.625 per cent. Subordinated Notes due 2025 (ISIN XS1171593293) (the "**2025 Notes**")) (together, in the case of dated Notes, the "**Parity Obligations of the Issuer**"); and
  - (y) in priority to (i) (unless and until the Undated Notes Parity Election is made) the claims of holders of any undated or perpetual subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee), (ii) the claims of holders of any subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, junior to the Notes and (iii) the claims of holders of all classes of shares in the Issuer (together, in the case of dated Notes, the "**Junior Obligations of the Issuer**"); or
- (B) in the case of perpetual Notes, being Notes without a Maturity Date stated hereon
  - (x) (unless and until an Undated Notes Parity Election is made) at least *pari passu* with all claims of holders of undated or perpetual subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) and (following the making of an Undated Notes Parity Election, if any) at least *pari passu* with (i) all claims of holders of subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which are, or have been, incurred by the Issuer in relation to a financing transaction where some or all of the initial proceeds from the relevant financing transaction have been on-lent by the Issuer or any Subsidiary of the Issuer to any member of the Insurance Group in a form having the necessary features to qualify as Tier 2 Capital as at the date such on-loan is made and (ii) all claims of holders of other subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, *pari passu* with the Notes (together, in the case of perpetual Notes, the "**Parity Obligations of the Issuer**"); and
  - (y) in priority to (i) the claims of holders of any subordinated obligations of the Issuer (including, without limitation, obligations pursuant to a guarantee) which rank, or are expressed to rank, junior to the Notes and (ii) the claims of holders of all classes of shares in the Issuer (together, in the case of perpetual Notes, the "**Junior Obligations of the Issuer**").

(C) The Issuer may elect to elevate the ranking of the perpetual Notes such that they rank *pari passu* with the claims of holders of dated subordinated Notes of the Issuer which are, or have the necessary features to qualify as, Tier 2 Capital of the Issuer as at their respective dates of issue (an “**Undated Notes Parity Election**”). Subject to satisfaction of the Regulatory Clearance Condition and without the need for consent from the Couponholders, the Noteholders or the Trustee, the Issuer may make the Undated Notes Parity Election by giving notice thereof to the Noteholders in accordance with Condition 16 and to the Trustee, the Issuing and Paying Agent and the Registrar. The Undated Notes Parity Election shall take effect on the date such notice is given to the Noteholders in accordance with this Condition 3(b).

(c) ***No Prejudice to Trustee Remuneration***

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

(d) ***Solvency Condition***

Other than in circumstances where an Issuer Winding-Up has occurred or is occurring (but subject to Condition 3(c)), all payments under or arising from (including any damages awarded for breach of any obligations under) the Notes, the Coupons or the Trust Deed shall be conditional upon:

- (i) the Issuer being solvent at the time for payment by the Issuer and no amount shall be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter; and
- (ii) the Insurance Group Borrower being solvent at the time for payment by the Issuer and no amount shall be payable under or arising from the Notes, the Coupons or the Trust Deed unless and until such time as the Insurance Group Borrower could, if the Notes were issued by the Insurance Group Borrower, make such payment and still be solvent immediately thereafter (disregarding, for this purpose only, any Corresponding Payment made or to be made by it under the relevant Tier 2 On-Loan),

(together, the “**Solvency Condition**”).

For the purposes of this Condition 3(d), the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors of the Issuer and Parity Creditors of the Issuer as they fall due and (ii) its Assets exceed its Liabilities.

For the purposes of this Condition 3(d), the Insurance Group Borrower will be solvent if (i) it is able to pay its debts owed to Senior Creditors of the Insurance Group Borrower and Parity Creditors of the Insurance Group Borrower as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency or lack thereof of the Issuer signed by two Directors of the Issuer or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

A certificate as to the solvency or lack thereof of the Insurance Group Borrower signed by two Directors of the Issuer or the Insurance Group Borrower or, if there is a winding-up or administration of the Insurance Group Borrower, the liquidator or, as the case may be, the administrator of the Insurance Group Borrower shall (in the absence of manifest error) be treated and accepted by the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties as correct and sufficient evidence thereof and shall be binding on all such persons. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

(e) ***Set-off, etc.***

By acceptance of the Notes and/or the Coupons, and subject to applicable law, each Noteholder and each Couponholder will be deemed to have waived and to have directed and authorised the Trustee on its behalf to have waived any right of set-off or counterclaim that such Noteholder or Couponholder might otherwise have against the Issuer in respect of or arising under the Notes, the Coupons or the Trust Deed whether prior to or in liquidation, winding-up or administration. Notwithstanding the preceding sentence, if any of the rights and claims of any Noteholder or Couponholder in respect of or arising under the Notes, the Coupons or the Trust Deed are discharged by set-off, such Noteholder or Couponholder will immediately pay an amount equal to the amount of such discharge to the Issuer or, if applicable, the liquidator, trustee, receiver or administrator of the Issuer and, until such time as payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator, trustee, receiver or administrator in the relevant liquidation, winding-up or administration. Accordingly, such discharge will be deemed not to have taken place.

#### **4 Interest and other Calculations**

(a) ***Interest on Fixed Rate Notes and Fixed to Floating Rate Notes***

Each Fixed Rate Note or Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest to (but excluding), (i) in the case of Fixed to Floating Rate Notes, the Fixed Rate End Date specified hereon, and (ii) in the case of Fixed Rate Notes, the Maturity Date (if applicable) specified hereon, and such interest shall (subject to Conditions 3(d) and 5) be payable in arrear on each Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

(b) ***Interest on Fixed Rate Reset Notes***

Each Fixed Rate Reset Note bears interest on its outstanding principal amount:

- (i) from (and including) the Interest Commencement Date until (but excluding) the First Reset Note Reset Date at the Initial Rate of Interest;
- (ii) from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date at the First Reset Rate of Interest; and
- (iii) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Conditions 3(d) and 5) be payable, in each case, in arrear on the Interest Payment Dates specified hereon. The amount of interest payable shall be determined in accordance with Condition 4(e).

Save as otherwise provided herein, the provisions applicable to Fixed Rate Notes shall apply to Fixed Rate Reset Notes.

(c) ***Interest on Floating Rate Notes and Fixed to Floating Rate Notes***

(i) Interest Payment Dates

Each Floating Rate Note and each Fixed to Floating Rate Note bears interest on its outstanding principal amount from (and including), in the case of a Floating Rate Note, the Interest Commencement Date and, in the case of a Fixed to Floating Rate Note, the Fixed Rate End Date specified hereon at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest shall (subject to Conditions 3(d) and 5) be payable in arrear on each Interest Payment Date in the case of a Floating Rate Note and on each Interest Payment Date commencing after the Fixed Rate End Date specified hereon in the case of a Fixed to Floating Rate Note. The amount of interest payable shall be determined in accordance with Condition 4(e). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, “**Interest Payment Date**” shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first such Interest Payment Date, after the Interest Commencement Date, in the case of a Floating Rate Note, or after the Fixed Rate End Date, in the case of a Fixed to Floating Rate Note.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified hereon is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each such subsequent date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) Rate of Interest for Floating Rate Notes and Fixed to Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes and, from and including the Fixed Rate End Date, Fixed to Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each relevant Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under

a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified as such hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
  - (1) the offered quotation; or
  - (2) the arithmetic mean of the offered quotations, (expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR), on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.
- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the rate of interest shall be the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Eurozone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

Unless otherwise specified hereon, the Minimum Rate of Interest shall be deemed to be zero.

**(d) *Margin, Maximum/Minimum Rates of Interest and Rounding***

- (i) If any Margin is specified hereon (either (x) generally or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest is specified hereon, then any Rate of Interest shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all

currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

(e) ***Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated. Where the Specified Denomination comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination specified hereon.

(f) ***Linear Interpolation***

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“**Applicable Maturity**” means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(g) ***Determination and Publication of Rates of Interest and Interest Amounts***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or Reset Determination Date (as applicable), or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date, to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their

determination but in any event no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) *Certificates to be final***

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent, the Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Issuing and Paying Agent or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

**(i) *Accrual of Interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Issuing and Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the Noteholders in accordance with Condition 16.

**(j) *Definitions***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**Anniversary Date**” means the date specified as such hereon.

“**Applicable Maturity**” has the meaning given to it in Condition 4(f).

“**Benchmark Gilt**” means, in respect of a Reset Period, the Benchmark Gilt specified in the applicable Final Terms or Pricing Supplement or, if no Benchmark Gilt is so specified or if the relevant Benchmark Gilt is no longer outstanding at the relevant time, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Calculation Agent, with the advice of the Reset Reference Banks, may determine to be appropriate.

“**Benchmark Gilt Rate**” means, in respect of a Reset Period, the gross redemption yield (as calculated by the Calculation Agent in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark

Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer.

“**Broken Amount**” has the meaning given to it in the relevant Final Terms or Pricing Supplement.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “**TARGET Business Day**”); and/or
- (iii) in the case of a currency and/or one or more Additional Business Centres specified hereon, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Additional Business Centre(s) or, if no currency is indicated, generally in each of the Additional Business Centres.

“**Business Day Convention**” has the meaning given to it in the relevant Final Terms or Pricing Supplement.

“**Calculation Amount**” has the meaning given to it in the relevant Final Terms or Pricing Supplement.

“**Day Count Fraction**” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “**Calculation Period**”):

- (i) if “**Actual/Actual**” or “**Actual/Actual - ISDA**” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/365 (Sterling)**” is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “**Actual/360**” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (v) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vii) if “**30E/360 (ISDA)**” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y<sub>2</sub>**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M<sub>1</sub>**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M<sub>2</sub>**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D<sub>1</sub>**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D<sub>1</sub>** will be 30; and

“**D<sub>2</sub>**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D<sub>2</sub>** will be 30; and

(viii) if “**Actual/Actual-ICMA**” is specified hereon:

(A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

(B) if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

“**Determination Date**” means the date specified as such hereon or, if none is so specified, the Interest Payment Date; and

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“**dealing day**” means a day, other than a Saturday or Sunday, on which the London Stock Exchange (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities.

“**Eurozone**” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“**First Reset Note Reset Date**” means the date specified as such hereon.

“**First Reset Period**” means the period from (and including) the First Reset Note Reset Date until (but excluding) the first Anniversary Date.

“**First Reset Rate of Interest**” means the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin.

“**Fixed Leg**” has the meaning given to it in the relevant Final Terms or Pricing Supplement.

“**Fixed Rate End Date**” means the date specified as such hereon.

“**Floating Leg**” has the meaning given to it in the relevant Final Terms or Pricing Supplement.

“**Floating Rate Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Following Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Initial Rate of Interest**” means the initial rate of interest per annum specified hereon.

“**Interest Accrual Period**” means the period beginning on (and including) the Interest Commencement Date, in respect of the Floating Rate Notes, and the Fixed Rate End Date, in respect of the Fixed to Floating Rate Notes, and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“**Interest Amount**” means, in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, Fixed Rate Reset Notes, and, prior to the Fixed Rate End Date, Fixed to Floating Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and, in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“**Interest Commencement Date**” means the Issue Date or such other date as may be specified hereon.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified: (i) the first day of such Interest Accrual Period if the Specified Currency is sterling or (ii) the day falling two Business Days in London prior to the first day of such Interest Accrual Period if the Specified Currency is neither sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“**Interest Payment Date**” has the meaning given to it in Condition 4(c).

“**Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

“**Interest Period Date**” means each Interest Payment Date unless otherwise specified hereon.

“**ISDA Definitions**” means the 2006 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

“**ISDA Determination**” has the meaning given to it in Condition 4(c).

“**ISDA Rate**” has the meaning given to it in Condition 4(c).

“**Margin**” has the meaning given to it in the relevant Final Terms or Pricing Supplement.

“**Mid-Swap Quotations**” means the arithmetic mean of the bid and offered rates:

- (i) if the Specified Currency is sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in sterling which (i) has a term

commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month LIBOR rate (calculated on an Actual/365 day count basis), unless as otherwise specified hereon;

- (ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 6-month EURIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon;
- (iii) if the Specified Currency is US dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in US dollars which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on the 3-month LIBOR rate (calculated on an Actual/360 day count basis), unless as otherwise specified hereon; and
- (iv) if the Specified Currency is not sterling, euro or US dollars, for the Fixed Leg (as set out hereon) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Note Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out hereon).

“**Mid-Swap Rate**” means in respect of a Reset Period, (i) the applicable semi-annual or annualised (as specified hereon) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified hereon) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates, shall be adjusted by, and in the manner determined by, the Calculation Agent) or (ii) if such rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate.

“**Modified Following Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Preceding Business Day Convention**” has the meaning given to it in Condition 4(c).

“**Rate of Interest**” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“**Reference Banks**” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market or in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“**Reference Rate**” means LIBOR or EURIBOR, in each case for the relevant period, as specified hereon.

“**Relevant Screen Page**” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

**“Reset Determination Date”** means, in respect of a Reset Period, (a) each date specified as such hereon or, if none is so specified, (b) (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period, (iii) if the Specified Currency is US dollars, the day falling two U.S. Government Securities Business Days prior to the first day of such Reset Period (iv) for any other Specified Currency, the day falling two Business Days in the principal financial centre for such Specified Currency prior to the first day of such Reset Period.

**“Reset Margin”** means the margin (expressed as a percentage) specified as such hereon.

**“Reset Note Reset Date”** means every date which falls on each Anniversary Date as may be specified hereon.

**“Reset Period”** means the First Reset Period or a Subsequent Reset Period.

**“Reset Rate”** means (a) if “Mid-Swap Rate” is specified hereon, the relevant Mid-Swap Rate or (b) if “Benchmark Gilt Rate” is specified hereon, the relevant Benchmark Gilt Rate.

**“Reset Reference Bank Rate”** means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be determined by the Calculation Agent in its sole discretion following consultation with the Issuer.

**“Reset Reference Banks”** means (i) in the case of the calculation of a Reset Reference Bank Rate, five leading swap dealers in the principal interbank market relating to the Specified Currency selected by the Calculation Agent in consultation with the Issuer or (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers selected by the Calculation Agent in consultation with the Issuer.

**“Screen Page”** means Reuters screen page “ICESWAP1”, “ICESWAP2”, “ICESWAP3”, “ICESWAP4”, “ICESWAP5” or “ICESWAP6” as specified hereon or such other page on Thomson Reuters as is specified hereon, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates.

**“Screen Rate Determination”** has the meaning given to it in Condition 4(c).

**“Specified Currency”** means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

**“Subsequent Reset Period”** means each successive period other than the First Reset Period from (and including) a Reset Note Reset Date to (but excluding) the next succeeding Reset Note Reset Date.

**“Subsequent Reset Rate of Interest”** means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the Reset Margin.

“**Swap Rate Period**” means the period or periods specified as such hereon.

“**U.S. Government Securities Business Day**” means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto.

(k) ***Calculation Agent***

The Issuer shall procure that there shall at all times be one or more Calculation Agent(s) if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Period or Interest Accrual Period or to calculate any Interest Amount or to comply with any other requirement, the Issuer shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the inter-bank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

## 5 **Deferral of Payments**

(a) ***Optional Deferral of Interest***

If “Optional Interest Payment Date” is specified as being applicable hereon, the Issuer may elect in respect of any Optional Interest Payment Date by notice to the Noteholders, the Paying Agents and the Trustee pursuant to Condition 5(e) below, to defer payment of all (but not some only) of the interest accrued to that date and the Issuer shall not have any obligation to make such payment on that date.

Notwithstanding any other provision in these Conditions or the Trust Deed, the deferral of any payment of interest on an Optional Interest Payment Date in accordance with this Condition 5(a) will not constitute a default by the Issuer and will not give the Noteholders, the Couponholders or the Trustee any right to accelerate repayment of the Notes.

(b) ***Mandatory Deferral of Interest***

Payment of interest on the Notes by the Issuer will be mandatorily deferred on each Regulatory Deficiency Interest Deferral Date. The Issuer shall notify the Noteholders, the Paying Agents and the Trustee of any Regulatory Deficiency Interest Deferral Date in accordance with Condition 5(e) (provided that failure to make such notification shall not oblige the Issuer to make payment of such interest, or cause the same to become due and payable, on such date) and the Issuer shall not have any obligation to make such payment on that date.

A certificate signed by two Directors of the Issuer delivered to the Trustee confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (b) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, may, in the absence of manifest error, be treated and accepted by the

Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Issuer, the holders of the Notes and the Coupons relating to them and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Regulatory Deficiency Interest Deferral Date in accordance with this Condition 5(b) or in accordance with Condition 3(d) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes.

**(c) *Arrears of Interest***

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) the exercise by the Issuer of its discretion pursuant to Condition 5(a) (if applicable), (ii) the obligation on the Issuer to defer pursuant to Condition 5(b) or (iii) the operation of the Solvency Condition contained in Condition 3(d), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”.

Arrears of Interest shall not themselves bear interest.

**(d) *Payment of Arrears of Interest by the Issuer***

Any Arrears of Interest may (subject to Condition 3(d), the Relevant Rules and, if then required under the Relevant Rules, to satisfaction of the Regulatory Clearance Condition), be paid by the Issuer in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Trustee, the Paying Agents and the Noteholders in accordance with Condition 16, and in any event will become due and payable by the Issuer (subject, in the case of (i) and (iii) below, to Condition 3(d) and, if then required under the Relevant Rules, to satisfaction of the Regulatory Clearance Condition) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date which is not a Regulatory Deficiency Interest Deferral Date (as evidenced by delivery of the certificate referred to in Condition 5(b)) and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest); or
- (ii) the date on which an Issuer Winding-Up occurs; or
- (iii) the date fixed for any redemption or purchase of Notes by the Issuer pursuant to Condition 6 (subject to any deferral of such redemption date pursuant to the Solvency Condition or Condition 6(b)) or Condition 10.

If either of the events set out in Condition 5(d)(i) or (iii) occurs the Issuer promptly shall give notice to the Trustee, the Issuing and Paying Agent and the Noteholders in accordance with Condition 16.

**(e) *Notice of Deferral***

The Issuer shall notify the Trustee, the Paying Agents and the Noteholders in writing in accordance with Condition 16 not less than five Business Days prior to an Interest Payment Date:

- (i) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a) above;
- (ii) if that Interest Payment Date is a Regulatory Deficiency Interest Deferral Date and specifying that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest

Payment Date, provided that if a Regulatory Deficiency Interest Deferral Event occurs or is determined to occur (or if a determination that a Regulatory Deficiency Interest Deferral Event would occur if the relevant interest payment were to be made is made) less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event (and, in either case, such notice shall specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date); or

- (iii) if payment of any interest will not become due on such Interest Payment Date as a result of a failure to satisfy the Solvency Condition, provided that if the circumstances resulting in non-satisfaction of the Solvency Condition occur, or are determined to occur, less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event (and in either case such notice shall specify that interest will not be paid as a result of non-satisfaction of the Solvency Condition).

## **6 Redemption, Substitution, Variation, Purchase and Options**

### **(a) *Redemption at Maturity***

Subject to Conditions 3(d), 6(b) and 6(i), unless previously redeemed or purchased and cancelled as provided below, if a Maturity Date is specified hereon, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount), together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

### **(b) *Deferral of redemption date***

- (i) No Notes shall be redeemed on the Maturity Date (if any) pursuant to Condition 6(a) or redeemed prior to the Maturity Date (if any) pursuant to Condition 6(c), 6(d), 6(e) or 6(f) or purchased pursuant to Condition 6(g) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption or purchase were made on, if Condition 6(a) applies, the Maturity Date or, if Condition 6(c), 6(d), 6(e) or 6(f) applies, any date specified for redemption in accordance with such Conditions or, if Condition 6(g) applies, the date of such purchase.
- (ii) If the Notes are not to be redeemed on the Maturity Date (if any) pursuant to Condition 6(a) or on any redemption date pursuant to Condition 6(c), 6(d), 6(e) or 6(f) (as applicable) as a result of circumstances where:
  - (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;
  - (B) the Solvency Condition would not be satisfied on such date or immediately after the redemption; or
  - (C) the Regulatory Clearance Condition is not satisfied (to the extent then required under the Relevant Rules) in relation to such redemption; and/or
  - (D) such redemption otherwise cannot be effected in compliance with the Relevant Rules on such date,

the Issuer shall notify the Trustee and the Issuing and Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date (if any) or the date specified for redemption in accordance with Condition 6(c), 6(d), 6(e) or 6(f), as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

Failure to make any such notification shall not cause the Notes to become due and payable on such date and the Issuer shall not have any obligation to redeem the Notes (or make any redemption payment in respect of the Notes) on that date.

- (iii) If redemption of the Notes does not occur on the Maturity Date (if any) or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), 6(d), 6(e) or 6(f) as a result of Condition 6(b)(i) above or Condition 6(i) below, subject (in the case of (A) and (B) only) to Condition 3(d) and to the Regulatory Clearance Condition (if then applicable in accordance with the Relevant Rules) and to such redemption being otherwise permitted under the Relevant Rules, such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), (d), (e) or (f) together with accrued and unpaid interest to (but excluding) the date fixed for redemption and any Arrears of Interest, upon the earliest of:
  - (A) in the case of a failure to redeem due to the operation of Condition 6(b)(i) only, the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of this Condition 6(b) shall apply *mutatis mutandis* to determine the due date for redemption of the Notes); or
  - (B) the date falling 10 Business Days after the relevant regulatory approval for the repayment or redemption of both the Notes (where such approval is required under the Relevant Rules) and the relevant Tier 2 On-Loan (if any) is received; or
  - (C) the date on which an Issuer Winding-Up occurs.
- (iv) If on any date Condition 6(b)(i) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6(c), (d), (e) or (f) as a result of the non-satisfaction of the Solvency Condition, subject to Condition 6(i), such Notes shall be redeemed at their Final Redemption Amount (which, unless otherwise provided hereon, shall be their principal amount) or, as applicable, the relevant price specified in Condition 6(c), (d), (e) or (f) together with accrued but unpaid interest and any Arrears of Interest on the tenth Business Day immediately following the day that (A) the Issuer is solvent for the purposes of Condition 3(d) and (B) that redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(d), provided that if on such Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed then the Notes shall not be redeemed on such date and Conditions 3(d) and 6(b)(iii) shall apply, *mutatis mutandis*, to determine the date of the redemption of the Notes.
- (v) In addition to any certificate given pursuant to Condition 3(d) in relation to the satisfaction or otherwise of the Solvency Condition, a certificate signed by two Directors of the Issuer delivered to the Trustee confirming that (A) a Regulatory Deficiency Redemption Deferral Event has

occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (C) that any circumstance described in Condition 6(b)(ii)(B) or (C) applies, may (in the absence of manifest error) be treated and accepted by the Trustee as correct and sufficient evidence thereof and shall if so treated and accepted be binding on the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

- (vi) In circumstances where redemption of the Notes has been deferred, the Issuer shall, as soon as reasonably practicable following its determination of the new scheduled redemption date in accordance with this Condition 6(b), give notice to the Trustee and to the Noteholders in accordance with Condition 16 of the new scheduled redemption date (but this shall be without prejudice to further deferral of redemption on such date in the circumstances required by these Conditions).
- (vii) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(d) or this Condition 6(b) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes or take any enforcement action under the Notes or the Trust Deed.

**(c) *Redemption at the Option of the Issuer***

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(d), 6(e) or 6(f) on or prior to the expiration of the notice referred to below, and if “Call Option” is specified hereon, the Issuer may at its option, subject to Conditions 3(d), 6(b) and 6(i) and having given not less than 30 nor more than 60 days’ notice (or such other notice period as may be specified hereon) to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) redeem all (but not some only) of the Notes on any Optional Redemption Date specified hereon.

Any such redemption of Notes shall be at their Optional Redemption Amount (as may be provided for hereon) together with any accrued and unpaid interest to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

**(d) *Redemption, Substitution or Variation for Taxation Reasons***

Subject to Conditions 3(d), 6(b) and 6(i), if the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective on or after the Issue Date (a) on the next Interest Payment Date, the Issuer will or would be required to pay Additional Amounts; or (b) the Issuer would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or for a material part of such interest) in the United Kingdom; or (c) the Issuer suffers or would suffer any other material adverse tax consequence in connection with the Notes in a Relevant Jurisdiction; and

- (ii) the effect of the foregoing cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Issuing and Paying Agent, the Registrar and, in accordance with Condition 16, the Noteholders (which notice shall specify the date set for redemption and shall, subject as aforesaid, be irrevocable) either:

- (A) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which (x) with respect to Condition 6(d)(i)(a) above, the Issuer would be obliged to pay such additional amounts; (y) with respect to Condition 6(d)(i)(b) above, the Issuer would not be able to claim a deduction from taxable profits for corporation tax purposes for or in respect of interest payable on the Notes (or a material part of it would not be so deductible) in the United Kingdom, as referred to in Condition 6(d)(i)(b) above; or (z) with respect to Condition 6(d)(i)(c) above, the relevant adverse tax consequence would arise or be suffered, in each case were a payment in respect of the Notes then due; or
- (B) substitute at any time all (but not some only) of the Notes for, or vary at any time the terms of the Notes so that they become or remain, Qualifying Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Qualifying Securities") agree to such substitution or variation.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

(e) ***Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event***

Subject to Conditions 3(d), 6(b) and 6(i), if a Capital Disqualification Event has occurred and is continuing, then the Issuer may, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent and the Registrar, which notice shall specify the date set for redemption and shall (subject as aforesaid) be irrevocable, either:

- (i) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount) together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Qualifying Securities and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of "Qualifying Securities") agree to such substitution or variation,

provided, however, that

- (A) the Issuer shall not be entitled to redeem the Notes pursuant to (i) above upon the occurrence of a Capital Disqualification Event if such Capital Disqualification Event has occurred as a result of any change to the terms of, or any replacement of, the relevant Tier 2 On-Loan which, at the time of such change or replacement, would, or would be reasonably likely to, result in the occurrence of a Capital Disqualification Event; and
- (A) no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Capital Disqualification Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

**(f) *Redemption, Substitution or Variation at the Option of the Issuer for Rating Reasons***

Subject to Conditions 3(d), 6(b) and 6(i), if “Ratings Methodology Call” is specified as being applicable hereon and a Ratings Methodology Event has occurred and is continuing, or the Issuer satisfies the Trustee that, as a result of any change in, or amendment to, or any change in the application of, any applicable methodology of the Rating Agency, a Ratings Methodology Event will occur within a period of six months, then the Issuer may, having given not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent and the Registrar, which notice shall specify the date set for redemption and shall (subject as aforesaid) be irrevocable, either:

- (i) redeem all (but not some only) of the Notes, at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date, at their Special Redemption Price (which, unless otherwise specified hereon, shall be their principal amount), together with any Arrears of Interest and any other accrued and unpaid interest to (but excluding) the date of redemption; or
- (ii) substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they become or remain Rating Agency Compliant Securities, and the Trustee shall (subject to the receipt by it of the certificates of the Directors referred to in Condition 6(i)(i) below and in the definition of “Rating Agency Compliant Securities”) agree to such substitution or variation,

provided, however, that no such notice of redemption, substitution or variation shall be given more than 12 months following the occurrence of the relevant Ratings Methodology Event.

Subject as aforesaid, upon expiry of such notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

**(g) *Purchases***

Subject to Conditions 3(d), 6(b) and 6(i), the Issuer and any of the Issuer’s Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in any manner and at any price.

**(h) *Cancellation***

All Notes purchased by or on behalf of the Issuer or any Subsidiary of the Issuer may be held, reissued, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled

forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes and Coupons shall be discharged.

**(i) *Pre-conditions to Redemption, Substitution, Variation or Purchase***

- (i) Prior to the publication of any notice of redemption, variation or substitution pursuant to Condition 6(d), 6(e) or 6(f), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that either:
- (A) one or more of the requirements referred to in Condition 6(d)(i) will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it; or
  - (B) a Capital Disqualification Event has occurred and is continuing as at the date of the certificate and that such Capital Disqualification Event did not occur as a result of any change to the terms of, or any replacement of, the relevant Tier 2 On-Loan which, at the time of such change or replacement, would, or would be reasonably likely to, result in the occurrence of a Capital Disqualification Event; or
  - (C) a Ratings Methodology Event has occurred and is continuing as at the date of the certificate,
  - (D) and, in the case of any redemption before the Applicable Date, it would have been reasonable for the Issuer to conclude, judged at the Issue Date, that the circumstance entitling the Issuer to exercise the right of redemption was not reasonably foreseeable.

In the case of (A) above, the Issuer shall also deliver to the Trustee an opinion from a nationally recognised law firm or other tax adviser in the applicable Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in Condition 6(d)(i) applies or (where applicable) will apply on the next Interest Payment Date.

The Trustee shall be entitled to accept such certificate and (in the case of (A) above) opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Issuer, the Trustee, the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to rely absolutely on such certificate and (in the case of (A) above) opinion without liability to any person and without any obligation to verify or investigate the accuracy thereof.

- (ii) Any purchase of Notes by the Issuer or any Subsidiary of the Issuer, any redemption of the Notes and any substitution or variation of the Notes will, if and to the extent then required by the Relevant Rules, be conditional upon:
- (A) the Issuer and the Insurance Group being in continued compliance with the Regulatory Capital Requirements (if any) applicable to them;
  - (B) the Issuer having complied with the Regulatory Clearance Condition;
  - (C) in the case of any redemption or purchase of the Notes prior to the Capital Replacement End Date (being the fifth anniversary of the Issue Date or such later date otherwise specified hereon), the redemption or purchase being funded (to the extent then required by the PRA pursuant to the Relevant Rules) out of the proceeds of a new issuance of capital of at least the same quality as the Notes (being capital with the necessary features

of Tier 2 Capital) or a better quality form of regulatory capital and being otherwise permitted under the Relevant Rules; and

- (D) compliance with any other applicable requirements of the Relevant Rules regarding redemption, purchase, substitution or variation (as the case may be) of the Notes.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Relevant Rules permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(i), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

The Trustee shall be entitled to accept a certificate from any two Directors of the Issuer to the Trustee confirming whether or not any such compliance is required by the Relevant Rules and, if so, confirming compliance with the relevant requirements shall if so accepted by the Trustee be conclusive and binding on the Noteholders, the Couponholders and all other interested parties. The Trustee shall be entitled to accept such certificate as sufficient evidence of such compliance and shall be entitled to rely absolutely on such certificate without liability to any person and without any obligation to verify or investigate the accuracy thereof.

**(j) *Trustee role on redemption, variation or substitution; Trustee not obliged to monitor***

- (i) Subject to Condition 6(i), the Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds as may be necessary) to give effect to the substitution or variation of the Notes for or into Qualifying Securities or Rating Agency Compliant Securities (as applicable) pursuant to this Condition 6, provided that the Trustee shall not be obliged to co-operate in any such substitution or variation if the securities resulting from such substitution or variation, or the co-operation in such substitution or variation, imposes, in the Trustee's opinion, more onerous obligations upon it or exposes it to liabilities or reduces its protections, in each case as compared with the corresponding obligations, liabilities or, as appropriate, protections under the Notes. If the Trustee does not so co-operate as provided above, the Issuer may, subject as provided above, redeem the Notes as provided in this Condition 6.
- (ii) The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of this Condition 6 and will not be responsible to Noteholders or the Couponholders for any loss arising from any failure by it to do so. Unless and until the Trustee has express notice pursuant to these Conditions or the Trust Deed of the occurrence of any event or circumstance to which this Condition 6 relates, it shall be entitled to assume that no such event or circumstance exists or has arisen.

**(k) *Compliance with stock exchange rules***

In connection with any substitution or variation of the Notes in accordance with this Condition 6, the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

## **7 Payments and Talons**

**(a) *Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of all payments of principal and, in

the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the U.S. by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) *Registered Notes***

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register (i) where all or any of the Registered Notes are represented by a Global Certificate, at the close of the business day (being for this purpose a day on which Euroclear and/or Clearstream, Luxembourg, as applicable, are open for business) before the due date for payment thereof, and (ii) where none of the Registered Notes is represented by a Global Certificate at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made in the relevant currency and to the holder (or to the first named of joint holders) of such Note by transfer to an account in the relevant currency maintained by the payee with a bank.

**(c) *Payments in the U.S.***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the U.S. with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by U.S. law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

**(d) *Payments subject to Fiscal Laws***

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

**(e) *Appointment of Agents***

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer (for all purposes other than ISDA Determination for Floating Rate Notes, where the Calculation Agent will be specified in the Final Terms or Pricing Supplement, as applicable) and their respective specified offices are listed above. Subject as provided in the Agency Agreement, the Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the prior written approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and

to appoint additional or other Paying Agents, Calculation Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, and (v) a Paying Agent.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified hereon.

**(f) *Unmatured Coupons and unexchanged Talons***

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note) such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Optional Redemption Amount or Special Redemption Price as the case may be and as may be provided for hereon, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Fixed to Floating Rate Note, a Fixed Rate Reset Note or a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relevant unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date (if one is specified hereon) shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) **Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) **Non-Business Days**

If any date for payment in respect of any Note or Coupon is not a Business Day, the holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

## 8 Taxation

All payments of principal, interest and Arrears of Interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by a Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) *Other connection*: presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) *Lawful avoidance of withholding*: presented for payment by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment; or
- (c) *Presentation more than 30 days after the Relevant Date*: presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

- (d) *Any combination*: where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amount, Optional Redemption Amount or Special Redemption Price and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts that may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, it pursuant to the Trust Deed (“**Additional Amounts**”).

## 9 Prescription

Claims against the Issuer for payment in respect of principal, interest and Arrears of Interest payable on the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest or Arrears of Interest) from the appropriate Relevant Date in respect of them.

## 10 Events of Default and Enforcement

### (a) *Rights to institute and/or prove in a winding-up*

If (1) default is made by the Issuer for a period of 14 days or more in the payment of any amount due in respect of the Notes or any of them, subject to Condition 3(d), 5(a) (if applicable), 5(b), 6(b) or 6(i) or (2) an Issuer Winding-Up occurs, the Trustee at its discretion may, and if so requested by Noteholders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to it having been indemnified and/or secured and/or pre-funded to its satisfaction):

- (i) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and payable at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest; and
- (ii) institute proceedings for the winding-up of the Issuer and/or prove in the relevant winding up or administration of the Issuer and/or claim in the liquidation of the Issuer (in which regard Condition 3(b) will apply),

but may take no further or other action to enforce, prove or claim for any payment by the Issuer in respect of the Notes, the Coupons or the Trust Deed.

### (b) *Enforcement*

Without prejudice to Condition 10(a), the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed,

including any payment of damages awarded for breach of any obligations thereunder) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 10(b) shall, however, prevent the Trustee, the Noteholders or the Couponholders from pursuing the remedies to which they are entitled pursuant to Condition 10(a).

**(c) *Entitlement of Trustee***

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a) or 10(b) above against the Issuer to enforce the terms of the Trust Deed, the Notes or the Coupons or any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one fifth in principal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre funded to its satisfaction.

**(d) *Right of Noteholders and Couponholders***

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding up or claim in the liquidation of the Issuer or to prove in such winding up unless the Trustee, having become so bound to proceed or being able to prove in such winding up or claim in such liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholders and the Couponholders shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

**(e) *Extent of Noteholders and Couponholders' remedies***

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee, the Noteholders or the Couponholders, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or the Coupons or under the Trust Deed.

Nothing in the Trust Deed or these Conditions shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

## **11 Meetings of Noteholders, Modification, Waiver and Substitution**

**(a) *Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Trust Deed) of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Trustee or Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum at any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, except that, at any meeting the business of which falls within the proviso to paragraph 2 of Schedule 3 to the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time

being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Trust Deed also provides that a written resolution executed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding or consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of holders of not less than 75 per cent. in principal amount of the Notes outstanding who would have been entitled to vote upon it if it had been proposed at a meeting at which they were present shall take effect as if it were an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in connection with the substitution or variation of the Notes pursuant to Condition 6(d), 6(e) or 6(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer or upon the substitution of a Newco pursuant to Condition 12.

**(b) *Modification of the Trust Deed***

In addition to the requirements of Conditions 6(d), 6(e), 6(f) and 12, the Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed: (i) which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (ii) which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error. For the avoidance of doubt, such power shall not extend to any such modification as mentioned in the proviso to paragraph 2 of Schedule 3 to the Trust Deed unless required for the substitution or variation of the Notes pursuant to Condition 6(d), 6(e), 6(f) or any consequential amendments to these Conditions and/or the Trust Deed approved by the Trustee in connection with a substitution of the Issuer or upon the substitution of a Newco pursuant to Condition 12.

**(c) *Trustee to have regard to interests of Noteholders as a class***

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution of obligor), the Trustee shall have regard to the general interests of the Noteholders and Couponholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

**(d) *Notification to the Noteholders***

Any modification, abrogation, waiver, authorisation, determination or substitution pursuant to this Condition 11 shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees

otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

(e) ***Notice to the PRA***

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have first satisfied the Regulatory Clearance Condition.

## 12 Substitution

(a) ***Discretion to agree to substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to (a) such substitution not being, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders, (b) certain additional conditions set out in the Trust Deed being satisfied (including no negative rating event with respect to the Notes) and (c) such amendment of these Conditions, the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or Couponholders:

- (i) to the substitution of a successor in business of the Issuer in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes; or
- (ii) to the substitution of the Insurance Group Parent Entity in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes; or
- (iii) (subject to the Notes being unconditionally and irrevocably guaranteed on a subordinated basis by the Issuer), to the substitution of a Subsidiary or parent company of the Issuer or its successor in business in place of the Issuer or any previous substitute under this Condition 12 as principal debtor under the Trust Deed and the Notes,

any such substitute, and any substitute pursuant to a Newco Scheme as described below, being a “**Substituted Obligor**”.

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(b) ***Mandatory substitutions***

If a Newco Scheme occurs, the Issuer may, without the consent of the Noteholders, at its option, procure that (pursuant to the Newco Scheme or otherwise) Newco is substituted under the Notes and the Trust Deed as Issuer in place of the Issuer (or any previous substitute therefor under this Condition 12), and upon such substitution all references to “the Issuer” hereunder will be construed as references to Newco and the obligations of Phoenix Group Holdings plc (or the relevant previous substitute) as Issuer under the Notes and the Trust Deed will, without any further formality (including, without limitation, the execution of any agreement or deed) be terminated.

The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to co-operate with the Issuer (including, but not limited to, entering into such documents or deeds (if any) as may be necessary) to give effect to such substitution, including approving, without the need for the consent or approval of the Noteholders or Couponholders, such amendments to these Conditions, the Trust Deed and/or the Agency Agreement as the Trustee considers necessary or expedient in connection with such substitution.

Any such substitution shall be subject to the Issuer having complied with the Regulatory Clearance Condition.

(c) ***Change in law***

In the case of any substitution pursuant to this Condition 12, the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed, provided that such change or the substitution would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) ***Notice to Noteholders***

The Issuer will give notice of any substitution pursuant to this Condition 12 to Noteholders in accordance with Condition 16 as soon as reasonably practicable following such substitution.

**13 Indemnification of the Trustee and its Contracting with the Issuer**

(a) ***Indemnification and protection of the Trustee***

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

(b) ***Trustee contracting with the Issuer***

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries and/or any Substituted Obligor, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

(c) ***Reports and certificates***

The Trust Deed provides that the Trustee may rely and act upon the advice, opinion or report of or any information obtained from any lawyer, valuer, accountant (including the auditors of the Issuer), surveyor, banker, broker, auctioneer, or other expert (whether obtained by the Issuer, the Trustee or otherwise, whether or not addressed to the Trustee, and whether or not the advice, opinion, report or information, or any engagement letter or other related document, contains a monetary or other limit on liability or limits the scope and/or basis of such advice, opinion, report or information). The Trustee may also rely and act upon certificates and/or information addressed to it from, or delivered by, the Issuer, any Substituted Obligor or any one or more Directors of the Issuer or any Substituted Obligor or any of their respective auditors, liquidators, administrators or other insolvency officials. The Trustee will not be responsible to anyone for any liability occasioned by so relying and acting. Any such advice, opinion, information or certificate may be sent or obtained by letter, email, electronic communication or fax and

the Trustee shall not be liable for acting in good faith on any advice, opinion, information or certificate purporting to be conveyed by such means even if it contains an error or is not authentic.

#### **14 Replacement of Notes, Certificates, Coupons and Talons**

If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent. as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

#### **15 Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any Series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition 15 and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any Series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other Series where the Trustee so decides.

#### **16 Notices**

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to be given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Notes are for the time being listed. If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes).

## 17 **Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 18 **Definitions**

As used herein:

“**2025 Notes**” has the meaning given to it in Condition 3(b);

“**Additional Amount**” has the meaning given to it in Condition 8;

“**Additional Financial Centres**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

“**Agency Agreement**” has the meaning given in the preamble to these Conditions;

“**Applicable Date**” means either (A) in the case of a redemption pursuant to Condition 6(d)(i)(b) or 6(d)(i)(c), the first Optional Redemption Date or, if no Optional Redemption Date is specified hereon, the Maturity Date or (B) in any other case, the Capital Replacement End Date;

“**Arrears of Interest**” has the meaning given to it in Condition 5(c);

“**Assets**” means the unconsolidated gross assets of the Issuer or the Insurance Group Borrower, as applicable, as shown in the latest published audited balance sheet of the Issuer or the Insurance Group Borrower, as applicable, but adjusted for contingencies and subsequent events, all in such manner as the Directors of the Issuer or the Insurance Group Borrower, as applicable, may determine;

“**Bearer Notes**” has the meaning given to it in Condition 1;

“**Calculation Agent(s)**” has the meaning given in the preamble to the Conditions or, in the case of Condition 4(c)(iii)(A), as defined therein;

“**Call Option**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

a “**Capital Disqualification Event**” shall be deemed to have occurred if:

- (a) at any time, as a result of any change to the Relevant Rules (or change to the interpretation of the Relevant Rules by any court or authority entitled to do so):
  - (i) in circumstances where the Issuer is not a member of the Insurance Group at that time, no part of the principal amount of the relevant Tier 2 On-Loan counts or qualifies;
  - (ii) in circumstances where the Issuer is a member of the Insurance Group at that time, no part of the principal amount of the Notes counts or qualifies; and/or
  - (iii) in circumstances where the Group has a Solvency Capital Requirement in addition to that of the Insurance Group and the Notes have become Tier 2 Capital of the Group in that context, subsequently no part of the principal amount of the Notes counts or qualifies,

as Tier 2 Capital for the purposes of:

- (A) (in the case of (i) and (ii) above) at least one of the Insurance Group, the Insurance Group Borrower or any other insurance or reinsurance undertaking within the Insurance Group on a solo, group or consolidated basis; or
- (B) (in the case of (iii) above) the Group on a group or consolidated basis (whether or not any part of the principal amount of the Notes or the principal amount of the relevant Tier 2 On-Loan is eligible to count or qualify as Tier 2 Capital of the Insurance Group at such time),

except (in any such case) where such non-qualification is only as a result of any applicable limitation on the amount of such capital; and

- (b) in the case of (i) above, the Issuer was unable to prevent such event occurring and is unable to remedy such event without amending the relevant Tier 2 On-Loan by taking reasonable measures available to it; or
- (c) in the case of (ii) and (iii) above, the Issuer (x) was unable to prevent such event occurring and (y) is unable to remedy such event, in each case by taking reasonable measures available to it.

**“Capital Replacement End Date”** has the meaning given to it in the Final Terms or Pricing Supplement;

**“Certificates”** has the meaning given in Condition 1;

**“Compulsory Interest Payment Date”** means any Interest Payment Date (i) in respect of which during the immediately preceding six month period a Compulsory Interest Payment Event has occurred; (ii) on which the relevant interest payment can be made in compliance with the Solvency Condition; and (iii) which is not a Regulatory Deficiency Interest Deferral Date;

**“Compulsory Interest Payment Event”** means:

- (a) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or
- (b) any declaration, payment or making of a dividend, distribution or coupon on any other Junior Obligations of the Issuer, except where such dividend, distribution or coupon was required to be declared, paid or made under, or in accordance with, their terms; or
- (c) any repurchase by the Issuer of any of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme or share ownership scheme for management or employees of the Issuer or management or employees of affiliates of the Issuer; or
- (d) any redemption or purchase by the Issuer or any Subsidiary of the Issuer of any other Junior Obligations of the Issuer for cash, except (i) a redemption required to be effected under, or in accordance with, their terms and/or (ii) any purchase by a Subsidiary of the Issuer where neither the Issuer nor the Insurance Group Parent Entity has operational control over the investment activities thereof and where such purchase is not made at the direction of, or for the benefit of, the Issuer;

**“Corresponding Payment”** means, with respect to any scheduled payment by the Issuer in respect of the Notes on any date, any corresponding scheduled payment by the Insurance Group Borrower in respect of the relevant Tier 2 On-Loan on or around the same date, and shall more particularly include:

- (a) with respect to any payment of interest (including, without limitation, any Arrears of Interest) in respect of the Notes on any date, the equivalent interest payment scheduled to be paid by the Insurance Group Borrower in respect of the Tier 2 On-Loan on or around the same date; and
- (b) with respect to any payment of principal in respect of the Notes on any date, the equivalent principal repayment scheduled to be made by the Insurance Group Borrower in respect of the Tier 2 On-Loan on or around the same date;

“**Couponholders**” has the meaning given in the preamble to these Conditions;

“**Coupons**” has the meaning given in the preamble to these Conditions;

“**Directors**” means the directors of the Issuer, the Insurance Group Borrower or a Substituted Obligor (as the case may be) from time to time;

“**EIOPA**” means the European Insurance and Occupational Pensions Authority;

“**European Economic Area**” or “**EEA**” means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

“**Existing Shareholders**” has the meaning ascribed to it in the definition of Newco Scheme;

“**Extraordinary Resolution**” has the meaning given in the Trust Deed;

“**Final Redemption Amount**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

“**Group**” means the Issuer and its Subsidiaries or, if a Newco Scheme has occurred, means Newco and its Subsidiaries;

“**Holder**” has the meaning given to it in Condition 1;

“**Insolvent Insurer Winding-up**” means:

- (a) the winding-up of any insurance undertaking within the Insurance Group; or
- (b) the appointment of an administrator of any insurance undertaking within the Insurance Group,

(in either case, other than the Issuer in circumstances where the Issuer is a member of the Insurance Group) where the claims of the policyholders of the insurance undertaking which is in winding-up or administration may or will not be met in full (and for these purposes, the claims of policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies to reflect any right to receive or expectation of receiving benefits which policyholders may have);

“**Insurance Group**” means the Insurance Group Parent Entity and its Subsidiaries;

“**Insurance Group Borrower**” means, at any time, the entity (being a member of the Insurance Group) which is at such time the borrower under the relevant Tier 2 On-Loan;

“**Insurance Group Parent Entity**” means the Issuer or any other Subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant EEA insurance group for which supervision of group capital resources or solvency is required (whether or not such requirement is waived in accordance with the Relevant Rules) pursuant to the Regulatory Capital Requirements in force from time to time;

“**insurance undertaking**” has the meaning given to it in the Solvency II Directive;

“**Interest Basis**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

“**Interest Commencement Date**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

“**Issue Date**” has the meaning given in the preamble of these Conditions;

“**Issuer**” has the meaning given in the preamble to these Conditions;

“**Issuer Winding-Up**” has the meaning given in Condition 3(b);

“**Issuing and Paying Agent**” has the meaning given in the preamble to these Conditions;

“**Junior Obligations of the Issuer**” has the applicable meaning given in Condition 3(b);

“**Level 2 Regulations**” means the Commission Delegated Regulation (EU) No. 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council of the European Union on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II);

“**Liabilities**” means the unconsolidated gross liabilities of the Issuer or the Insurance Group Borrower, as applicable, as shown in the latest published audited balance sheet of the Issuer or the Insurance Group Borrower, as applicable, but adjusted for contingent liabilities and for subsequent events, all in such manner as the Directors of the Issuer or the Insurance Group Borrower, as applicable, may determine;

“**London Stock Exchange**” means the London Stock Exchange plc;

“**Maturity Date**” has the meaning given to it in the relevant Final Terms or Pricing Supplement (such date being specified as being no earlier than the tenth anniversary of the Issue Date);

“**Maximum Rate of Interest**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

“**Member State**” means a member of the EEA;

“**Minimum Capital Requirement**” means the Minimum Capital Requirement, the minimum consolidated group Solvency Capital Requirement or other minimum capital requirements (as applicable) referred to in Solvency II or the Relevant Rules;

“**Minimum Rate of Interest**” has the meaning given to it in the relevant Final Terms or Pricing Supplement;

“**Newco**” has the meaning ascribed to it in the definition of Newco Scheme;

“**Newco Scheme**” means a scheme of arrangement or analogous proceeding (“**Scheme of Arrangement**”) which effects the interposition of a limited liability company (“**Newco**”) between the shareholders of the Issuer immediately prior to the Scheme of Arrangement (the “**Existing Shareholders**”) and the Issuer; provided that (i) only ordinary shares or units or equivalent of Newco or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco are issued to Existing Shareholders; (ii) immediately after completion of the Scheme of Arrangement the only holders of ordinary shares, units or equivalent of Newco or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco, are Existing Shareholders holding in the same proportions as immediately prior to completion of the Scheme of Arrangement; (iii) immediately after completion of the Scheme of Arrangement, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only shareholder of the Issuer; (iv) all Subsidiaries of the Issuer immediately prior to the Scheme of Arrangement (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of the Scheme of Arrangement; and (v) immediately after completion of the Scheme of Arrangement the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to the Scheme of Arrangement;

“**Noteholder**” has the meaning given to it in Condition 1;

“**Optional Interest Payment Date**” means any Interest Payment Date other than a Compulsory Interest Payment Date or a Regulatory Deficiency Interest Deferral Date;

“**Optional Redemption Amount**” has the meaning given to it in the relevant Final Terms or Pricing Supplement (such Optional Redemption Amount being an amount per Note at least equal to the principal amount of the relevant Note);

“**Optional Redemption Date**” has the meaning given to it in the relevant Final Terms or Pricing Supplement (such Optional Redemption Date being at least five years after the Issue Date);

“**Parity Creditors of the Insurance Group Borrower**” means creditors of the Insurance Group Borrower whose claims rank, or are expressed to rank, *pari passu* with the claims of the Issuer pursuant to the relevant Tier 2 On-Loan;

“**Parity Creditors of the Issuer**” means creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with the claims of the Noteholders including holders of Parity Obligations of the Issuer;

“**Parity Obligations of the Issuer**” has the meaning given in Condition 3(b);

“**Paying Agents**” has the meaning given in the preamble to these Conditions;

“**PRA**” means the UK Prudential Regulation Authority or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Insurance Group and/or the Insurance Group Parent Entity;

“**Proceedings**” has the meaning given to it in Condition 19(b);

“**Qualifying Securities**” means securities issued by the Issuer or another entity and guaranteed by the Issuer that:

- (a) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank of international standing or independent financial adviser of international standing, and provided that a certification to such effect (including as to the consultation with the independent investment bank or independent financial adviser and in respect of the matters specified in (b) below) signed by two Directors of the Issuer shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof) prior to the issue of the relevant securities);
- (b) (subject to (a) above) shall (1) contain terms which are intended to match the then current requirements of the Relevant Rules in relation to Tier 2 Capital insofar as practicable; (2) bear the same rate of interest from time to time applying to the Notes and preserve the same Interest Payment Dates; (3) rank or, if issued by another entity, benefit from a guarantee of the Issuer which ranks, at least *pari passu* with the ranking of the Notes; (4) preserve the obligations of (including obligations arising from the exercise of any rights of) the Issuer as to redemption of the Notes, including as to the timing of, and amounts payable upon redemption of the Notes and provided that such Qualifying Securities may not be redeemed by the Issuer prior to the Maturity Date except in circumstances analogous to those referred to in Condition 6(c), 6(d), 6(e) and/or 6(f) of the Notes; (5) preserve any existing rights under these Conditions to any accrued interest, any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Noteholders but not been paid; and (6) do not include any principal loss absorption provisions, including any provisions which require the write off or write down

in whole or in part of the principal amount of such securities or the conversion of such securities in whole or in part into equity; and

- (c) are listed or admitted to trading on the London Stock Exchange's regulated market (for the purposes of Directive 2004/39/EC) or such other regularly operating, internationally recognised stock exchange in the EEA as selected by the Issuer and approved by the Trustee;

**"Rating Agency"** means Fitch Ratings Limited or any affiliate of or successor thereto;

**"Rating Agency Compliant Securities"** means securities which are (i) Qualifying Securities and (ii) assigned substantially the same "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) or, at the absolute discretion of the Issuer, a lower "equity credit" (provided such "equity credit" is still higher than the "equity credit" assigned to the Notes immediately after the occurrence of the Ratings Methodology Event) as that which was assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date and provided that a certification to such effect signed by two Directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely absolutely without liability to any person and without any obligation to verify or investigate the accuracy thereof);

**"Ratings Methodology Call"** has the meaning given to it in the relevant Final Terms or Pricing Supplement;

a **"Ratings Methodology Event"** will be deemed to occur if at any time there occurs a change in (or clarification to) the methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the "equity credit" (or such other nomenclature as may be used by the Rating Agency from time to time to describe the degree to which the terms of an instrument are supportive of an issuer's senior obligations in terms of either leverage or total capital) assigned by the Rating Agency to the Notes is, as notified by the Rating Agency to the Issuer or as published by the Rating Agency, reduced when compared to the "equity credit" assigned by the Rating Agency or its predecessor to the Notes on or around the Issue Date;

**"Record Date"** has the meaning given to it in Condition 7(b);

**"Register"** has the meaning given in Condition 1;

**"Registered Notes"** has the meaning given to it in Condition 1;

**"Registrar"** has the meaning given in the preamble to these Conditions;

**"Regulatory Capital Requirements"** means any applicable capital resources requirement or applicable overall financial adequacy rule required by the PRA pursuant to the Relevant Rules, as such requirements or rules are in force from time to time;

**"Regulatory Clearance Condition"** means, in respect of any proposed act on the part of the Issuer, the PRA having approved, granted permission for, consented to, or having been given due notification of and having not within any applicable time-frame objected to, or withdrawn its approval, permission or consent to, such act (in any case only if and to the extent such approval, permission, consent or non-objection is required by the PRA, the Relevant Rules or any other applicable rules of the PRA at the relevant time);

**"Regulatory Deficiency Interest Deferral Date"** means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest were made on such Interest Payment Date;

**“Regulatory Deficiency Interest Deferral Event”** means:

- (a) any event (including, without limitation, any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity, any Subsidiary of the Insurance Group Parent Entity, the Insurance Group Borrower or the Insurance Group to be breached and such breach is an event) which under the Relevant Rules means that (a) the Issuer must defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes and/or (b) the Insurance Group Borrower would be required to defer the relevant payment of interest if the Notes were issued by the Insurance Group Borrower, and qualified as Tier 2 Capital of the Insurance Group Borrower and/or the Insurance Group (and, for the avoidance of doubt, where these Conditions provide for mandatory deferral of an interest payment if a Regulatory Deficiency Interest Deferral Event would occur if such interest payment were to be made, such payment shall be deferred if a Regulatory Deficiency Interest Deferral Event would occur as a result of payment of the relevant interest amount by either the Issuer or (on the basis referred to in (b) above and disregarding, for this purpose only, any Corresponding Payment made or to be made by it under the relevant Tier 2 On-Loan) the Insurance Group Borrower); or
- (b) the PRA having notified the Issuer in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Issuer must defer a payment of interest (or, if applicable, Arrears of Interest) under the Notes and the PRA not having revoked such notification; or
- (c) the PRA having notified the Insurance Group Borrower in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Insurance Group Borrower must defer the Corresponding Payment under the relevant Tier 2 On-Loan and the PRA not having revoked such notification;

**“Regulatory Deficiency Redemption Deferral Event”** means:

- (a) any event (including, without limitation, where an Insolvent Insurer Winding-up has occurred and is continuing or any event which causes any Solvency Capital Requirement or Minimum Capital Requirement applicable to the Issuer, the Insurance Group Parent Entity, any Subsidiary of the Insurance Group Parent Entity, the Insurance Group Borrower or the Insurance Group to be breached and such Insolvent Insurer Winding-up or, as the case may be, such breach is an event) which under the Relevant Rules means that (a) the Issuer must defer or suspend redemption of the Notes and/or (b) the Insurance Group Borrower would be required to suspend or defer redemption of the Notes if the Notes were issued by the Insurance Group Borrower, and qualified as Tier 2 Capital of the Insurance Group Borrower and/or the Insurance Group (and, for the avoidance of doubt, where these Conditions provide for mandatory deferral of redemption if a Regulatory Deficiency Redemption Deferral Event would occur if such redemption (or a redemption payment in respect thereof) were to be made, such redemption shall be deferred if a Regulatory Deficiency Redemption Deferral Event would occur as a result of payment of the relevant redemption amounts by either the Issuer or (on the basis referred to in (b) above and disregarding, for this purpose only, any Corresponding Payment made or to be made by it under the relevant Tier 2 On-Loan) the Insurance Group Borrower); or
- (b) the PRA having notified the Issuer in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the Issuer must defer making a payment of principal under the Notes and the PRA not having revoked such notification; or
- (c) the PRA having notified the Insurance Group Borrower in writing that, in circumstances in which it is permitted to do so pursuant to and in accordance with the Relevant Rules, it has determined that the

Insurance Group Borrower must defer the Corresponding Payment under the relevant Tier 2 On-Loan and the PRA not having revoked such notification;

“**Relevant Date**” has the meaning given in Condition 8;

“**Relevant Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of principal and/or interest (including Arrears of Interest) on the Notes;

“**Relevant Rules**” means any legislation, rules or regulations (whether having the force of law or otherwise) applicable in the jurisdiction of the PRA from time to time and applying to the Issuer, the Insurance Group Parent Entity or any insurance or reinsurance undertaking within the Insurance Group from time to time relating to the characteristics, features or criteria of own funds or capital resources and the requirement to retain capital resources in excess of a prescribed capital resources requirement and, for the avoidance of doubt and without limitation to the foregoing, includes Solvency II and any legislation, rules or regulations relating to such matters which are supplementary or extraneous to the obligations imposed on Member States by Solvency II;

“**Scheme of Arrangement**” has the meaning ascribed to it in the definition of Newco Scheme;

“**Senior Creditors of the Insurance Group Borrower**” means:

- (a) in the case of a Tier 2 On-Loan comprising dated obligations of the Insurance Group Borrower (being a Tier 2 On-Loan with a specified maturity or scheduled repayment date)
  - (i) policyholders of the Insurance Group Borrower (if any) and any other creditors of the Insurance Group Borrower who are unsubordinated creditors of the Insurance Group Borrower; and
  - (ii) other creditors of the Insurance Group Borrower whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Insurance Group Borrower but not further or otherwise (and excluding those creditors (i) whose claims are in respect of obligations of the Insurance Group Borrower which are in a form having the necessary features to qualify as Tier 1 Capital or Tier 2 Capital or (ii) whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Issuer against the Insurance Group Borrower pursuant to the relevant Tier 2 On-Loan); and
- (b) in the case of a Tier 2 On-Loan comprising undated or perpetual obligations of the Insurance Group Borrower (being a Tier 2 On-Loan without a specified maturity or scheduled repayment date)
  - (i) policyholders of the Insurance Group Borrower (if any) and any other creditors of the Insurance Group Borrower who are unsubordinated creditors of the Insurance Group Borrower;
  - (ii) other creditors of the Insurance Group Borrower whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Insurance Group Borrower but not further or otherwise (and excluding those creditors (i) whose claims are in respect of obligations of the Insurance Group Borrower which are in a form having the necessary features to qualify as Tier 1 Capital or Tier 2 Capital or (ii) whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Issuer against the Insurance Group Borrower pursuant to the relevant Tier 2 On-Loan); and
  - (iii) (unless and until the Undated Notes Parity Election is made) holders of dated subordinated obligations of the Insurance Group Borrower;

**“Senior Creditors of the Issuer”** means:

- (a) in the case of dated Notes, being Notes with a Maturity Date stated hereon
  - (i) policyholders of the Issuer (if any) and any other creditors of the Issuer who are unsubordinated creditors of the Issuer; and
  - (ii) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer but not further or otherwise (other than those whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Noteholders under the Notes and the Trust Deed including (without limitation) holders of Parity Obligations of the Issuer and/or Junior Obligations of the Issuer); and
- (b) in the case of perpetual Notes, being Notes without a Maturity Date stated hereon
  - (i) policyholders of the Issuer and any other creditors of the Issuer who are unsubordinated creditors of the Issuer;
  - (ii) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer but not further or otherwise (other than those whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, any claims of the Noteholders under the Notes and the Trust Deed including (without limitation) holders of Parity Obligations of the Issuer and/or Junior Obligations of the Issuer); and
  - (iii) (unless and until the Undated Notes Parity Election is made) holders of dated subordinated obligations of the Issuer (including, without limitation and for so long as any of the same shall remain outstanding, the Issuer’s obligations pursuant to its 2025 Notes);

**“Series”** has the meaning given in the preamble to these Conditions;

**“Solvency II”** means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation (including, without limitation, the Level 2 Regulations), a directive, application of relevant EIOPA guidelines or otherwise);

**“Solvency II Directive”** means Directive 2009/138/EC of the European Parliament and of the Council of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II);

**“Solvency Capital Requirement”** means the solvency capital requirement or the group solvency capital requirement referred to in Solvency II (howsoever described or defined in Solvency II) or any other solvency capital requirement, group solvency capital requirement or any other equivalent capital requirement howsoever described in the Relevant Rules;

**“Solvency Condition”** has the meaning given in Condition 3(d);

**“Special Redemption Price”** has the meaning given to it in the relevant Final Terms or Pricing Supplement;

**“Specified Denomination”** has the meaning given to it in the relevant Final Terms or Pricing Supplement;

**“Subsidiary”** has the meaning given to it under Section 1159 of the Companies Act 2006 (as amended from time to time);

**“Substituted Obligor”** has the meaning given to it in Condition 12(a);

**“Substitution Date”** has the meaning given in the preamble to these Conditions;

**“successor in business”** has the meaning given in the Trust Deed;

“**Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**Tier 2 On-Loan**” means the on-loan of the proceeds of the relevant Series of Notes made by the Issuer to the Insurance Group Borrower in a form having the necessary features to qualify as Tier 2 Capital;

“**Tranche**” has the meaning given in the preamble to these Conditions;

“**Transfer Agents**” has the meaning given in the preamble to these Conditions;

“**Trust Deed**” has the meaning given in the preamble to these Conditions;

“**Trustee**” has the meaning given in the preamble to these Conditions;

“**Undated Notes Parity Election**” has the meaning given to it in Condition 3(b); and

“**United Kingdom**” or “**UK**” means the United Kingdom of Great Britain and Northern Ireland.

## **19 Governing Law and Jurisdiction**

### **(a) *Governing law***

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Coupons and/or the Talons are governed by, and shall be construed in accordance with, English law.

### **(b) *Jurisdiction***

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings (but this is without prejudice to the rights of the Trustee or the Noteholders to commence Proceedings in any jurisdiction and/or concurrent Proceedings in one or more jurisdictions).