

Prospectus dated 1 June 2011



## Old Mutual plc

*(incorporated in England and Wales under the  
Companies Act 1985 with registered number 3591559)*

**£500,000,000 8.00 per cent. Subordinated Notes due 3 June 2021**

**issued pursuant to the £3,500,000,000 Euro Note Programme**

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This document (including the information incorporated by reference herein) constitutes a prospectus (the “**Prospectus**”) in respect of the £500,000,000 8.00 per cent. Subordinated Notes due 3 June 2021 (the “**Notes**”) to be issued by Old Mutual plc (the “**Issuer**”) for the purposes of Article 5 of Directive 2003/71/EC (the “**Prospectus Directive**”).

This Prospectus has been approved by the UK Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (“**FSMA**”) (the “**UK Listing Authority**”). Application has been made to the UK Listing Authority for the Notes to be admitted to the official list of the UK Listing Authority (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”). References in this Prospectus to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market. The Market is a regulated Market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The offer and sale of Notes may, in certain circumstances, be restricted by the law. For a further description of certain restrictions on the offer and sale of the Notes, see the section headed “Selling Restrictions” incorporated by reference in the Prospectus.

Unless otherwise defined, capitalised terms used in this Prospectus have the meanings set out in the terms and conditions of the Notes.

Prospective investors should have regard to the factors described under the sections headed “Risk Factors” herein.

The Bonds are expected to be rated BBB- by Fitch Ratings Limited (“Fitch”) and Baa3 by Moody’s Investors Services Limited (“Moody’s”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The credit ratings included or referred to in this Prospectus will be treated for the purposes of Regulation (EC) No 1060/2009 on credit rating agencies (the “CRA Regulation”) as having been issued by Fitch and Moody’s, each of which are established in the European Union and has applied to be registered under the CRA Regulation, although the result of such application has not yet been determined.

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### JOINT LEAD MANAGERS

**BofA Merrill Lynch**

**Credit Agricole  
Corporate and  
Investment Bank**

**Deutsche Bank**

**The Royal Bank of  
Scotland**

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see “Documents Incorporated by Reference”). This Prospectus shall be read and construed on the basis that such documents are so incorporated in and form part of this Prospectus.

To the fullest extent permitted by law, none of the Joint Lead Managers or the Trustee accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Trustee or a Joint Lead Manager or on its behalf in connection with the Issuer or the issue and offering of the Notes. The Trustee and each Joint Lead Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. No Joint Lead Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus.

**Old Mutual plc:** References herein to “**the Issuer**” are to Old Mutual plc.

No person is or has been authorised by the Issuer, the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, any of the Joint Lead Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct as of any time subsequent to the date hereof or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. Investors should review, inter alia, the most recently published audited annual financial statements and, if published later, the most recently published interim financial statements of the Issuer when deciding whether or not to purchase any Notes.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Joint Lead Managers or the Trustee which would permit a public offering of any Notes or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes.

In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and France) and Japan.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Notes being offered, including the merits and risks involved. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

None of the Issuer, the Joint Lead Managers and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws.

The Notes have not been and will not be registered under the Securities Act. Notes may not be offered or sold within the United States or to, or for the benefit of, US persons except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities law.

Bearer Notes are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

### **Presentation of Financial and other Information**

All references in this Prospectus to “US dollars”, “US\$” or “\$” refer to the currency of the United States of America; references to “South African Rand”, “Rand” or “R” refer to the currency of the Republic of South Africa; references to “Sterling” or “£” refer to the currency of the United Kingdom; and references to “euro” or “€” refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

### **Stabilisation**

In connection with the issue of the Notes, the Joint Lead Manager(s) (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

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## RISK FACTORS

*Purchase of the Notes may involve substantial risks and is suitable only for sophisticated investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Notes. Investment in the Notes is suitable only for investors who can bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes. Prior to making an investment decision, prospective purchasers should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth in the Base Prospectus, the Supplementary Prospectus (each as defined under “Information Incorporation by Reference” below) and in this document, particularly under the heading “Risk Factors” in the Base Prospectus (as amended by the risk factors contained in the Supplementary Prospectus), and the additional investment considerations set forth below. The Issuer believes that the factors set out under the heading Risk Factors in the Base Prospectus, the Supplementary Prospectus and in this Prospectus represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest or principal in connection with the Notes may occur for other reasons, and the Issuer does not represent that such risk factors are exhaustive. Prospective purchasers should make such enquiries as they deem necessary and consult with their own legal, regulatory, tax, business, investment, financial and accounting advisers as they deem necessary without relying on the Issuer or the Joint Lead Manager or any of their affiliates.*

Terms used in this section and not defined herein shall have the meanings given to them elsewhere in this Prospectus or in the Base Prospectus.

### **Certain Risks relating to the Notes**

#### **Occurrence of a Capital Disqualification Event**

Upon the occurrence of a Capital Disqualification Event the Notes may subject to compliance with Condition 7(f) (i) be redeemed at the Capital Disqualification Event Price specified in the Final Terms, together with interest accrued to but excluding the date of redemption and all Arrears of Interest or (ii) be substituted for, or have their terms varied so that they become, Qualifying Lower Tier 2 Securities, all as more particularly described in “Terms and Conditions of the Notes — Redemption and Purchase — Redemption, Substitution or Variation at the option of the Issuer on a Capital Disqualification Event”.

#### **Deferral of Interest Payments on the Notes**

The Issuer is required to defer any payment of interest on the Notes on each Mandatory Interest Deferral Date (being an Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing) and when the Issuer is in breach of the Solvency Condition (as defined in Condition 3(c) of “Terms and Conditions of the Notes”).

Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date, may (subject in the case of (i) and (iii) below to Condition 3(c)) be paid in whole or in part at any time and in any event will automatically become immediately due and payable in whole upon the earlier of:

(i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date on which payment of interest is made; or

(ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation of the Issuer or substitution (A) have previously been approved in

writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (B) do not provide that the Notes shall thereby become payable) or an administrator of the Issuer has been appointed and given notice that it intends to declare and distribute a dividend; or

(iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer.

Arrears of Interest and any other amount, payment of which is so deferred, shall not themselves bear interest.

### **Redemption and Exchange Risk**

Upon the occurrence of a Tax Event, a Capital Disqualification Event or a Rating Methodology Event (if Rating Methodology Call is specified), the Notes may be (i) substituted for, or their terms varied so that they become, Qualifying Lower Tier 2 Securities or, in the case of Rating Methodology Event, Rating Agency Compliant Securities; or (ii) redeemed in the case of (x) a Tax Event, at their outstanding principal amount, (y) a Capital Disqualification Event, at the Capital Disqualification Redemption Price or (z) in the case of a Rating Methodology Event, at the Rating Event Redemption Price, together in each case with Arrears of Interest, all as more particularly described in “Terms and Conditions of the Notes — Redemption, Substitution, Variation, Purchase and Options”.

### **Deferral of Redemption**

If 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 Conditions 7(a)(iii), 7(b), 7(c) or 7(e) as a result of Condition 7(a)(ii), then, subject (in the case of (A) and (B) below only) to Condition 3(c) and to any notifications to, or consent from, (in either case if and to the extent applicable) the FSA, such Notes shall be redeemed at their applicable Final Redemption Amount or, as applicable, the relevant price specified in Conditions 7(b), 7(c) or 7(e) together with accrued interest and any Arrears of Interest upon the earliest of: (A) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased provided that redemption of the Notes on such date would not result in a Regulatory Deficiency Redemption Deferral Event occurring; or (B) the date falling 10 Business Days after the FSA has agreed to the repayment or redemption of the Notes; or (C) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution, and (ii) do not provide that the Notes shall thereby become payable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.

If Condition 7(a)(ii) 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 7(b), Condition 7(c) or Condition 7(e) as a result of the Solvency Condition not being met then, subject to any notifications to, or consent from, (in either case if and to the extent applicable) the FSA, such Notes shall be redeemed at their applicable Final Redemption Amount or, as applicable, the relevant price specified in Conditions 7(b), 7(c) or 7(e) together with accrued 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(c) and (B) redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(c), 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 Condition 7(a)(iii) shall apply mutatis mutandis to determine the date of the redemption of the Notes.

Although the Notes may pay a higher rate of interest than comparable notes which are not subordinated, there is a real risk that an investor in the Notes will lose all or some of his investment should the Issuer become insolvent.

## INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

### *Old Mutual plc financial statements:*

The audited consolidated and non-consolidated annual financial statements of the Issuer for the financial years ended 31 December 2009 and 31 December 2010 (including the audit reports issued in respect thereof), which have previously been published and have been approved by the Financial Services Authority or filed with it shall be incorporated in, and form part of, this Prospectus.

### *Other documents incorporated by reference:*

- (i) The base prospectus approved by the UK Listing Authority on 10 September 2010 relating to the Issuer's £3,500,000,000 Euro Note Programme (the "**Base Prospectus**") except for the documents incorporated by reference therein and the sections entitled "Documents Incorporated by Reference", "Form of Final Terms", "Terms and Conditions of the Senior Notes", "Terms and Conditions of the Dated Tier 2 Notes", "Terms and Conditions of the Undated Tier 2 Notes", "Terms and Conditions of the Tier 1 Notes", "Financial Information relating to the Old Mutual Group" and "General Information", which shall not be deemed to be incorporated into this Prospectus; and
- (ii) The supplementary prospectus dated 24 May 2011 (the "**Supplementary Prospectus**"), which supplements the Base Prospectus that has been approved by the UK Listing Authority except for the documents incorporated by reference therein and the section of the Supplementary Prospectus entitled "Financial Statements", which shall not be deemed to be incorporated into this Prospectus,

all of which have been previously published and filed with the Financial Services Authority and which shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the registered office of the Issuer at 5th Floor, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG and from the specified office of the Paying Agent for the time being in London which, as at the date of this Prospectus, is at 21st Floor Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB.

The table below sets out the relevant page references for all of the information contained within the Supplementary Prospectus and the Base Prospectus and incorporated by reference herein:



<b>Section</b>	<b>Page Reference</b>
<b>Supplementary Prospectus</b>	
Amendments to the Prospectus - Front Page: <i>(which inserts certain ratings language into the front page of the Base Prospectus)</i>	1
Amendments to the Prospectus - Summary	2
Amendments to the Prospectus - Risk Factors	2
Amendments to the Prospectus - Form of Final Terms	3
Amendments to the Prospectus - The Old Mutual Group	3-5
Amendments to the Prospectus - General Information: <i>(which amends the following paragraphs within the General Information section of the Base Prospectus: 'Documents Available', 'Share Capital', 'Material Contracts', 'Major Shareholders', 'Corporate Governance' and 'Significant or Material Change')</i>	5-7
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The Issuer has applied International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union (“IFRS”) in the financial statements incorporated by reference above, which each include a summary of the significant accounting policies for the Issuer.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which will be incorporated by reference into the Global Note (as defined below) representing the Notes and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Joint Lead Managers at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to the Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note representing the Notes and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.*

This note is one of a series (as defined below) of Notes issued by Old Mutual plc (the "Issuer") constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated 31 August 2000 and deemed made between, *inter alios*, the Issuer and Citicorp Trustee Company Limited as trustee (the "Trustee", which expression shall include any successor trustee) for the holders of the Notes (the "Noteholders" or "holders" which expression shall mean, in relation to Notes in definitive bearer form, the bearers thereof, and, in relation to Notes in definitive registered form, the persons in whose name such Notes are registered and shall, in relation to Notes represented by a Global Note, be construed as provided below).

References in these Terms and Conditions to the "Notes" shall be references to the Notes of this Series and shall mean:

- (i) in relation to any Notes represented by a global Note (a "Global Note"), units of the lowest Specified Denomination in the Specified Currency;
- (ii) any Global Note;
- (iii) definitive Notes in bearer form ("Bearer Notes") issued in exchange for a Global Note in bearer form (a "Bearer Global Note"); and
- (iv) definitive Notes in registered form ("Registered Notes") (whether or not issued in exchange for a Global Note in registered form (a "Registered Global Note")).

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 31 August 2000 and deemed made between, *inter alios*, the Issuer, Citibank, N.A. as issuing and principal paying agent and agent bank (the "Principal Paying Agent", which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the "Paying Agents", which expression shall include any additional or successor paying agents) and Citibank, N.A. as registrar (the "Registrar", which expression shall include any successor registrar) and as a transfer agent, the other transfer agents named therein (together with the Registrar, in its capacity as a transfer agent, the "Transfer Agents", which expression shall include any additional or successor transfer agents) and the Trustee.

Interest-bearing definitive Bearer Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons ("Coupons") and, if indicated in the applicable Final Terms, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the

context otherwise requires, be deemed to include a reference to Talons or talons. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify the Conditions for the purposes of this Note. References to the “applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the London office of the Principal Paying Agent (being at 21st Floor Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB) and at the specified office of each of the Registrar and the other Paying Agents and Transfer Agents (such Agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Final Terms are available for viewing during normal business hours at the registered office of the Issuer at 5th Floor, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG and copies may be obtained from the specified office of the Principal Paying Agent for the time being in London save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (Directive 2003/71/EC), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes of that Series and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed and the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed or in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1 Form, Denomination and Title**

The Notes are in bearer form or in registered form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination, Bearer Notes may not be exchanged for Registered Notes and vice versa.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note, a Credit Linked Interest Note, an Equity Linked Interest

Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

This Note may be an Index Linked Redemption Note, a Credit Linked Redemption Note, an Equity Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms.

In the case of definitive Bearer Notes which are Zero Coupon Notes, references to Coupons and Couponholders in these Terms and Conditions are not applicable. References in these Terms and Conditions to Receipts, Coupons and Talons do not apply to any Notes represented by a Global Note or in registered form.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraphs.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Interests in a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or otherwise approved by the Issuer, the Principal Paying Agent, the Registrar and the Trustee.

## **2 Transfers of Registered Notes**

### *(a) Transfers of interests in Registered Global Notes*

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in

the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

*(b) Transfers of Registered Notes in definitive form*

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms). In order to effect any such transfer, the transferor must surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant

Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

*(c) Registration of transfer upon partial redemption*

In the event of a partial redemption of Notes under Condition 7, neither the Issuer nor the Registrar will be required to register the transfer of any Registered Note (or part of a Registered Note) called for partial redemption.

*(d) Costs of registration*

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

*(e) Register*

The Issuer will cause to be kept at the specified office of the Registrar outside the United Kingdom for the time being a register (the “Register”) on which shall be entered the names and addresses of the holders from time to time of the Registered Notes, together with the particulars of the Registered Notes held by them respectively and of all transfers of Registered Notes. The Issuer will procure that, as soon as practicable after the Issue Date, the Register is duly made up in respect of the subscribers of the Registered Notes.

### 3 Status of the Notes and Subordination

#### (a) Status

*On a winding up of any member of the Group, which is a Subsidiary, claims of its policyholders and its other creditors will be required to be satisfied in full before any surplus assets of such Subsidiary will be available to be distributed to the Issuer as a shareholder of that Subsidiary (or any other Subsidiary who holds a shareholding in such Subsidiary). As a result, satisfaction of the claims of the Noteholders in a winding up of the Issuer will effectively rank behind the claims of policyholders of members of the Group which are Subsidiaries.*

The Notes and any relative Receipts and Coupons are direct, unsecured and (save as to subordination) unconditional obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (except in any such case, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become repayable) or the appointment of an administrator of the Issuer where the administrator has given notice that the administrator intends to declare and distribute a dividend, the rights and claims of the Noteholders, the Receiptholders and the Couponholders against the Issuer in respect of or arising under the Notes and the relative Receipts and Coupons and the Trust Deed, including any damages awarded for breach of obligation of the Issuer which have not been satisfied and including any Arrears of Interest, will be subordinated in the manner provided in this Condition 3(a) and in the Trust Deed to the claims of all Senior Creditors of the Issuer but shall, subject as provided in Condition 3(b), rank at least *pari passu* with all other obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Lower Tier 2 Capital (issued prior to Solvency II Implementation) or Tier 2 Capital (issued on or after Solvency II Implementation) (“Pari Passu Securities”) and shall rank in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limit on the amount of such capital constitute, Upper Tier 2 Capital (issued prior to Solvency II Implementation) or Tier 1 Capital including, without limitation, by virtue of the operation of any grandfathering provisions by the FSA or Tier 1 Capital (issued prior to Solvency II Implementation) which following Solvency II Implementation is grandfathered as Tier 2 Capital and in priority to the claims of holders of all classes of share capital of the Issuer (together, the “Junior Securities”).

#### (b) Perpetual Preferred Securities

If the Issuer is wound up whilst any Perpetual Preferred Securities are outstanding and the terms of such Perpetual Preferred Securities (or the guarantee issued by the Issuer in respect thereof) prevent the Notes ranking senior to Perpetual Preferred Securities (or the guarantee issued by the Issuer in respect thereof) from being issued without changes being made to the terms of such Perpetual Preferred Securities (or such guarantee), then the Notes shall (notwithstanding the provisions of Condition 3(a)) rank *pari passu* with the Perpetual Preferred Securities and accordingly there shall be payable by the Issuer in respect of each such Note (in lieu of any other payment by the Issuer, but subject as provided in this Condition 3(b)) such amount, if any, as would have been payable to the holder of each such Note if, on the day immediately prior to the commencement of the winding-up and thereafter, such holder were the holder of a directly issued preference share of the Issuer with equivalent rights of participation in the capital of the Issuer (whether or not the Issuer could in fact have issued such securities) and ranking *pari passu* with the Perpetual Preferred Securities on the assumption that the amount that such holder

was entitled to receive in respect of such preference share on a return of assets in such winding-up were an amount equal to the principal amount of such Note together with Arrears of Interest, if any, and any interest (other than Arrears of Interest) which has accrued up to but excluding the date of repayment (as provided in the Trust Deed) in respect thereof and any other amount in respect of or arising under such Notes and the Trust Deed, including any damages awarded for breach of any obligations of the Issuer which have not been satisfied.

(c) *Solvency Condition*

Without prejudice to Conditions 3(a) and (b), all payments under or arising from the Notes, the Receipts, the Coupons relating to them and the Trust Deed in respect thereof shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes and any relative Receipts and Coupons and the Trust Deed in respect thereof unless and until such time as the Issuer could make such payment and shall be solvent immediately thereafter (the “Solvency Condition”). For the purposes of this Condition 3(c), the Issuer will be solvent if (i) it is able to pay its debts owed to Senior Creditors and *Pari Passu* Creditors as they fall due and (ii) its Assets exceed its Liabilities (other than Liabilities to persons who are Junior Creditors). A certificate as to solvency of the Issuer, signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) 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 holders of the Notes, the Receipts and the Coupons relating to them and all other interested parties as sufficient and correct evidence thereof, and the Trustee shall be entitled to rely on such certificate without liability to any person. In a winding-up of the Issuer or in an administration of the Issuer if the administrator has given notice of his intention to declare and distribute a dividend, the amount payable in respect of the Notes and the Coupons relating to them shall be an amount equal to the principal amount of such Notes, together with Arrears of Interest, if any, and any interest (other than Arrears of Interest) which has accrued up to but excluding the date of repayment and will be subordinated in the manner described in Conditions 3(a) and (b) above. Without prejudice to any other provision in these Conditions, amounts representing any payments of principal, premium or interest, or any other amount, including any damages awarded for the breach of any obligations, in respect of which the conditions referred to in this Condition 3(c) are not satisfied on the date upon which the same would otherwise be due and payable (“Solvency Claims”) will be payable by the Issuer in a winding-up of the Issuer as provided in Conditions 3(a) and (b). A Solvency Claim shall not bear interest.

**4 Set-off, etc.**

Subject to applicable law, no Noteholder, Receiptholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes or the relative Receipts or Coupons and each Noteholder, Receiptholder or Couponholder shall, by virtue of being the holder of any Note or related Receipt or Coupon, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder, Receiptholder or Couponholder by the Issuer under or in connection with the Notes or the relative Receipts and Coupons is discharged by set-off, such Noteholder, Receiptholder or Couponholder shall unless such payment is prohibited by law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as applicable, of the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator of the Issuer (as the case may be), and accordingly

any such discharge shall be deemed not to have taken place. On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in Condition 3) have been satisfied.

## 5 Interest

*Payments of interest may be deferred in accordance with Condition 5(f) and Condition 3(c).*

*(a) Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

If the Notes are in definitive form except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant Figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or



- (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
  - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
  - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from and including the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to but excluding the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30- day months) divided by 360;

“Determination Period” means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

“Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date; and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

(b) *Interest on Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes*

(i) Interest Payment Dates

Each Floating Rate Note, Index Linked Interest Note, Credit Linked Interest Note and Equity Linked Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly Paid Note, the amount paid up) from and including the Interest Commencement Date and such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) (each an “Interest Payment Date”) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment

Date (or the Interest Commencement Date) to but excluding the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5(b)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

“Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified

Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 System (the “TARGET System”) is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(a) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (a), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (i) the Floating Rate Option is as specified in the applicable Final Terms;
- (ii) the Designated Maturity is a period specified in the applicable Final Terms; and
- (iii) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate (“LIBOR”) or on the Euro-zone inter-bank offered rate (“EURIBOR”) for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

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

(b) *Screen Rate Determination for Floating Rate Notes*

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 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 plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying 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 Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such offered quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(iii) Minimum and/or Maximum Rate of Interest

If the applicable Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(iv) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, in the case of Floating Rate Notes, and the Calculation Agent, in the case of Index Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, Credit Linked Interest Notes and Equity Linked Interest Notes, the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Principal Paying Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency,

half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or Index Linked Interest Note, Credit Linked Interest Note or Equity Linked Interest Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest 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 in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest 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 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 in the applicable Final Terms, the number of days in the Interest 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.

(v) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

(vi) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Principal Paying Agent defaults in its obligation to calculate any Interest Amount in accordance with paragraph (ii)(A) or (B) above or as otherwise specified in the applicable Final Terms, as the case may be, and in each case in accordance with paragraph (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Trustee may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Principal Paying Agent or the Calculation Agent, as applicable.

(vii) 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 5, whether by the Principal Paying Agent or, if applicable, the Trustee or the Calculation Agent, shall (save in the case of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Agents, the Trustee and all Noteholders, Receiptholders and Couponholders and (save in the case of wilful default or bad faith) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent or (if applicable) the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) *Interest on Dual Currency Interest Notes*

In the case of Dual Currency Interest Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

(d) *Interest on Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) *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 (or, as the case may be, substitution or variation pursuant to Condition 7(c)) unless, upon due presentation thereof, payment and performance of all amounts and obligations due in respect of the Notes is not properly and duly made or is not made by reason of Condition 3. In such event, interest will continue to accrue as provided in the Trust Deed.

(f) *Deferral of interest*

(i) Optional Deferral of Interest

If “Optional Deferral of Interest” is specified in the applicable Final Terms in respect of the Notes, the Issuer may elect in respect of any Interest Payment Date by notice to the Noteholders given pursuant to Condition 14 and the Trustee as described in paragraph (iv) below to defer payment of all (but not some only) of the interest accrued to that date on all such Notes and the Issuer shall not have any obligation to make such payment on that date.

(ii) Mandatory Deferral of Interest

Payment of interest on the Notes will be mandatorily deferred on each Mandatory Interest Deferral Date.

The Issuer shall notify the Noteholders pursuant to Condition 14 and the Trustee as described in paragraph (iv) below of any Mandatory Interest Deferral Date.

A certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) certifying 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, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Notes, the Coupons and the Receipts relating to them and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.

(iii) Arrears of Interest

Any interest not paid on an Interest Payment Date together with any other interest not paid on any other Interest Payment Date, in each case as a result of a deferral pursuant to



this Condition 5(f) or as a result of the Solvency Condition not being met, shall, so long as the same remains unpaid, constitute “Arrears of Interest”.

Arrears of Interest shall not themselves bear interest.

Arrears of Interest and any other amount in respect of or arising under the Notes and the Trust Deed, in respect thereof, may, subject to the Solvency Condition and to any notifications to, or consent from (in either case if and to the extent required) the FSA, at the election of the Issuer, be paid in whole or in part at any time upon the expiration of not less than 14 days' notice to such effect (which notice shall be irrevocable) given to the Trustee and to the Noteholders (in accordance with Condition 14), but all Arrears of Interest on all Notes outstanding shall become due and payable in full subject, in the case of (a) and (c) below, to the Solvency Condition and any notification to, or consent from (in either case if and to the extent required) the FSA on whichever is the earliest of:

- (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date (taking into account for this purpose the payment of Arrears of Interest on such Interest Payment Date) and (if “Optional Deferral of Interest” is specified in the applicable Final Terms in respect of the Notes) on which payment of interest in respect of the Notes is made; or;
- (b) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become repayable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (c) the date fixed for any redemption or purchase of the Notes by or on behalf of the Issuer pursuant to Condition 7.

Where Arrears of Interest are paid in part, each part payment shall be applied in payment of the Arrears of Interest accrued due in respect of the relative Interest Payment Date (or consecutive Interest Payment Dates) furthest from the date of payment.

If, on any Interest Payment Date, interest in respect of the Notes shall not have been paid as a result of a deferral pursuant to Condition 5(f) or the Solvency Condition not being met, then from the date of such Interest Payment Date until such time as the full amount of the relevant Arrears of Interest has been received by the Noteholders or the Trustee and no other payment of Arrears of Interest remains unpaid, the Issuer shall not;

- (i) declare or pay a dividend or other distribution in respect of any class of its share capital, save where the Issuer is not able to defer, pass or eliminate a dividend or other distribution;
- (ii) make any other payment on, and will procure that no distribution or other payment is made on, any Junior Securities or Pari Passu Securities, save where the Issuer is not able to defer, pass or eliminate a dividend or other distribution or any other payment in accordance with the terms and conditions of the Junior Securities or Pari Passu Securities;

- (iii) repurchase, redeem or otherwise acquire shares of any class of the Issuer for cash (with the exception of repurchases in connection with share option or share ownership schemes for management or employees of the Issuer or affiliates of the Issuer made in the ordinary course of business or save where the Issuer is not able to defer, pass or eliminate any payment or any other obligation in respect of such repurchase, redemption or other acquisition); or
- (iv) redeem, purchase, cancel, reduce or otherwise acquire any Junior Securities or Pari Passu Securities save where the Issuer is not able to defer, pass or eliminate any payment or any other obligation in respect of such redemption, purchase, cancellation, reduction or other acquisition in accordance with the terms of the Junior Securities or Pari Passu Securities.

(iv) Notice of Deferral

The Issuer shall notify the Noteholders in accordance with Condition 14 and the Trustee in a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) not less than five Business Days prior to an Interest Payment Date:

- (a) (if “Optional Deferral of Interest” is specified in the applicable Final Terms in respect of the Notes) if that Interest Payment Date is an Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(f)(i); or
- (b) if that Interest Payment Date is a Mandatory 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 less than 5 Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral as soon as reasonably practicable following the occurrence of such event; or
- (c) if interest will not be paid on that Interest Payment Date by virtue of the Solvency Condition.

(v) No Event of Default

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

## 6 Payments

(a) *Method of payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if

the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8.

Any reference in these Terms and Conditions to payment of any sums in respect of the Notes (including, in respect of Credit Linked, Equity Linked and other structured Notes, Physically-Settled Notes) shall be deemed to include, as applicable, delivery of any relevant Reference Asset (as defined in Condition 7(1)) if so provided in the applicable Final Terms and a supplemental trust deed and references to paid and payable shall be construed accordingly.

*(b) Presentation of Definitive Bearer Notes, Receipts and Coupons*

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in this Condition 6, means the United States of America (including the States and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction)).

No payments of principal, interest or other amounts due in respect of a definitive Bearer Note will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant definitive Bearer Note in accordance with the preceding paragraphs. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes, Index Linked Notes, Credit Linked Notes, Equity Linked Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above

against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note, Credit Linked Note, Equity Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity Note" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

*(c) Payments in respect of Bearer Global Notes*

Payments of principal and interest (if any) in respect of Notes represented by a Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Bearer Global Note by the Paying Agent to which it was presented and such record shall be prima facie evidence that the payment in question has been made.

No payments of principal, interest or other amounts due in respect of a Bearer Global Note will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

*(d) Payments in respect of Registered Notes*

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be (i) in respect of Registered Notes in definitive form, made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date or (ii) in respect of Notes represented by a Registered Global Note, made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day

immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January (such due date or Clearing System Business Day, as the case may be, being the “Record Date”). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Registered Note appearing in the Register at the close of business on the 15th day (whether or not such fifteenth day is a business day) before the relevant Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Registered Notes which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 6(d) arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the Issuer, the Trustee and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

*(e) General provisions applicable to payments*

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to

Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition 6(e), if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

*(f) Payment Day*

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (a) the relevant place of presentation;
  - (b) London; and
  - (c) any Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the TARGET System is open.

Save that, for the purpose of any payments made in respect of a Global Note, Conditions 6(f)(i)(a) and 6(f)(i)(b) shall be disregarded for the purpose of the definition of "Payment Day".

*(g) Interpretation of principal and interest*

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking given in addition thereto or in substitution thereof or pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(g));
- (vii) the nominal amount of the Notes;
- (viii) the Other Tax Event Redemption Price of the Notes;
- (ix) the Capital Disqualification Event Price of the Notes;
- (x) the Rating Event Redemption Price of the Notes; and
- (xi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking given in addition thereto or in substitution thereof or pursuant to the Trust Deed.

## **7 Redemption, Substitution, Variation and Purchase**

### *(a) Redemption at maturity*

- (i) Subject to the Solvency Condition being met, to Condition 7(a)(ii) and to compliance by the Issuer with regulatory rules on notification to, or consent from (in either case, if and to the extent required) the FSA, unless previously redeemed or purchased and cancelled as specified below, the Notes will be redeemed by the Issuer at their Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.
- (ii) No Notes shall be due for redemption, nor shall they be redeemed, on the Maturity Date pursuant to Condition 7(a)(i) or prior to the Maturity Date pursuant to Condition 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) below, if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 7(a)(i) applies, the Maturity Date or, if Condition 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) applies, any date specified for redemption in accordance with such Conditions.
- (iii) If 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 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) as a result of Condition 7(a)(ii) above, then subject to the Solvency Condition (in the case of (A) and (B) below only) and to any notifications to, or consent from, (in each case if and to the extent required) the FSA, such Notes shall be redeemed at their applicable Final Redemption Amount or, as

applicable, the relevant price specified in Conditions 7(b), (c), (d) or (e) together with accrued interest and any Arrears of Interest, upon the earliest of:

- (A) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased, provided that redemption of the Notes on such date would not result in a Regulatory Deficiency Redemption Deferral Event occurring; or
  - (B) the date falling 10 Business Days after the FSA has agreed to the repayment or redemption of the Notes; or
  - (C) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution (x) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (y) do not provide that the Notes shall thereby become repayable) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.
- (iv) If Condition 7(a)(ii) 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 7(b), Condition 7(c), Condition 7(d) or Condition 7(e) as a result of the Solvency Condition not being met, then subject to any notifications to, or consent from, (in each case if and to the extent required) the FSA, such Notes shall be redeemed at their applicable Final Redemption Amount or, as applicable, the relevant price specified in Conditions 7(b), (c), (d) or (e) together with accrued interest and any Arrears of Interest on the 10th Business Day immediately following the day that (A) the Issuer is solvent for the purposes of Condition 3(c) and (B) that redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 3(c), 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 Condition 7(a)(iii) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.
- (v) A certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) 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, shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Notes, the Receipts and the Coupons relating to them and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person.
- (vi) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with this Condition 7 or as a result of the Solvency Condition not being met will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate or demand repayment of the Notes.



(b) *Redemption, substitution or variation for tax reasons*

If immediately prior to the giving of the notice referred to below:

- (i) (x) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided in Condition 8 as a result of any Tax Law Change; and
  - (y) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make payment in respect of interest on the next Interest Payment Date, (x) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced, or (y) the Issuer would not to any material extent be entitled to have such deduction set against the profits of the companies with which it is grouped for applicable United Kingdom tax purposes (under the applicable relief or similar system in operation at the relevant time) or (z) the Issuer would otherwise suffer adverse tax consequences and, in each case, such consequences cannot be avoided by the Issuer taking reasonable measures available to it; or
- (iii) other than as a result of a Tax Law Change, in respect of the Issuer's obligation to make payment in respect of interest on the next Interest Payment Date, (w) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the United Kingdom or such entitlement is materially reduced, or (x) the Issuer would not to any material extent be entitled to have such deduction set against the profits of the companies with which it is grouped for applicable United Kingdom tax purposes (under the applicable relief or similar system in operation at the relevant time) and in either case the above cannot be avoided by the Issuer taking reasonable measures available to it, or (y) the Issuer would otherwise suffer adverse tax consequences, or (z) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts pursuant to Condition 8, and in each case such consequences cannot be avoided by the Issuer taking reasonable measures available to it,

then the Issuer may subject to Condition 7(f) and, in the case of (1) below, subject to the Solvency Condition and Condition 7(a)(ii), and having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable):

- (I) redeem all but not some only of the Notes then outstanding at any time (if the Notes are not Floating Rate Notes, Index Linked Notes, Credit Linked Interest Notes or Equity Linked Interest Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes); provided that no such notice of redemption shall be given earlier than 90 days prior to (in the case of paragraph (b)(i) above) the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due or (in the case of paragraph (b)(ii) or (iii) above) the next Interest Payment Date; or
- (II) substitute (without any requirement for the consent or approval of the Noteholders or Couponholders) at any time all but not some only of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Lower Tier 2 Securities, and the Trustee shall (subject to the following provisions of this

Condition 7(b)(II) and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) referred to below and in the definition of Qualifying Lower Tier 2 Securities) agree to such substitution or variation. The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Lower Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 7(b), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) stating that the Issuer is entitled to effect such redemption, substitution or variation and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and, where applicable, that the relevant obligation, the relevant event or, as the case may be, the relevant consequences as described above, cannot be avoided by the Issuer taking reasonable measures available to it. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders. Upon expiry of the relevant notice, the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

The Issuer may redeem the Notes pursuant to this Condition 7(b) prior to the fifth anniversary of the Issue Date of the Notes only as a result of a Tax Law Change.

In connection with any substitution or variation in accordance with this Condition 7(b), 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.

Notes redeemed pursuant to this Condition 7(b) will, unless otherwise specified in the applicable Final Terms, be redeemed, in the case of a Par Tax Event, at their nominal amount and, in the case of an Other Tax Event, at their Other Tax Event Redemption Price specified in the applicable Final Terms, together, in each case, with interest accrued to but excluding the date of redemption and all Arrears of Interest (if any) as provided in Condition 5(f).

*(c) Redemption, substitution or variation on a Capital Disqualification Event*

If “Capital Disqualification Call” is specified in the applicable Final Terms in respect of the Notes, and within the period from and including the date of the occurrence of a Capital Disqualification Event to and including the date which is the first anniversary of such occurrence (or such shortened period as may be set out in the relevant Final Terms in respect of the Notes), the Issuer gives the notice referred to below and if, on the date of such notice, a Capital Disqualification Event is continuing, the Issuer may, subject to Condition 7(f) and, in the case of (1) below, subject to the Solvency Condition and Condition 7(a)(ii), having given not less than 30 nor more than 60 days’ notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable):

- (I) redeem all but not some only of the Notes then outstanding at any time (if the Notes are not Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes, Index Linked Interest Notes, Credit Linked Interest Notes or Equity Linked Interest Notes), at the Capital Disqualification Event Price specified in the applicable Final Terms, together with interest accrued to but excluding the date of redemption and all Arrears of Interest (if any) as provided in Condition 5(f); or
- (II) substitute (without any requirement for the consent or approval of the Noteholders, Receiptholders or Couponholders) at any time all but not some only of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Lower Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 7(c)(II) and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) referred to below and in the definition of Qualifying Lower Tier 2 Securities) agree to such substitution or variation. The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Lower Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7(c) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. The Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence and continuation of a Capital Disqualification Event, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders. Upon expiry of the relevant notice, the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 7(c), 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.

*(d) Redemption at the option of the Issuer (Issuer Call)*

If "Issuer Call" is specified in the applicable Final Terms in respect of the Notes, the Issuer may, subject to Condition 7(a)(ii), 7(f) and the Solvency Condition and having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notices shall be irrevocable), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date and all Arrears of Interest (if any) as provided in Condition 5(f). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the

applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 7(d) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

Unless otherwise specified in the applicable Final Terms, the Optional Redemption Amount in respect of Fixed Rate Notes denominated in Sterling shall be the higher of the following:

- (i) the nominal amount of the Notes to be redeemed; and
- (ii) that price per Note (the “Redemption Price”), expressed as a percentage (rounded to three decimal places, 0.0005 being rounded down), at which the Gross Redemption Yield on the Notes, if they were to be purchased at such price on the third dealing day prior to the date of publication of the notice of redemption, would be equal to the Gross Redemption Yield on such dealing day of the Reference Stock (or, if such stock is no longer in issue, of such other United Kingdom government stock as the Trustee, with the advice of three leading brokers operating in the gilt-edged market and/or gilt-edged market makers or such other three persons operating in the gilt-edged market as the Trustee may approve, shall determine to be appropriate (the “Alternative Reference Stock”)) on the basis of the middle market price of the Reference Stock or the Alternative Reference Stock, as the case may be, prevailing at 11.00 a.m. on such dealing day as determined by Citibank, N.A. (or such other person as the Trustee may approve).

References in the Trust Deed and in these Conditions to principal shall, unless the context otherwise requires, be deemed to include a reference to the Redemption Price.

The “Gross Redemption Yield” on the Notes and on the Reference Stock or the Alternative Reference Stock, as the case may be, will be expressed as a percentage and will be calculated on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 4, Section One: Price/Yield Formulae “Conventional Gilts; Double-dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998 and updated on 15 January 2002 and as further updated or amended from time to time) or on such other basis as the Trustee may approve.

*(e) Optional redemption for Rating Reasons*

If “Rating Methodology Call” is specified in the applicable Final Terms in respect of the Notes, and if after a date (the “Rating Methodology Event Commencement Date”) specified as such in

such Final Terms a Rating Methodology Event occurs and within the period from and including the date of the occurrence of such Rating Methodology Event to and including the date which is the later of (i) the first anniversary of such occurrence and (ii) the fifth anniversary of the Issue Date (or such shorter period as may be set out in the relevant Final Terms in respect of the Notes), the Issuer may, subject to Condition 7(f) and in the case of (I) below, subject to the Solvency Condition and Condition 7(a) (ii), having given not less than 30 nor more than 60 days' notice to the Trustee and the Principal Paying Agent and to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), and provided that on the date of such notice the Rating Methodology Event is continuing:

- (I) redeem all, but not some only, of the Notes (unless otherwise specified hereon) at any time (if the Notes are not Floating Rate Notes, Index Linked Notes, Credit Linked Notes or Equity Linked Interest Notes) or on any Interest Payment Date (if the Notes are Floating Rate Notes, Index Linked Notes, Credit Linked Notes or Equity Linked Notes), at their Rating Event Redemption Price, together with interest accrued to but excluding the date of redemption and all Arrears of Interest (if any) as provided in Condition 5(f); or
- (II) substitute (without any requirement for the consent or approval of the Noteholders, Receiptholders or the Couponholders) at any time all but not some only of the Notes for, or vary the terms of the Notes so that they remain or become, Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this Condition 7(e) (II) and subject to the receipt by it of the certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) referred to below and in the definition of Qualifying Lower Tier 2 Securities and Rating Agency Compliant Securities) agree to such substitution or variation. The Trustee shall (at the expense of the Issuer) use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Rating Agency Compliant Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 7(e) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) stating that a Rating Methodology Event has occurred and is continuing as at the date of the certificate. The Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence and continuation of a Rating Methodology Event, in which event it shall be conclusive and binding on the Trustee and the Noteholders, the Receiptholders and the Couponholders. Upon expiry of the relevant notice the Issuer shall either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 7(e), 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.

*(f) Condition to Redemption, Substitution, Variation or Purchase*

Prior to giving any notice of redemption before the Maturity Date or effecting any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with regulatory

rules relating to minimum maturity requirements and on notification to, or consent from, (in each case, if and to the extent required), the FSA and be in continued compliance with the Regulatory Capital Requirements applicable to it from time to time. A certificate signed by two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) confirming such compliance shall be conclusive evidence of such compliance.

(g) *Early Redemption Amounts*

For the purpose of Condition 10 and if specified in respect of any other Condition of the Notes in the applicable Final Terms, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (ii) in the case of a Note (other than a Zero Coupon Note but including an Instalment Note and a Partly Paid Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (iii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} (1 + \text{AY})_y$$

Where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(h) *Instalments*

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to Condition 7(g).

(i) *Partly Paid Notes*

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 7(i) and the applicable Final Terms.

(j) *Purchases*

The Issuer or any of its Subsidiaries or Subsidiary Undertakings (as defined in the Trust Deed) may (subject to Condition 7(f) at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held,

reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

*(k) Cancellation*

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7(j) (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

*(l) Late payment on Zero Coupon Notes*

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7 (a), (b), (c), (d) or (e) above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition (g)(iii) as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

*(m) Credit Linked, Equity Linked or other structured Notes*

The Issuer may, as indicated in the applicable Final Terms and provided in a supplemental trust deed, be entitled to redeem Notes which are Credit Linked, Equity Linked or other structured Notes, including where the amount of principal and/or interest in respect of such Notes is based on the price, value, performance or some other factor relating to an asset or other property (“Reference Asset”), by physical delivery of all or part of the Reference Asset or of some other asset or property (“Physically-Settled Notes”).

## **8 Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such requirement to make such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a holder (or beneficial owner) who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; or

- (b) to, or to a third party on behalf of, a holder (or beneficial owner) who could lawfully avoid (but has not so avoided) such withholding or deduction by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption or relief to any tax authority in a place where the relevant Note, Receipt or Coupon is presented for payment; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 6(f)); or
- (d) presented for payment in the United Kingdom; or
- (e) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or
- (f) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (g) for any combination of the items listed in paragraphs (a) to (f) above.

## 9 Prescription

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## 10 Events of Default

### (a) *Rights to institute winding-up*

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings is limited to circumstances where payment in respect of the Notes has become due. Pursuant to Condition 3(c), no principal, interest or any other amount will be due on the relevant payment date if the Solvency Condition is not satisfied, at the time of and immediately after any such payment. Any payment of interest in respect of the Notes may be deferred pursuant to Condition 5 in its entirety and if so deferred will not be due. In addition, in the case of payment of principal, such payment will be deferred and will not be due if Condition 7(a)(ii) applies.

If the Issuer shall default in making any payment in respect of any interest or principal due in respect of the Notes for a period of seven days or more after the date on which such payment is due, the Trustee may institute proceedings for the winding-up of the Issuer in England and Wales and/or prove in any winding up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment.

No payment in respect of the Notes, the Coupons, the Receipts or the Trust Deed may be made by the Issuer pursuant to this Condition 10, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice



that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received consent (if required) from the FSA, which the Issuer shall confirm in writing to the Trustee.

(b) *Amount payable on winding-up*

If an order is made by a competent court or a resolution is passed for the winding-up of the Issuer (except in any such case, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become repayable) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by Noteholders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to the provisions of Condition 10(d)) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at the amount equal to their Early Redemption Amount together with accrued interest and any Arrears of Interest.

(c) *Enforcement*

Without prejudice to Conditions 10(a) and 10(b), the Trustee may at its discretion and without further notice institute such proceedings 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 relative Receipts or Coupons (other than for the payment of any amount in respect of or arising under the Notes or the relative Receipts or Coupons or the Trust Deed, including any damages awarded for breach of any obligations of the Issuer) if the Issuer is in default of such term or condition and fails to remedy such default within 14 days after notice of the same has been given to the Issuer provided that the Issuer shall not by virtue of the institution of any such proceedings 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(c) shall, subject to Condition 10(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving in any winding-up or administration of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment due from the Issuer in respect of or arising under the Notes or the relative Receipts or Coupons or the Trust Deed (including without limitation payment of any principal, premium or interest in respect of the Notes, damages awarded for any breach of any obligations of the Issuer).

(d) *Entitlement to the Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a), (b) or (c) against the Issuer to enforce the terms of the Trust Deed, the Notes or the relative Receipts or Coupons, or to take any other action under these Terms and Conditions or the Trust Deed, unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(e) *Right of Noteholders etc.*

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer in England and Wales or to prove in any winding-up or administration of the Issuer and/or claim in any liquidation of the

Issuer unless the Trustee, having become bound so to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder, Receiptholder or Couponholder shall only have such rights against the Issuer as those which the Trustee is entitled to exercise.

*(f) Extent of remedies*

No remedy against the Issuer, other than as referred to in this Condition 10, shall be available to the Trustee or any Noteholder, Receiptholder or Couponholder (i) for the recovery of amounts owing in respect of or arising under the Notes or the relative Receipts or Coupons or the Trust Deed or (ii) for the breach of any other term or condition binding on the Issuer under the Trust Deed, the Notes or the relative Receipts or Coupons or in respect of any breach by the Issuer of any of its obligations under or in respect of the Notes or the relative Receipts or Coupons or the Trust Deed, provided that nothing in this Condition 10 shall affect or prejudice the payment of costs, charges, expenses, liabilities or remuneration of the Trustee or rights and remedies of the Trustee in respect thereof.

## **11 Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12 Agents**

The names of the initial Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or have been admitted to listing and/or trading by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Paying Agent and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent in a place approved by the Trustee (such approval not to be unreasonably withheld or delayed) in continental Europe, for the avoidance of doubt excluding the UK; and
- (d) there will at all times be a Paying Agent in a Member State of the European Union (other than the United Kingdom in circumstances where a withholding tax is imposed in the United Kingdom) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC.

In addition, the Issuer shall with the prior written approval of the Trustee immediately appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(e). Any variation, termination, appointment or change shall only take effect (other than in the case of

insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and, in certain circumstances described therein, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders.

### **13 Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14 Notices**

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. 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 other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to listing and/or trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or have been admitted to listing and/or trading by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notices will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. It is expected that such publication will be made in the Financial Times in London.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or have been admitted to listing and/or trading by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

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 Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and Clearstream, Luxembourg in such

manner as the Principal Paying Agent, the Registrar and Euroclear and Clearstream, Luxembourg, may approve for this purpose.

## **15 Meetings of Noteholders, Modification and Waiver**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer at the request of Noteholders holding not less than 5 per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of, or the amount payable on redemption of, the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders. 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 the circumstances described in Condition 7(b) or 7(c) in connection with the substitution or variation of the Notes so that they become Qualifying Lower Tier 2 Securities or in the circumstances described in Condition 7(e) in connection with the substitution or variation of the Notes so that they become Rating Agency Compliant Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 7(b), 7(c) or 7(e), as the case may be.

The Trustee may (subject as provided below) agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

- (a) any modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or the Trust Deed which is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or
- (b) any modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

The Trustee may also agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of these Terms and Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders.

No modification to these Terms and Conditions or any other provisions of the Trust Deed appertaining to the Notes shall become effective unless the Issuer shall have given at least one month's prior written notice to, and received no objection from, the FSA (or such other period of notice as the FSA may from

time to time require or accept and, in any event, provided that there is a requirement to give such notice).

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders 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 and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except, in the case of the Issuer, 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.

Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, the Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

## **16 Substitution**

The Trustee may agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to the substitution at any time or times of any Subsidiary of the Issuer in place of the Issuer as principal debtor, subject to the irrevocable and unconditional guarantee of the Issuer.

Any such substitution shall also be subject to the relevant provisions of the Trust Deed, including a provision to the effect that the Trustee shall have received confirmation in writing from any rating agency which, at the request of the Issuer, shall have assigned a credit rating to the Notes that such substitution by itself and the circumstances pertaining to the substitution will not result in a downgrading of the then current credit rating assigned to the Notes by such rating agency.

## **17 Further Issues**

The Issuer shall be at liberty from time to time, without the consent of the Noteholders, the Receiptholders or the Couponholders, to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes (a "Further Issue").

## **18 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 of the Notes, Receipts, Coupons or Talons, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## **19 Definitions**

"**Assets**" means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events, all in such manner as the Directors may determine;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London.

“**Capital Disqualification Event**” is deemed to have occurred if as a result of any change to (or change to the interpretation by any court or authority entitled to do so) the Directive or its Relevant Rules; the implementation of (or the interpretation by any court or authority entitled to do so) Solvency II or its Relevant Rules; or any change to (or a change to the interpretation by any court or authority entitled to do so) Solvency II or its Relevant Rules following their implementation:

- (i) the Notes are no longer capable of counting; or
- (ii) in the circumstances where such capability derives only from transitional or grandfathering provisions under the Directive, Solvency II or the Relevant Rules, as appropriate, less than 100 per cent. of the principal amount of either:
  - (a) the Notes outstanding at such time; or
  - (b) any indebtedness outstanding at such time and classified in the same category as the Notes by the Supplementary Supervisor or the Group Supervisor, as appropriate, for the purposes of any transitional or grandfathering provisions under the Directive, Solvency II or the Relevant Rules, as appropriate,

are capable of counting:

- (A) as cover for capital requirements or treated as own funds (however such terms might be described in the Directive, Solvency II or their Relevant Rules) applicable to the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis; or
- (B) as Tier 2 Capital for the purposes of the Issuer, the Group, or any insurance undertaking within the Group whether on a solo, group or consolidated basis,

except where in either case of (A) or (B) above such non qualification is only as a result of any applicable limitation on the amount of such capital (other than the limitation set out in (ii) above);

“**Capital Disqualification Event Price**” has the meaning given to it in the relevant Final Terms;

“**Companies Act**” means the Companies Act 2006 (as amended);

“**Directive**” means Directive 98/78/EC of the European Union as amended from time to time;

“**EEA Regulated Subsidiary**” means any entity engaged in a regulated business and registered as such by a Member State of the European Economic Area in which the Issuer, directly or indirectly, holds 20 per cent. or more of the voting rights or capital;

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

“**FSA**” means the Financial Services Authority or such other governmental authority in the United Kingdom (or, if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary supervisory authority with respect to the Issuer or the Group;

“**Group**” means the Issuer and its Subsidiaries;

“**Group Supervisor**” means the regulatory authority exercising group supervision over the Group in accordance with the Solvency II Directive;

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

“**Junior Creditors**” means creditors of the Issuer whose claims rank, or are expressed to rank, junior to the claims of the Noteholders including holders of Junior Securities;

“**Junior Securities**” has the meaning given to it in Condition 3(a);

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

“**Lower Tier 2 Capital**” has the meaning given to such term by the FSA, and shall, following the implementation of Solvency II or any other change in law of any Relevant Rules such that Lower Tier 2 Capital ceases to be a recognised tier of capital resources, be deemed to be a reference to any Tier 2 Capital;

“**Mandatory 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 was made on such Interest Payment Date;

“**Other Tax Event**” means an event of the type described in Condition 7(b)(iii);

“**Par Tax Event**” means an event of the type described in Condition 7(b)(i) and/or 7(b)(ii);

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

“**Pari Passu Securities**” has the meaning given to it in Condition 3(a);

“**Perpetual Preferred Securities**” means the US\$750,000,000 8 per cent. Guaranteed Cumulative Perpetual Preferred Securities issued by Old Mutual Capital Funding L.P.;

“**Qualifying Lower Tier 2 Securities**” means securities issued directly or indirectly by the Issuer that:

- (i) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer and conclusively evidenced by a certificate to such effect of two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) delivered to the Trustee prior to the issue of the relevant securities) provided that (1) they shall contain terms which comply with the then current requirements of the FSA in relation to Lower Tier 2 Capital, (2) they shall provide for the same rate of interest as from time to time applying to the Notes and (3) they shall rank senior to, or *pari passu* with, the Notes, and (4) such securities shall preserve any existing rights under these Conditions to any accrued interest and any Arrears of Interest which has not been paid; and
- (ii) are listed or admitted to trading on the London Stock Exchange's Regulated Market, the Luxembourg Stock Exchange or such other stock exchange as is a Recognised Stock Exchange (as defined in section 1005 of the Income Tax Act 2007, as amended from time to time, and any provision, statute or statutory instrument replacing the same from time to time) at that time as selected by the Issuer and approved by the Trustee;

“**Rating Agency**” has the meaning given to it in the Final Terms in respect of the Notes;

“**Rating Agency Compliant Securities**” means securities issued directly or indirectly by the Issuer that are:

- (i) Qualifying Lower Tier 2 Securities; and

- (ii) assigned substantially the same equity content or at the absolute discretion of the Issuer a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Rating Methodology Event) that was assigned by the Rating Agency to the Notes on or around the Issue Date and provided that a certification to such effect of two Authorised Signatories of the Issuer (one of which shall be a Director or the Company Secretary) shall have been delivered to the Trustee prior to the issue of the relevant securities;

**“Rating Event Redemption Price”** has the meaning given to it in the relevant Final Terms;

**“Rating Methodology Event”** will be deemed to occur upon a change in methodology of the Rating Agency (or in the interpretation of such methodology) as a result of which the equity content assigned by the Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared to the equity content assigned by the Rating Agency to the Notes on or around the Issue Date;

**“Regulatory Capital Requirements”** means any applicable capital resources requirement or applicable overall financial adequacy rule required by the FSA, as such requirements or rule are in force from time to time;

**“Relevant Date”** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14;

**“Regulatory Deficiency Interest Deferral Event”** means (a) any event which under Solvency II and/or under the Relevant Rules requires the Issuer to defer payment of interest in respect of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II without the operation of any grandfathering provisions) and the FSA has not waived the requirement to defer payment of interest under the Subordinated Notes; or (b) the FSA has notified the Issuer in writing that it has determined in accordance with the Relevant Rules at such time that the Issuer must defer payment of interest in respect of the Notes;

**“Regulatory Deficiency Redemption Deferral Event”** means (a) any event which under Solvency II and/or under the Relevant Rules requires the Issuer to defer or suspend repayment or redemption of the Notes (on the basis that the Notes are intended to qualify as Tier 2 Capital under Solvency II without the operation of any grandfathering provisions) and the FSA has not waived the requirement to defer or suspend repayment or redemption of the Subordinated Notes; or (b) the FSA has notified the Issuer in writing that it has determined in accordance with the Relevant Rules at such time that the Issuer must defer or suspend repayment or redemption of the Notes;

**“Relevant Rules”** means any legislation, rules or regulations (whether having the force of law or otherwise) in the UK or, if the FSA ceases to be the Supplementary Supervisor or ceases to be the Group Supervisor, in the jurisdiction of the Supplementary Supervisor or of the Group Supervisor, implementing the Directive or, as applicable, the Solvency II Directive and includes the FSA Handbook and any amendment, supplement or replacement thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources;

**“Relevant Supervisory Authority”** means any regulator having jurisdiction over the Issuer or any of the EEA Regulated Subsidiaries;

**“Senior Creditors”** means (a) policyholders (if any) of the Issuer (and, for the avoidance of doubt, the claims of Senior Creditors who are policyholders shall include all amounts to which they would be



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), (b) creditors of the Issuer who are unsubordinated creditors of the Issuer and (c) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those whose claims constitute, or would but for any applicable limitation on the amount of any such capital, constitute Tier 1 Capital including, without limitation, by virtue of the operation of any grandfathering provisions by the FSA, Tier 1 Capital (issued prior to Solvency II Implementation) which following Solvency II Implementation is grandfathered as Tier 2 Capital, Upper Tier 2 Capital (issued prior to Solvency II Implementation), Lower Tier 2 Capital (issued prior to the Solvency II Implementation) or Tier 2 Capital (issued on or after the Solvency II Implementation) or whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders);

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

“**Solvency II**” means the Solvency II Directive and any implementing measures adopted pursuant to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation or by further directives or otherwise);

“**Solvency II Directive**” means Directive 2009/138/EC of the European Union of 25 November 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) and which must be transposed by member states of the European Economic Area pursuant to Article 309 of Directive 2009/138/EC;

“**Solvency II Implementation**” means the implementation by the FSA of Solvency II or any other change in law or any Relevant Rules only if such implementation or other changes result in Upper Tier 2 Capital and Lower Tier 2 Capital ceasing to be recognised tiers of capital;

“**Subsidiary**” means any company which is for the time being a subsidiary of the Issuer (within the meaning of section 1159 of the Companies Act 2006 or section 736 of the Companies Act 1985);

“**Supplementary Supervisor**” means the competent authority exercising supplementary supervision over the solvency of the Group in accordance with the Directive;

“**Tax Jurisdiction**” means the United Kingdom (or, if a Subsidiary has been substituted for the Issuer (pursuant to Condition 16), such Subsidiary's jurisdiction of incorporation) or any political subdivision or authority therein or thereof having the power to tax;

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which are capable of constituting Lower Tier 2 Capital) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment (x) (subject to (y)) becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes (or, if a Subsidiary has been substituted for the Issuer (pursuant to Condition 16 or otherwise) which is subject to one or more additional Tax Jurisdictions, then, in relation to such additional Tax Jurisdictions only, after the date of such substitution) (the “Tax Law Change Date”), or

(y) in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by United Kingdom Act of Parliament or by Statutory Instrument, on or after the Tax Law Change Date;

“**Tier 1 Capital**” has the meaning given to it by the FSA from time to time;

“**Tier 2 Capital**” has the meaning given to it by the FSA from time to time;

“**UK Listing Authority**” means the FSA in its capacity as competent authority for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) or any successor authority or authorities appointed as the competent authority for the purposes of FSMA or otherwise;

“**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland; and

“**Upper Tier 2 Capital**” has the meaning given to it by the FSA from time to time.

## **20 Governing Law and Submission to Jurisdiction**

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

The Issuer irrevocably agrees, for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders, that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts, the Talons, the Coupons and any non-contractual obligations arising out of or in connection with them and accordingly submits to the exclusive jurisdiction of the English courts.

The Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee, the Noteholders, the Receiptholders and the Couponholders, may take any suit, action or proceedings arising out of or in connection with the Trust Deed, the Notes, the Receipts, the Talons, the Coupons and any non-contractual obligations arising out of or in connection with them, against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

## FINAL TERMS APPLICABLE TO THE NOTES

References in the Terms and Conditions to Final Terms shall be deemed to refer to the final terms set out below.

### FORM OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for the Notes.*

Final Terms dated 1 June 2011

#### Old Mutual plc

#### Issue of £500,000,000 8.00 per cent. Subordinated Notes due 3 June 2021

#### under the

#### £3,500,000,000 Euro Note Programme

The Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Joint Lead Manager has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

#### Part A – Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “Conditions”) set forth in the Prospectus dated 1 June 2011 which constitutes a prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the registered office of the Issuer at 5th Floor, Old Mutual Place, 2 Lambeth Hill, London EC4V 4GG, United Kingdom and copies may be obtained from the specified office of the Principal Paying Agent at 21<sup>st</sup> Floor Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.

1	Issuer:	Old Mutual plc
2	(a) Series Number:	26
	(b) Tranche Number:	1
3	Specified Currency or Currencies:	Sterling (“£”)
4	Aggregate Nominal Amount:	
	(a) Series:	£500,000,000
	(b) Tranche:	£500,000,000
5	Issue Price:	100 per cent. of the Aggregate Nominal Amount
6	(i) Specified Denominations:	£100,000 and integral multiples of £1,000 in excess thereof up to and including £199,000. No Notes in definitive form will be issued with a denomination

		above £199,000
	(ii) Calculation Amount:	£1,000
7	(a) Issue Date:	3 June 2011
	(b) Interest Commencement Date:	Issue Date
8	Maturity Date:	3 June 2021
9	Interest Basis:	8.00 per cent. Fixed Rate (further particulars specified below)
10	Redemption/Payment Basis:	Redemption at par
11	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12	Put/Call Options:	Not Applicable
13	(a) Status of the Notes:	Solvency II Tier 2
	(b) Date of Board and Approvals Committee approval for issuance of Notes obtained:	Board Approval: 13 April 2011 Approvals Committee Approval: 16 May 2011
	(c) Contingent Debt Obligation:	No
14	Method of distribution:	Syndicated
<b>Provisions relating to Interest (if any) Payable</b>		
15	Fixed Rate Note Provisions:	Applicable
	(a) Rate(s) of Interest:	8.00 per cent. per annum payable semi- annually in arrear
	(b) Interest Payment Date(s):	3 June and 3 December in each year up to and including the Maturity Date
	(c) Fixed Coupon Amount(s):	£40 per Calculation Amount
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Actual/Actual (ICMA)
	(f) Determination Date(s):	3 June and 3 December in each year
	(g) Other terms relating to the method of calculating interest for Fixed Rate:	None
16	Floating Rate Note Provisions:	Not Applicable
17	Zero Coupon Note Provisions	Not Applicable
18	Index Linked Interest Note/Equity Linked Interest Note/Credit Linked	Not Applicable

	Interest Note Provisions:	
19	Dual Currency Interest Note Provisions:	Not Applicable
<b>Provisions relating to Redemption</b>		
20	Optional Deferral of Interest:	Not Applicable
21	Capital Disqualification Call:	Applicable
	(i) Capital Disqualification Event Price:	£1,000 per Calculation Amount
22	Rating Methodology Call:	Not Applicable
23	Issuer Call:	Not Applicable
24	Investor Put:	Not Applicable
25	Final Redemption Amount:	£1,000 per Calculation Amount
26	(i) Early Redemption Amount payable on event of default and/or the method of calculating the same:	As set out in Condition 7(g)
	(ii) Amount of each Note payable if a Par Tax Event occurs:	Nominal Amount
	(iii) Other Tax Event Redemption Price of each Note payable if an Other Tax Event occurs:	Nominal Amount
	(iv) Regulatory Redemption Event:	Not Applicable
	(v) Substitution Preference Share Early Redemption Date:	Not Applicable
	(vi) Suspension Redemption Price:	Not Applicable
<b>General Provisions applicable to the Notes</b>		
27	New Global Note:	No
28	Form of Notes:	Bearer Notes:  Temporary Global Note exchangeable for a Permanent Global Note on and after the Exchange Date which is exchangeable for Definitive Bearer Notes only upon an Exchange Event
29	Additional Financial Centre(s) or other special provisions relating to	Not Applicable

	Payment Days:)	
30	Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature):	No
31	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	Not Applicable
32	Details relating to Instalment Notes:	
	(a) Instalment Amount(s):	Not Applicable
	(b) Instalment Date(s):	Not Applicable
33	Redenomination provisions:	Not Applicable
34	Consolidation provisions:	Not Applicable
35	Other final terms:	Not Applicable

**Distribution**

36	If syndicated, names of Managers:	Credit Agricole Corporate and Investment Bank Deutsche Bank AG, London Branch Merrill Lynch International The Royal Bank of Scotland plc
	Stabilising Manager(s) (if any):	Not Applicable
37	If non-syndicated, name of relevant Dealer:	Not Applicable
38	U.S. Selling Restrictions:	Reg. S. Compliance category 2: TEFRA D
39	Additional selling restrictions:	Not Applicable

**Listing and Admission to Trading Application**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the £3,500,000,000 Euro Note Programme of the Issuer.

**Responsibility**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....  
*Duly authorised*

## Part B – Other Information

### 1. Listing

- |   |  |
|---|--|
| (a) Listing:  | London   |
| (b) Admission to trading:                                       | Application has been made for the Notes to be admitted to trading on the London Stock Exchange plc's Regulated Market with effect from 3 June 2011 |
| (c) Estimate of total expenses related to admission to trading: | £3,650   |

### 2. Ratings

- |          |   |
|----------|---|
| Ratings: | The Notes to be issued have been rated:<br>Moody's: Baa3<br>Fitch: BBB-<br>Moody's Investors Services Limited ("Moody's") and Fitch Ratings Limited ("Fitch") are established in the European Union and have each applied for registration under Regulation (EC) No 1060/2009, although the result of such application has not yet been determined. |
|----------|---|

### 3. Interests of Natural and Legal Persons involved in the Issue

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

### 4. Yield (Fixed Rate Notes only)

- |                      |  |
|----------------------|--|
| Indication of yield: | 8.00 per cent. (semi-annual)<br>The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield |
|----------------------|--|

### 5. Operational Information

- |  |                          |
|--|--------------------------|
| (a) ISIN Code:   | XS0632932538             |
| (b) Common Code:   | 063293253                |
| (c) Other Securities Codes:  | Not Applicable           |
| (d) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | Not Applicable           |
| (e) Delivery:  | Delivery against payment |
| (f) Names and addresses of additional Paying Agent(s) (if any):  | Not Applicable           |
| (g) In the case of Registered Notes, specify the location of the Registrar if other than Jersey:   | Not Applicable           |

- |     |   |                |
|-----|---|----------------|
| (h) | Name and address of Calculation Agent:                                    | Not Applicable |
| (i) | Name and address of AISM Calculation Agent (Tier 1 Notes only):           | Not Applicable |
| (j) | Intended to be held in a manner which would allow Eurosystem eligibility: | No             |



## **GENERAL INFORMATION**

### **Authorisation**

The establishment of the Programme and the issue of Notes have been duly authorised by resolutions of the Board of Directors of the Issuer dated 25 November 1999, 7 March 2000 and 5 July 2000 and by resolutions of the Executive Committee (now known as the Approvals Committee) of the Board of Directors of the Issuer dated 11 July 2000.

The update of the Programme was duly authorised by resolutions of the Board of Directors of the Issuer dated 22 January 2010 and by resolutions of the Approvals Committee of the Board of Directors of the Issuer dated 2 September 2010.

The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 13 April 2011 and by resolutions of the Approval Committee of the Board of Directors of the Issuer dated 16 May 2011.

### **Listing of Notes**

Application has been made to the UK Listing Authority for notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such notes to be admitted to trading on the London Stock Exchange's Regulated Market. The admission of the Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes (if more than one) which is to be admitted to the Official List and to trading on the London Stock Exchange's Regulated Market will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The listing of the Programme was granted on or around 15 September 2010.

### **Documents Available**

For so long as Notes may be issued pursuant to this Prospectus, copies of the following documents will, when published, be available for inspection at the registered office of the Issuer and at the specified office of the Paying Agent for the time being in London, during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays):

- (i) the memorandum and articles of association of the Issuer;
- (ii) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2009 and 31 December 2010;
- (iii) the Agency Agreement, the Trust Deed and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons; and
- (iv) a copy of this Prospectus and the documents incorporated by reference herein.

### **Clearing Systems**

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg are specified in the Final Terms.

The address of Euroclear is Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-855 Luxembourg.

## **Share Capital**

The Issuer has a single class of share capital, which is divided into Ordinary shares of 10 pence each. The Issuer's issued share capital at 31 December 2010 was £569,522,432.60 divided into 5,695,224,326 Ordinary shares of 10 pence each. The total number of voting rights in the Issuer's issued share capital at 31 December 2010 (excluding 239,434,888 shares held in treasury) was 5,455,789,438. The Issuer is able to issue additional shares as and when required, subject to its shareholders having granted authority to allot. The Issuer seeks authority from its shareholders on an annual basis to issue up to 5% of its issued share capital without observing pre-emption rights, in line with relevant regulations and best practice. The Issuer's existing authorities to issue shares and to do so without observing pre-emption rights are due to expire at the end of this year's AGM, but an ordinary resolution and a special resolution to approve the renewal of these authorities respectively will be put to shareholders at the 2011 AGM.

Authorities from the shareholders for the Issuer to make market purchases of, and/or to purchase pursuant to contingent purchase contracts relating to each of the overseas exchanges on which the Issuer's shares are listed, up to an aggregate of 542,733,000 of its own shares were in force at 31 December 2010.

In the period 1 January 2010 to the date of this document, 2,923,076 shares have been issued by the Issuer and none have been bought back. At 21 May 2011, 5,698,147,402 shares were issued and fully paid up.

The total number of voting rights in the Issuer's issued share capital at 21 May 2011 (excluding 239,434,888 shares held in treasury) was 5,458,712,514.

## **Major Shareholders**

At 31 December 2010, the following substantial interests in voting rights had been declared to the Issuer in accordance with the Disclosure and Transparency Rules: Cevian Capital (5.82 per cent), BlackRock Inc. (5.6813 per cent.), Public Investment Corporation of the Republic of South Africa (5.62 per cent.), Sanlam Investment Management (Pty) Limited (4.84 per cent), Legal & General Group Plc (3.53 per cent.) and Old Mutual Life Assurance Company (South Africa) Limited (3.41 per cent.).

## **Material Contracts**

The following are the material contracts (not being contracts entered into in the ordinary course of business) that have been entered into by the Issuer and its Subsidiaries which are or may be, material to the Issuer's ability to meet its obligations to Noteholders:

- In April 2011, the Issuer entered into a new £1,200 million five-year multi-currency revolving Facility for the Group. The new Facility is to be used for the general corporate purposes of the Issuer and its Subsidiaries and for refinancing the Issuer's previous £1,232 million five-year multi-currency revolving Facility which had a maturity date of September 2012.
- Trust deed dated 24 March 2005 between Old Mutual and HSBC Corporate Trustee Company (UK) Limited constituting £350 million Perpetual Preferred Callable Securities.
- Old Mutual Capital Funding L.P. \$750 million 8 per cent. Guaranteed Cumulative Perpetual Preferred Securities guaranteed on a subordinated basis by the Company.

## **Corporate Governance**

The Issuer's Group Audit Committee consists of five independent non-executive directors: R M J Marshall (Chairman), M Arnold, R P Edey, A Gillespie and B Nqwababa. The Group Audit Committee's duties include monitoring the integrity of the financial statements, reviewing the Issuer's internal financial controls, monitoring and reviewing the independence and effectiveness of the Issuer's internal audit function and its

activities, compliance with the annual audit plan, the audit process and external auditors and reviewing the Group's "whistleblowing" arrangements.

The Issuer's Board Risk Committee consists of six non-executive directors and one executive director: M Arnold (Chairman), E Castillo, R J Khoza, R M J Marshall, L H Otterbeck and the Group Finance Director, P A J Broadley.

As at the date of this document, the Issuer is in full compliance with the provisions of the UK Code of Corporate Governance issued by the Financial Reporting Council in June 2008.

### **Significant or Material Change**

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 December 2010 and, other than in relation to the announcement on 7 April 2011 regarding the sale of US Life (as described in further detail in the fifth paragraph of page 178 of the Prospectus (being the final paragraph before the section "*Old Mutual Group – Long Term Savings (LTS)*"), there has been no material adverse change in the financial position or prospects of the Issuer or the Group since 31 December 2010.

### **Legal and Arbitration Proceedings**

Neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, during the 12 months preceding the date of this document, a significant effect on the financial position or profitability of the Issuer or the Group as a whole.

### **Auditors**

The auditors of the Issuer are KPMG Audit Plc (the "Auditors"), Chartered Accountants (and members of the Institute of Chartered Accountants in England and Wales), of 15 Canada Square, London E14 5GL.

KPMG Audit Plc has audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the financial years ended 31 December 2008, 2009 and 2010. The Auditors of the Issuer have no material interest in the Issuer or the Group.

### **Trustee's reliance on certificates**

The Trust Deed provides that any certificate of any person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of such person in respect thereof.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to the Notes.

### **Joint Lead Managers transacting with the Issuer**

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer and its affiliates in the ordinary course of business.

**REGISTERED OFFICE OF THE ISSUER**

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**JOINT LEAD MANAGERS**

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**Credit Agricole Corporate and Investment Bank**

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London EC2A 2DA  
United Kingdom

**Merrill Lynch International**

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London EC1A 1HQ  
United Kingdom

**The Royal Bank of Scotland plc**

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United Kingdom

**TRUSTEE**

**Citicorp Trustee Company Limited**

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Canary Wharf  
London E14 5LB

**ISSUING AND PAYING AGENT, REGISTRAR AND TRANSFER AGENT**

**Citibank, N.A., London Branch**

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Canary Wharf  
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**PAYING AGENT AND TRANSFER AGENT**

**Dexia Banque Internationale à Luxembourg société anonyme**

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*To the Issuer*

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