

PROSPECTUS DATED 24 JUNE 2014



## LEGAL & GENERAL GROUP PLC

*(incorporated with limited liability in England & Wales with registered no. 01417162)*

### **£600,000,000 Fixed Rate Reset Subordinated Notes due 2064**

### **Issued pursuant to the £3,000,000,000 Euro Note Programme**

This document (including all documents which are incorporated by reference herein) constitutes a prospectus (the "Prospectus") in respect of the £600,000,000 Fixed Rate Reset Subordinated Notes due 2064 (the "Notes") to be issued by Legal & General Group Plc (the "Issuer") for the purposes of Article 5 of Directive 2003/71/EC (as amended) (the "Prospectus Directive") and the relevant implementing measures in the United Kingdom.

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "FCA"), which is the United Kingdom competent authority (in such capacity, the "UK Listing Authority") for the purposes of the Prospectus Directive and this Prospectus provides information with regard to the Issuer and its subsidiaries (each a "Subsidiary" and, the Issuer together with its Subsidiaries, the "Group") and the Notes which is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to the Notes.

Application has been made to the UK Listing Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 ("FSMA") 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 the Notes to be admitted to trading on the London Stock Exchange's Regulated Market (the "Market"). References in this Prospectus to the Notes being "listed" (and all related references) shall, unless the context otherwise requires, mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and Council on markets in financial instruments.

The Notes will be issued pursuant to the Issuer's and Legal and General Finance PLC's £3,000,000,000 Euro Note Programme (the "Programme") and will be constituted by a supplemental trust deed dated 27 June 2014 (the "Supplemental Trust Deed") to the trust deed dated 8 April 2003 (as amended and restated pursuant to an amending and restating deed dated 23 May 2014) relating to the Programme (the "Trust Deed").

The Notes will initially be represented by a temporary global note (the "Temporary Global Note"), in bearer form and without interest coupons, and will be deposited on or about 27 June 2014 with a common depository for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"). The Temporary Global Note will be exchangeable for interests recorded in the records of Euroclear and Clearstream, Luxembourg in a permanent global note (the "Permanent Global Note"), in bearer form and without interest coupons, on or after a date which is expected to be 6 August 2014 upon certification as to non-US beneficial ownership. The Permanent Global Note will be exchangeable for definitive Notes in bearer form in the denominations of £100,000 and higher integral multiples of £1,000 up to and including £199,000 in the limited circumstances set out in it. See "Summary of Provisions Relating to the Notes while in Global Form" in the Base Prospectus (as defined herein) which is incorporated by reference into this Prospectus.

The Notes are expected to be assigned a rating of Baa1 by Moody's Investors Service Ltd. ("Moody's") and BBB+ by Standard & Poor's Credit Market Services Europe Limited ("S&P"). Each of Moody's and S&P is established in the European Union and registered under Regulation 1060/2009/EC of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (as amended). A credit 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.

Prospective investors should have regard to the risk factors incorporated by reference into this Prospectus.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or with any securities regulatory authority of any State or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S of the Securities Act).

*Structuring Adviser*

**The Royal Bank of Scotland**

*Joint Lead Managers*

**Barclays**

**HSBC**

**Citigroup**

**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” below).

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Joint Lead Managers. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Notes made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof, or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see the section headed “Subscription and Sale” incorporated by reference herein.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or any of the Joint Lead Managers to subscribe for, or purchase, any Notes.

To the fullest extent permitted by law, none of the Joint Lead Managers accept any responsibility for the contents of this Prospectus or for any other statement made, or purported to be made, by any of the Joint Lead Managers or on its behalf in connection with the Issuer or the issue and offering of the Notes. Each Joint Lead Manager disclaims all and any liability to any investor 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. Neither this Prospectus nor any other information supplied in connection with the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer or any of the Joint Lead Managers that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus or any other information supplied in connection with the Notes and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Joint Lead Managers undertake to review the financial condition or affairs of the Issuer nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Joint Lead Managers.

The Royal Bank of Scotland plc (the “Stabilising Manager(s)”) (or any person acting on behalf of any Stabilising Manager(s)) 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 any person acting on behalf of any Stabilising

Manager(s)) 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 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 (as defined in the Final Terms 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 any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to overall portfolios. A potential investor should not invest in the Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are lawful investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to "sterling" and "£" are to the currency of the United Kingdom of Great Britain and Northern Ireland (the "United Kingdom" or "UK"), all references to "€" and "euro" are to the single currency which was introduced at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Community (as amended from time to time), and all references to "US Dollars", "U.S.\$" and "\$" are to the lawful currency of the United States of America.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus and which have been approved by the FCA or filed with it:

- (1) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2012, together with the audit report thereon (which appear at pages 106 to 237 (inclusive) of the Issuer's Annual Report and Accounts 2012);
- (2) the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2013, together with the audit report thereon (which appear at pages 106 to 248 (inclusive) of the Issuer's Annual Report and Accounts 2013);
- (3) the following sections of the base prospectus approved by the UK Listing Authority on 23 May 2014 relating to the Issuer's £3,000,000,000 Euro Note Programme (the "Base Prospectus"):
  - (a) the section entitled "Factors that may affect the Issuers' ability to fulfil their obligations under the Programme" as set out under "Risk Factors" on pages 13 to 19 thereof;
  - (b) the section entitled "Risks related to the structure of a particular issue of Notes" as set out under "Risk Factors – Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme" on pages 19 to 20 thereof, save for the risk factor entitled "*Fixed/Floating Rate Notes*";
  - (c) the section entitled "Risks relating to the Dated Tier 2 Notes" as set out under "Risk Factors – Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme" on pages 20 to 21 thereof;
  - (d) the section entitled "Risks related to Notes generally" as set out under "Risk Factors - Factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme" on pages 23 to 25 thereof;
  - (e) the section entitled "Risks related to the market generally" as set out under "Risk Factors" on pages 25 to 26 thereof;
  - (f) the section entitled "Summary of Provisions Relating to the Notes while in Global Form" as set out on pages 87 to 91 thereof;
  - (g) the section entitled "Legal and General Group Plc" as set out on pages 93 to 94 thereof;
  - (h) the section entitled "Taxation" as set out on pages 96 to 98 thereof; and
  - (i) the section entitled "Subscription and Sale" as set out on pages 99 to 100 thereof.

The relevant sections of such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is 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 or in any supplemental prospectus prepared pursuant to section 87 of the FSMA modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, 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. The financial information relating to the Issuer contained in Items (1) and (2) listed above were prepared in accordance with applicable law and International Financial Reporting Standards as adopted

by the European Union. The parts of the above mentioned documents which are not incorporated by reference into this Prospectus are either not relevant for investors or are covered elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the registered office of the Issuer at One Coleman Street, London EC2R 5AA and from the specified office of the Issuing and Paying Agent at 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and from the website of the Regulatory News Service operated by the London Stock Exchange at: <http://www.londonstockexchange.com/exchange/news/marketnews/market-news-home.html>

**TABLE OF CONTENTS**

OVERVIEW OF THE NOTES ..... 7

TERMS AND CONDITIONS OF THE NOTES .....12

FINAL TERMS OF THE NOTES.....51

GENERAL INFORMATION .....55

## OVERVIEW OF THE NOTES

*The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and the Final Terms of the Notes. Words and expressions defined in “Terms and Conditions of the Notes” below shall, as appropriate, have the same meanings in this overview.*

<b>Issuer:</b>	Legal & General Group Plc
<b>Notes:</b>	£600,000,000 Fixed Rate Reset Subordinated Notes due 2064
<b>Joint Lead Managers:</b>	Barclays Bank PLC Citigroup Global Markets Limited HSBC Bank plc The Royal Bank of Scotland plc
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Issuing and Paying Agent:</b>	Citibank, N.A., London Branch
<b>Calculation Agent</b>	Citibank, N.A., London Branch
<b>Issue Price:</b>	98.641 per cent.
<b>Form of Notes:</b>	Bearer Notes, represented on issue by a Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.
<b>Maturity Date:</b>	27 June 2064
<b>Clearing Systems:</b>	Euroclear and Clearstream, Luxembourg
<b>Initial Delivery of Notes:</b>	On or before the Issue Date, the Temporary Global Note will be deposited with a common depository for Euroclear and Clearstream, Luxembourg.
<b>Currency:</b>	Sterling
<b>Specified Denomination:</b>	The Notes will be issued in denominations of £100,000 each and integral multiples of £1,000 in excess thereof up to (and including) £199,000.
<b>Interest:</b>	Fixed interest will be payable semi-annually at the Initial Rate of Interest in arrear on the Interest Payment Dates in each year for an initial period as specified in the Final Terms of the Notes. Thereafter, the interest rate shall be recalculated on each Reset Determination Date by reference to the Subsequent Reset Reference Rate, plus the Step-Up Margin and the Initial Credit Spread, in each case as specified in the Final Terms of the Notes.
<b>Interest Deferral:</b>	The Issuer may, on any Optional Interest Payment Date, defer payments of interest 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 or would occur if the relevant interest were to be paid) or if the payment of the relevant interest would give rise to a breach of the Solvency Condition.

**Arrears of Interest:**

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

Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Conditions 5(a), 5(b) or 3(b), may (subject to the Solvency Condition and to any notifications to, or consent from the Relevant Regulator), be paid in whole or in part at any time at the option of the Issuer upon notice to the Noteholders, and in any event will become due and payable (subject, in the case of (i) and (iii) below, to the Solvency Condition) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date on which payment of interest in respect of the Notes is made (other than a voluntary payment by the Issuer of any Arrears of Interest); 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 or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (B) 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; or
- (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

No interest will accrue on Arrears of Interest.

**Optional Redemption:**

The Notes may, subject as provided in Condition 6, be redeemed in whole but not in part on any Optional Redemption Date at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with the Conditions and any Arrears of Interest.



**Early Redemption, Variation or Substitution for Taxation Reasons or a Capital Disqualification Event:**

The Notes may not be redeemed at the option of the holders.

Upon the occurrence of a Tax Event or a Capital Disqualification Event the Notes may be (i) substituted in whole but not in part for, or their terms varied so that they become, Qualifying Lower Tier 2 Securities; or (ii) redeemed in whole but not in part in the case of (x) a Tax Event, at their Early Redemption Amount or (y) a Capital Disqualification Event, at the Special Redemption Price, together in each case with any interest accrued to (but excluding) the date of redemption and any Arrears of Interest, all as more particularly described in Condition 6.

**Early Redemption for a Rating Methodology Event:**

Upon the occurrence of a Rating Methodology Event after the Rating Methodology Commencement Date the Notes may be (i) substituted in whole but not in part for, or their terms varied so that they become, Rating Agency Compliant Securities; or (ii) redeemed in whole but not in part at the Special Redemption Price with any interest accrued to (but excluding) the date of redemption and any Arrears of Interest, all as more particularly described in Condition 6.

**Conditions to Redemption, Variation, Substitution or Purchase:**

Any redemption of the Notes is subject to the proviso that no Regulatory Deficiency Redemption Deferral Event has occurred which is continuing, or would occur as a result of any such redemption. Any redemption, substitution, variation or purchase of the Notes is subject to the Issuer having complied with regulatory rules on notification to or consent from (in each case, if and to the extent applicable) the Relevant Regulator and other conditions, as more particularly described in Condition 6(b).

**Status of the Notes:**

The Notes constitute direct, unsecured, unconditional and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up (save as provided in Condition 3(c)) or administration of the Issuer where the administrator has given notice of his intention to declare and distribute a dividend, the payment obligations of the Issuer under or arising from the Notes shall be subordinated to the claims of all Senior Creditors of the Issuer but shall rank at least *pari passu* with all other obligations of the Issuer which constitute Lower Tier 2 Capital (if issued prior to Solvency II Implementation) or Tier 2 Capital (if issued on or after Solvency II Implementation) and shall rank in priority to Existing Undated Tier 2 Securities, all obligations of the Issuer which constitute (or would, but for any applicable limitation on the amount of such capital, constitute) Tier 1 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions) and all classes of share capital of the Issuer.

**Solvency Condition:**

Except as provided in Condition 3(b), all payments in respect of the 2 Notes shall be conditional upon the Issuer being solvent as defined in Condition 3(b) at the time on which payment by the Issuer would otherwise be due, and no amount shall be payable under or arising from the Notes unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter, as more particularly described in Condition 3.

**Termination of Replacement Capital Covenant:**

On 2 May 2007, the Issuer issued £600,000,000 Perpetual Preferred Callable Capital Securities (the “Capital Securities”) and in connection therewith executed a deed poll dated 11 July 2007 (the “Replacement Capital Covenant”) in favour of the holders of certain classes of debt issued and/or guaranteed by the Issuer and its subsidiaries from time to time (“Relevant Debt” and “Relevant Debtholders”, respectively). Pursuant to the Replacement Capital Covenant, the Issuer covenanted to the Relevant Debtholders that it would not repay, redeem or repurchase, and would cause its subsidiaries not to purchase, any of the Capital Securities, unless the principal amount repaid or the applicable redemption, purchase or repurchase price did not exceed certain limits, as further described in the Replacement Capital Covenant.

On a date falling after the Issue Date, the Notes are expected to constitute Relevant Debt for the purposes of the Replacement Capital Covenant (such date, as determined in accordance with the provisions of the Replacement Capital Covenant, the “Redesignation Date”).

Clause 4.1(b) of the Replacement Capital Covenant provides that the Replacement Capital Covenant may be terminated with the approval of the holders of at least a majority in principal amount of the then outstanding Relevant Debt.

If the Notes become Relevant Debt with effect from the Redesignation Date, each Noteholder and each person who is shown in the records of the Clearing Systems as the owner of an account to which an interest in the Notes is credited as at such Redesignation Date (each in its capacity as a Relevant Debtholder) shall, by virtue of holding such Note or interest, approve the termination of the Replacement Capital Covenant and the obligations of the Issuer thereunder with effect from such Redesignation Date (the “Termination Date”).

With effect from the Termination Date, therefore, the Noteholders and each person who is shown in the records of the

Clearing Systems as the owner of an account to which an interest in the Notes is credited will no longer be entitled to the benefit of the Replacement Capital Covenant and the Issuer shall have no further obligations thereunder.

**Withholding Tax:**

All payments of principal and interest in respect of the Notes will be made without withholding or deduction for or on account of United Kingdom taxes, unless such deduction or withholding is required by law. In the event that any such deduction or withholding is required by law to be made, the Issuer will, save in certain limited circumstances (as further described in Condition 8), be required to pay additional amounts to cover the amounts so deducted or withheld.

**Governing Law of the Notes:**

English

**Listing:**

Applications have been made to list the Notes on the Official List and to admit them to trading on the Market.

**Ratings:**

The Notes are expected to be assigned ratings of BBB+ by Standard & Poor's and Baa1 by 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.

**Selling Restrictions:**

See the section of the Base Prospectus headed "Subscription and Sale" incorporated by reference herein.

Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act, as amended.

The Notes will be issued in compliance with U.S. Treasury Regulation §1.163-5(c)(2)(i)(D) (the "D Rules").

**Use of Proceeds:**

The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group, and to strengthen further its capital base.

**Regulatory treatment of the Notes:**

As of the Issue Date, the Notes are intended to qualify (but for any applicable limitation on the amount of such capital) as Tier 2 Capital pursuant to the Relevant Rules applicable to the Issuer. For more information on the expected regulatory treatment of the Notes, see the risk factor entitled "Redemption and Exchange Risk" incorporated by reference herein.

**ISIN Code:**

XS1079028566

**Common Code:**

107902856

## TERMS AND CONDITIONS OF THE NOTES

*The following (other than the italicised paragraph in Condition 3(d)) is the text of the terms and conditions (the “Conditions”) that, subject to completion in accordance with the provisions of Part A of the Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note representing the Notes. The full text of the Conditions, together with the relevant provisions of Part A of the Final Terms, shall be endorsed on such Bearer Notes. Accordingly, references in the Conditions to provisions specified hereon shall be to provisions endorsed on the face of the relevant Note as set out in the relevant Final Terms. All capitalised terms that are not defined in the Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes.*

The Notes are constituted by a Trust Deed dated 8 April 2003 (as amended and restated pursuant to an Amending and Restating Deed dated 23 May 2014, and as supplemented by a supplemental trust deed dated 27 June 2014 being the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between Legal & General Group Plc (“L&G” or the “Issuer”), Legal & General Finance PLC (“L&GF”) and The Law Debenture Trust Corporation p.l.c. (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). The Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement dated 8 April 2003 (as amended and restated pursuant to an Amending and Restating Agreement dated 23 May 2014 and as amended or supplemented as at the Issue Date, the “Agency Agreement”) has been entered into in relation to the Notes between L&G, L&GF, the Trustee, Citibank, N.A. as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) from time to time are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar) and the “Calculation Agent(s)” (together, the “Agents”). Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders and the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

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

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) shown hereon provided that all Notes shall have a minimum Specified Denomination of €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

All Registered Notes shall have the same Specified Denomination.

This Note is a Fixed Rate Note, a Fixed Rate Reset Note, a Floating Rate Note or a Zero Coupon Note depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

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

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

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

## **2 Transfers of Registered Notes, etc.**

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

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

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

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

enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

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

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

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

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

**(e) *Closed Periods***

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption of that Note, (ii) during the period of 15 days ending on (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date.

### **3 Status**

**(a) *Status of Notes***

The Notes and the Coupons relating to them constitute 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 the case of 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, the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and (ii) do not provide that the Notes shall thereby become payable) or administration of the Issuer where the administrator has given notice of his intention to declare and distribute a dividend, the payment obligations of the Issuer under or arising from the Notes and the Coupons relating to them and the Trust Deed (including, without limitation, any payments in respect of damages awarded for breach of any obligations) shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank:

- (i) in the case of Notes issued with a Maturity Date specified hereon: (i) 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, if the Issue Date of the first Tranche of the Notes is prior to Solvency II Implementation, or Tier 2 Capital (issued on or after Solvency II Implementation) if the Issue Date of the first Tranche of the Notes is on or after Solvency II Implementation (“Pari Passu Securities”); and (ii) in priority to the claims of holders of Existing Undated Tier 2 Securities, all obligations of the Issuer which constitute (or would but for any applicable limitation on the amount of such capital constitute) Tier 1 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules) and all classes of share capital of the Issuer (“Junior Securities”); and
- (ii) in the case of Notes issued without a Maturity Date specified hereon: (i) 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) Existing Undated Tier 2 Securities, if the Issue Date of the first Tranche of the Notes is prior to Solvency II Implementation, or Tier 2 Capital (issued on or after Solvency II Implementation), if the Issue Date of the first Tranche of the Notes is on or after Solvency II Implementation (“Pari Passu Securities”); and (ii) in priority to the claims of holders of Existing Undated Tier 2 Securities, if the Issue Date of the first Tranche of the Notes is on or after Solvency II Implementation, all obligations of the Issuer which constitute (or would but for any applicable limitation on the amount of such capital constitute) Tier 1 Capital (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules) and all classes of share capital of the Issuer (“Junior Securities”).

**(b) Solvency Condition**

All payments under or arising from the Notes and the Coupons relating to them and the Trust Deed (including, without limitation, any payments in respect of damages awarded for breach of any obligations) 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 the Coupons relating to them or the Trust Deed (including, without limitation, any payments in respect of damages awarded for breach of any obligations) unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter (referred to herein as the “Solvency Condition”). For the purposes of this Condition 3(b), the Issuer shall 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 its Liabilities to persons who are Junior Creditors). A report as to solvency of the Issuer signed by two Directors of the Issuer or, if there is a winding-up or administration of the Issuer, the liquidator or, as the case may be, the administrator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Notes 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 further investigation and without liability to any person for doing so. In a winding-up of the Issuer (except in the case of 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, the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and (ii) do not provide that the Notes shall thereby become payable) 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 (to the extent not otherwise included within the foregoing) any other amount under or arising from the Notes. Payment of such amount will be subordinated in the manner described in Condition 3(a).

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 breach of any obligations in respect of which the conditions referred to in this Condition 3(b) 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 or any applicable administration of the Issuer as provided in Condition 3(a). A Solvency Claim shall not itself bear interest.

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

Subject to applicable law, no holder of the Notes or the Coupons relating to them 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 Coupons relating to them and each holder shall, by virtue of being the holder of any Note or Coupon, as the case may be, 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 holder of the Notes or the Coupons relating to them by the Issuer in respect of, or arising under or in connection with, the Notes or the Coupons relating to them is discharged by set-off, such holder 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 appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by 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, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and accordingly any such discharge shall be deemed not to have taken place. The perpetuity period for each trust created pursuant to this Condition 3(c) shall be 125 years from the date such trust becomes constituted.

As used in this Condition 3, the expression “obligations” includes any direct or indirect obligations of the Issuer and whether by way of guarantee, indemnity, other contractual support arrangement or otherwise and regardless of name or designation.

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 above) have been satisfied.

**(d) *Benefit of Replacement Capital Covenant***

*On 2 May 2007, the Issuer issued its £600,000,000 Perpetual Preferred Callable Capital Securities (the “Capital Securities”) and in connection therewith entered into a deed poll dated 11 July 2007 (the “Replacement Capital Covenant”) in favour of the holders of certain classes of debt issued and/or guaranteed by the Issuer and its subsidiaries from time to time (“Relevant Debt” and “Relevant Debtholders”, respectively). Pursuant to the Replacement Capital Covenant, the Issuer has covenanted in favour of the Relevant Debtholders that it will not repay, redeem or repurchase, and will cause its subsidiaries not to purchase, any of the Capital Securities, unless the principal amount repaid or the applicable redemption, purchase or repurchase price does not exceed certain limits, as further described in the Replacement Capital Covenant.*



On or after the Issue Date, the Notes are expected to constitute Eligible Debt for the purposes of and in accordance with the provisions of the Replacement Capital Covenant. If the Notes become Relevant Debt with effect from a Redesignation Date, each Noteholder and each person who is shown in the records of the Clearing Systems as the owner of an account to which an interest in the Notes is credited as at such Redesignation Date (each in its capacity as a Relevant Debtholder) shall, by virtue of holding such Note or interest, approve the termination of the Replacement Capital Covenant and the obligations of the Issuer thereunder for the purposes of Clause 4.1(b) thereof, with effect from such Redesignation Date (the "Termination Date"). With effect from the Termination Date, the Noteholders and each person who is shown in the records of the Clearing Systems as the owner of an account to which an interest in the Notes is credited shall no longer be entitled to the benefit of the Replacement Capital Covenant and the Issuer shall have no further obligations thereunder.

Capitalised terms used, but not otherwise defined in this Condition 3(d), shall have the meanings given to them in the Replacement Capital Covenant.

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

##### **(a) *Interest on Fixed Rate Notes***

Subject to Conditions 3(b) and 5, each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(f).

##### **(b) *Interest on Floating Rate Notes***

###### **(i) *Interest Payment Dates***

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

###### **(ii) *Business Day Convention***

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

preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes*

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

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

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

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

(B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations

(expressed as a percentage rate per annum), for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) 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 as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page if or sub-

paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, then, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Final Terms) at, if the Reference Rate is LIBOR, approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.

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

(C) **Linear Interpolation**

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

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

(c) ***Zero Coupon Notes***

Where a Zero Coupon Note is repayable prior to the Maturity Date and is not paid when due, the amount due and payable, subject to Condition 5, prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)).

(d) ***Fixed Rate Reset Notes***

(i) **Accrual of interest**

Subject to Conditions 3(b) and 5, each Fixed Rate Reset Note bears interest on its outstanding principal amount:

- (a) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
- (b) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition,

payable, in each case, in arrear on the relevant Interest Payment Date(s).

(ii) **Subsequent Reset Rate Screen Page**

If the Subsequent Reset Rate Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations,

the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Initial Credit Spread and Step-Up Margin (if any), all as determined by the Calculation Agent. If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the foregoing provisions of this paragraph, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.

**(e) *Margin, Maximum/Minimum Rates of Interest, Redemption Amounts and Rounding***

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries of such currency.

**(f) *Calculations***

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

Where the Specified Denomination of a Note comprises more than one Calculation Amount, the amount of interest payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

**(g) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Special Redemption Prices***

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, Reset Determination Date or at such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Special Redemption Price, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Special Redemption Price to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but, in any event, no later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable as a result of any action taken by the Trustee or the Noteholders or Couponholders to institute winding-up proceedings in respect of the Issuer in accordance with Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition 4(g) but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

**(h) *Determination or Calculation by Trustee***

If the Calculation Agent does not at any time for any reason determine or calculate the Rate of Interest for an Interest Accrual Period or any Interest Amount, Final Redemption Amount, Early Redemption Amount, Special Redemption Price or Optional Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(i) *Definitions***

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

“Business Day” means:

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

“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;

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

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

- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x)



the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

- (b) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year,

where:

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

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

“Euro-zone” means the region comprised of Member States of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Initial Credit Spread” has the meaning specified hereon.

“Initial Rate of Interest” has the meaning specified hereon.

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

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

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

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

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

(and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

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

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

“Mid-Swap Benchmark Rate” means EURIBOR if the Specified Currency is euro or LIBOR for the Specified Currency if the Specified Currency is not euro.

“Mid-Swap Maturity” has the meaning specified hereon.

“Mid-Swap Rate” means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed-for-floating interest rate swap transaction in the Specified Currency which transaction (i) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date, (ii) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market, and (iii) has a floating leg based on the Mid-Swap Benchmark Rate for the Mid-Swap Maturity as specified hereon (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent).

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

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon, and, in the case of a determination of the Subsequent Reset Rate if the Subsequent Reset Rate Screen Page is unavailable, the principal office of four major banks in the principal financial centre of the swap, money, securities or other market most closely connected with the Subsequent Reset Reference Rate as selected by the Issuer on the advice of an investment bank of international repute.

“Reference Bond” means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period.

“Reference Bond Price” means, with respect to any Reset Determination Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

“Reference Government Bond Dealer” means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are (i) primary government

securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues.

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

“Reference Rate” means the rate specified as such hereon.

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

“Reset Date” means the date(s) specified as such hereon.

“Reset Determination Date” means, for each Reset Period, the date specified hereon falling on or before the commencement of such Reset Period, on which the Subsequent Reset Rate applying during such Reset Period will be determined.

“Reset Period” means the period from (and including) the Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Date or, if there is more than one Reset Date, each period from (and including) one Reset Date to (but excluding) the next Reset Date or (if applicable) the Maturity Date.

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

“Specified Denomination(s)” has the meaning specified hereon.

“Step-Up Margin” has the meaning specified hereon.

“Subsequent Reset Rate” for any Reset Period means the sum of (i) the applicable Subsequent Reset Reference Rate, (ii) the applicable Initial Credit Spread and (iii) the applicable Step-Up Margin (rounded down to four decimal places, with 0.00005 being rounded down).

“Subsequent Reset Rate Screen Page” has the meaning specified hereon.

“Subsequent Reset Rate Time” has the meaning specified hereon.

“Subsequent Reset Reference Rate” means either:

- (i) if “Mid-Swaps” is specified hereon, the Mid-Swap Rate displayed on the Subsequent Reset Rate Screen Page at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (ii) if “Reference Bond” is specified hereon, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price.

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) ***Calculation Agent***

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

**5 Deferral of Payments**

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

The Issuer may in respect of any Optional Interest Payment Date, by notice to the Noteholders and the Trustee pursuant to Condition 5(d) below, elect to defer payment of all (but not some only) of the interest accrued to that date on the Notes which would otherwise be payable on such date.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any interest payment on any Optional Interest Payment Date in accordance with this Condition 5(a) or in accordance with Condition 3(b) will not constitute a default by the Issuer for any purpose under these Conditions and will not give Noteholders, Couponholders or the Trustee any right to accelerate any payment.

The Issuer may defer paying interest on each Optional Interest Payment Date until the earlier of the Maturity Date (if a Maturity Date is specified hereon) or any date on which the Notes are redeemed in full pursuant to these Conditions.

(b) ***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 and the Trustee of any Mandatory Interest Deferral Date in accordance with Condition 5(d).

A certificate signed by two Directors of the Issuer confirming that (a) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made (whether in whole or in part) 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 Trustee and the holders of the Notes 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 further investigation and without liability to any person for so doing.

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest on a Mandatory Interest Deferral Date in accordance with this Condition 5(b) or

Condition 3(b) will not constitute a default by the Issuer for any purpose and will not give Noteholders, Couponholders or the Trustee any right to accelerate any payment.

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

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of the exercise by the Issuer of its discretion pursuant to Condition 5(a) or the obligation on the Issuer to defer pursuant to either Condition 5(b) or the operation of the Solvency Condition described in Condition 3(b) shall (without double-counting), together with any other interest in respect thereof not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute “Arrears of Interest”. Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Conditions 5(a), 5(b) or 3(b), may (subject to Condition 3(b) and to any notifications to, or consent from, (in either case if and to the extent applicable) the Relevant Regulator), be paid in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Trustee and the Noteholders in accordance with Condition 16, and in any event will become due and payable (subject, in the case of (i) and (iii) below, to Condition 3(b) and any notifications to, or consent from, (in either case if and to the extent applicable) the Relevant Regulator) in whole (and not in part) upon the earliest of the following dates:

- (i) the next Interest Payment Date on which payment of interest in respect of the Notes is made (other than a voluntary payment by the Issuer of any Arrears of Interest); 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 or substitution (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (B) 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; or
- (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

**(d) *Notice of Deferral***

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

- (i) if that Interest Payment Date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 5(a); and
- (ii) if that Interest Payment Date is a Mandatory Interest Deferral Date and specify that interest will not be paid because a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made (in whole or in part) on such Interest Payment Date, provided that, if a Regulatory Deficiency Interest Deferral Event occurs less than five Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral in accordance with Condition 16 as soon as reasonably practicable following the occurrence of such event and the Issuer shall not be in breach of its obligation to give not less than five Business Days’ notice if it gives less than five Business Days’ notice in such circumstances.

## 6 Redemption, Purchase and Options

### (a) *Redemption*

- (i) Subject to Conditions 3(b) and 6(a)(iii), and to compliance by the Issuer with regulatory rules on notification to, or consent from (in either case, if and to the extent applicable), the Relevant Regulator, unless previously redeemed or purchased and cancelled as provided in this Condition 6, if a Maturity Date is specified hereon, each Note shall be finally redeemed on the Maturity Date at its Final Redemption Amount (which, unless otherwise provided hereon, is its principal amount) together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.
- (ii) No Notes shall be redeemed pursuant to Conditions 6(a)(i), 6(d), 6(e), 6(f) or 6(g) if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 6(a)(i) applies, the Maturity Date, or, if Condition 6(d), 6(e), 6(f) or 6(g) applies, any date specified for redemption in accordance with the relevant Condition.
- (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 6(d), 6(e), 6(f) or 6(g) as a result of Condition 6(a)(ii), subject to Condition 3(b) (in the case of sub-paragraphs (A) and (B) below only) and to any notifications to, or consent from, (in each case if and to the extent applicable) the Relevant Regulator, such Notes shall be redeemed at their principal amount or the relevant amount specified in 6(d), 6(e), 6(f) or 6(g) (as applicable) 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 Relevant Regulator 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 (1) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (2) 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.
- (iv) If Condition 6(a)(ii) does not apply, but redemption of the Notes does not occur on the Maturity Date or the date specified in the notice of redemption given by the Issuer under Condition 6(d), 6(e), 6(f) or 6(g) (as applicable), as a result of the Solvency Condition not being satisfied on the relevant date in relation to the payment that would otherwise then be due, subject to any notifications to, or consent from, (in each case if and to the extent applicable) the Relevant Regulator, such Notes shall be redeemed at their principal amount or the relevant amount specified in Condition 6(d), 6(e), 6(f) or 6(g) (as applicable), together with accrued interest and any Arrears of Interest on the 10th Business Day immediately following the day on which (A) the Solvency Condition is satisfied and (B) redemption of the Notes would not result in the Solvency Condition not being satisfied, 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 3(b) and Condition 6(a)(iii) shall apply *mutatis mutandis* to determine the new date on which the Issuer shall be obliged to redeem the Notes.

- (v) A certificate signed by two Directors of the Issuer addressed to the Trustee confirming that (A) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be made or (B) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring, shall, in the absence of manifest error, be treated and accepted by the Trustee and the holders of the Notes 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 further investigation and without liability to any person for doing so.
- (vi) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 3(b) or this Condition 6 will not constitute a default by the Issuer and will not give Noteholders, Couponholders or the Trustee any right to accelerate any payment.
- (vii) Any Notes with no Maturity Date specified hereon may be redeemed only in accordance with the provisions of this Condition 6 or as provided in Condition 10.

**(b) Early Redemption**

*Zero Coupon Notes*

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to this Condition 6 or as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to this Condition 6 or as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue from (and including the Maturity Date) to (but excluding) the date of redemption in accordance with Condition 4(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(c) ***Conditions to Redemption, Substitution, Variation or Purchase***

Prior to any notice of redemption before the Maturity Date (if any) or any substitution, variation or purchase of the Notes, the Issuer will be required to have complied with regulatory rules on notification to, or consent from (in each case, if and to the extent required), the Relevant Regulator and be in continued compliance with the Regulatory Capital Requirements applicable to it from time to time. A certificate signed by any two Directors of the Issuer confirming such compliance and delivered to the Trustee shall be conclusive evidence of such compliance and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person for so doing.

In the case of a redemption or purchase that is within five years of the Issue Date of the Notes:

- (i) the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that it would have been reasonable for the Issuer to conclude, judged at the Issue Date of the Notes, that the circumstance entitling the Issuer to exercise the right of redemption or purchase was unlikely to occur. Such certificate shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the Noteholders and all other interested parties as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without liability to any person; and
- (ii) such redemption or purchase shall be funded out of the proceeds of a new issuance of capital of at least the same quality as the Notes, provided that such redemption or purchase shall not be required to be so funded if, on or after Solvency II Implementation, Solvency II does not require such redemption or purchase to be so funded (on the basis that the Notes are intended to qualify as Tier 2 Capital without the operation of any grandfathering provisions).

(d) ***Redemption, Substitution or Variation at the Option of the Issuer due to Taxation Reasons***

If the Issuer determines that immediately before the giving of the notice referred to below, as a result of a Tax Law Change, either:

- (i) on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; or
- (ii) on the next Interest Payment Date, the payment of interest in respect of the Notes would be treated as a “distribution” within the meaning of Chapter 2 of Part 23 of the Corporation Tax Act 2010 (as amended, re-enacted, replaced or rewritten),

the Issuer may, at its option:

- (A) subject to Conditions 3(b), 6(a)(iii) and 6(c), having given not less than 30 or more than 60 days’ notice (a “Tax Redemption Notice”) to the Issuing and Paying Agent, the Trustee and, if the Notes are Registered Notes, the holders of such Notes (which notice shall be irrevocable), redeem all, but not some only, of the Notes at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note) at their Early Redemption Amount together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest; or
- (B) subject to Condition 6(c) (without any requirement for the consent or approval of the Noteholders, or the Couponholders) and having given not less than 30 or more than 60 days’ notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time for all (but not some only) of the Notes, or vary the terms of all (but not some only) of the Notes so that they



become, Qualifying Lower Tier 2 Securities (if a Maturity Date is specified hereon) or Qualifying Upper Tier 2 Securities (if no Maturity Date is specified hereon), and the Trustee shall (subject to the following provisions of this paragraph (ii) and the receipt by it of the certificates of the Directors of the Issuer referred to both below and in the definition of Qualifying Lower Tier 2 Securities or Qualifying Upper Tier 2 Securities, as the case may be) agree to such substitution or variation. The Trustee shall at the Issuer's expense use its reasonable endeavours to assist the Issuer in giving effect to such substitution or variation of the Notes by executing such documents as the Issuer may consider necessary for this purpose, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the Notes which, in the Trustee's opinion, would impose more onerous obligations upon it with regard to its obligations and/or duties as Trustee but disregarding for these purposes the interests of the holders of Notes. 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 Tax Redemption Notice or notice of substitution or variation as provided in this Condition 6(d), the Issuer shall deliver to the Trustee (1) a certificate signed by two Directors or other Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the Issuer is entitled to effect such redemption, substitution or variation, as the case may be, and setting forth a statement of facts showing that the Issuer has become, or is or would be, required to pay additional amounts or that the payment of interest has become, or is or would be, treated as a "distribution" as aforesaid, and (2) an opinion in form and substance reasonably satisfactory to the Trustee of independent legal advisers of recognised standing in accordance with the Trust Deed. The Trustee shall, without enquiring and without any liability therefor, accept such certificate as sufficient evidence of the satisfaction of either or both of the circumstances set out above, as the case may be, and such certificate shall be conclusive and binding on the Noteholders and the Couponholders.

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

For this purpose: "Tax Law Change" means a change in or proposed change in, or amendment to 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 or proposed change in the application or 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 or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment or proposed change or amendment becomes, or would become, effective, or which interpretation or pronouncement is made, in each case on or after the Issue Date of the first Tranche of the Notes.

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

Unless the Issuer shall have given notice to redeem the Notes under Conditions 6(d), 6(f) or 6(g) on or prior to the expiration of the notice referred to below, and if a Call Option is specified hereon, the Issuer may, subject to Conditions 3(b), 6(a)(iii) and 6(c), having given not less than 30 or more than 60 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided hereon, some of the Notes on any Optional Redemption Date. Any such

redemption of Notes shall be at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest. Any such redemption must relate to Notes of an aggregate principal amount at least equal to the Minimum Redemption Amount specified hereon and no greater than the Maximum Redemption Amount specified hereon.

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

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

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

If a Capital Disqualification Call is specified hereon 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 shorter period as may be set out hereon), the Issuer gives the notice referred to below and if on the date of such notice a Capital Disqualification Event is continuing, then:

- (i) the Issuer may, subject to Conditions 3(b), 6(a)(ii) and 6(c), having given not less than 30 or more than 60 days' notice to the Issuing and Paying Agent, the Trustee and, if the Notes are Registered Notes, the holders of such Notes (in accordance with Condition 16) (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes (unless otherwise specified hereon) at any time or, if and for so long as such Notes are Floating Rate Notes, on any Interest Payment Date. The Notes will be redeemed at their Special Redemption Price, in each case together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest; or
- (ii) the Issuer may, subject to Condition 6(c) (without any requirement for the consent or approval of the Noteholders or the Couponholders) and having given not less than 30 or more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time for all (and not some only) of the Notes, or vary the terms of all (but not some only) of the Notes so that they become, Qualifying Lower Tier 2 Securities (if a Maturity Date is specified hereon) or Qualifying Upper Tier 2 Securities (if no Maturity Date is specified hereon) and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificates of the Directors of the Issuer referred to below and in the definition of Qualifying Lower Tier 2 Securities or Qualifying Upper Tier 2 Securities, as the case may be) agree to such substitution or variation. The Trustee shall at the Issuer's expense use its reasonable endeavours to assist the Issuer in giving effect to such substitution or variation of the Notes by executing such documents as the Issuer may consider necessary for this purpose, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the Notes which, in the Trustee's opinion, would impose more onerous obligations upon it with regard to its obligations and/or duties as Trustee but disregarding for these purposes the interests of the holders of Notes. 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 6(f) the Issuer shall deliver to the Trustee a certificate signed by two Directors or other Authorised Signatories of the Issuer stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate and a legal opinion in accordance with the Trust Deed, and the Trustee shall accept such certificate as sufficient evidence of the occurrence and continuation of a Capital Disqualification Event and (in the case of a proposed substitution or variation) that the substitution or variation, as the case may be, shall create Qualifying Lower Tier 2 Securities or Qualifying Upper Tier 2 Securities, as the case may be (without liability to any person for so doing) in which event it shall be conclusive and binding on the Trustee, the Noteholders and the Couponholders. Upon expiry of such 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 6(f), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are from time to time listed or admitted to trading.

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

If a Rating Methodology Call is specified hereon and if, after the Rating Methodology Event Commencement Date (as defined hereon if a Rating Methodology Call is specified hereon), a Rating Methodology Event occurs, within the period from and including the date of the occurrence of such Rating Methodology Event to and including the date which is the first anniversary of such occurrence (or such shorter period as may be set out hereon), the Issuer gives the notice referred to below and, if on the date of such notice the Rating Methodology Event is continuing, then:

- (i) the Issuer may, subject to Conditions 3(b), 6(a)(ii) and 6(c), having given not less than 30 or more than 60 days' notice to the Issuing and Paying Agent, the Trustee and, if the Notes are Registered Notes, the holders of such Notes (in accordance with Condition 16) (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes (unless otherwise specified hereon) at any time or, if and for so long as the Note is a Floating Rate Note, on any Interest Payment Date. The Notes will be redeemed at their Special Redemption Price, in each case together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest; or
- (ii) the Issuer may, subject to Condition 6(c) (without any requirement for the consent or approval of the Noteholders or the Couponholders) and having given not less than 30 or more than 60 days' notice to the Trustee, the Issuing and Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), substitute at any time for all (and not some only) of the Notes, or vary the terms of all (but not some only) of the Notes so that they become, Rating Agency Compliant Securities, and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificates of the Directors of the Issuer referred to below, in the definition of Qualifying Lower Tier 2 Securities or Qualifying Upper Tier 2 Securities, as the case may be, and in the definition of Rating Agency Compliant Securities) agree to such substitution or variation,

provided that no notice of the redemption of any Notes pursuant to this Condition 6(g) may be given within five years of the Issue Date.

The Trustee shall, at the Issuer's expense, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes by or into Rating Agency Compliant Securities by executing such documents as the Issuer may consider necessary for this purpose provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation of the Notes which, in the Trustee's

opinion, would impose more onerous obligations upon it with regard to its obligations and/or duties as Trustee but disregarding for these purposes the interests of the Noteholders. 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 6(g) the Issuer shall deliver to the Trustee a certificate signed by two Directors or other Authorised Signatories of the Issuer stating that a Rating Methodology Event has occurred and is continuing as at the date of the certificate and a legal opinion in accordance with the Trust Deed and the Trustee shall accept such certificate as sufficient evidence of the occurrence and continuation of a Rating Methodology Event (without liability to any person for so doing) and that the substitution or variation shall create Rating Agency Compliant Securities, in which event it shall be conclusive and binding on the Trustee, the Noteholders and the Couponholders. Upon expiry of such 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 6(g), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are from time to time listed or admitted to trading.

**(h) Purchases**

The Issuer and any of its Subsidiaries for the time being may, having given prior written notice to, and received no objection from, the Relevant Regulator (so long as such notice is required to be given), at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(i) Cancellation**

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**(j) Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Noteholders for any loss arising from any failure by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

## **7 Payments and Talons**

**(a) Bearer Notes**

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii) or (v)), as the case may be, at the specified office of any Paying Agent

outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) *Registered Notes***

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

**(c) *Payments in the United States***

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

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

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction (whether by operation of law or agreement of the Issuer or its agents), the Issuer will not be required to pay any additional amounts on account of a withholding or deduction for, or on account of, any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements and the Issuer shall be acquitted and discharged of so much money as is represented by any such withholding or deduction as if such sum had been actually paid to the holders of the Notes or Coupons. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. For the purposes of the preceding sentence, the phrase "fiscal or other laws, regulations and directives" shall include any withholding or deduction imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code ("FATCA") or any agreement entered into pursuant to FATCA.

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

The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the

right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, Transfer Agents or Calculation Agents provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where these Conditions so require, (v) a Paying Agent having a specified office in London so long as the Notes are admitted to the Official List of the UK Listing Authority acting under Part VI of the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's EEA Regulated Market and (vi) a Paying Agent having a specified office in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC on the taxation of savings income or any agreement between the European Union and any non-EU jurisdiction providing for equivalent measures (to the extent that at least one such Member State does not require a Paying Agent with an office in that Member State to so withhold or deduct amounts for or on account of tax, whether pursuant to European Council Directive 2003/48/EC or under the law of that Member State, or any agreement between the European Union and any non-EU jurisdiction providing for equivalent measures or otherwise).

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

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

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

- (i) Upon the due date for redemption of Bearer Notes which are Fixed Rate Notes, such Notes should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note which is a Floating Rate Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unexpired Coupons are to become void upon the due date for redemption of such Note is presented for redemption without all unexpired Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) Talons**

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

**(h) Non-Business Days**

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

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

## **8 Taxation**

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes and the Coupons shall be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the holders of Notes or Coupons of such amounts as would have been received by them had no such withholding or deduction been required by law to be made, except that no such additional amounts shall be payable with respect to any Note or Coupon:

**(a) Other connection**

presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or

**(b) Lawful avoidance of withholding**

presented for payment by or on behalf of a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any

statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim or filing for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it) or Coupon is presented for payment; or

**(c) *Presentation more than 30 days after the Relevant Date***

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

**(d) *EU Savings Directive***

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing or complying with, or introduced in order to conform to, European Council Directive 2003/48/EC on the taxation of savings income, or any agreement between the European Union and any non-EU jurisdiction providing for equivalent measures; or

**(e) *Payment by another Paying Agent***

(except in the case of the payment of interest in respect of Registered Notes) 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 or Coupon to another Paying Agent (or, in the case of the payment of principal in respect of Registered Notes, another Transfer Agent or, if applicable, the Registrar) in a Member State of the European Union; or

**(f) *Presentation for payment in the United Kingdom***

presented for payment in the United Kingdom; or

**(g) *Any combination***

where the requirement to withhold or deduct which would otherwise give rise to the obligation to pay additional amounts arises out of any combination of paragraphs (a) to (f) above.

As used in these Conditions, “Relevant Date” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Special Redemption Price, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition 8 or any undertaking given in addition to or in substitution for it under the Trust Deed.

## **9 Prescription**

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



## 10 Events of Default and Enforcement

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

Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment has become due. Pursuant to Condition 3(b), no principal, interest or any other amount will be due on the relevant payment date if the Solvency Condition is not satisfied both at the time of and immediately after any such payment. In the case of any payment of interest in respect of the Notes, such payment may be deferred pursuant to Condition 5 (a) and will be deferred if Condition 5(b) applies and, in each case, if so deferred will not be due and, in the case of payment of principal, such payment will be deferred and will not be due if Condition 6(a)(ii) applies.

If:

- (i) default is made for a period of seven days or more in the payment of any interest due in respect of the Notes or any of them; or
- (ii) default is made for a period of seven days or more in payment of the principal due in respect of the Notes or any of them,

the Trustee may at its discretion and without further notice (subject to Condition 10(d)) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes, the Coupons or the Trust Deed may be made by the Issuer pursuant to this Condition 10(a), otherwise than during or after a winding-up of the Issuer or after any 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 Relevant Regulator, which the Issuer shall confirm in writing to the Trustee.

### (b) *Amount payable on winding-up*

If an order is made by the competent court or a resolution 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, the terms of which reconstruction or amalgamation (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) and (ii) do not provide that the Notes shall thereby become payable) 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 holders 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 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 principal 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 obligation, condition or provision binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer under or arising from the Notes, the Coupons or the Trust Deed (including, without limitation, any payment obligation in respect of any principal, premium or interest, or any damages awarded for breach of any obligations), provided that in no event shall the

Issuer, 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, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Notes, the Coupons or the Trust Deed (including, without limitation, payment of any principal, premium or interest in respect of the Notes or the Coupons and any damages awarded for any breach of any obligations).

**(d) *Entitlement of the Trustee***

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

**(e) *Rights of Noteholders***

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding up of the Issuer or to prove in the winding-up of the Issuer unless the Trustee, having become so bound 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 or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 10.

**(f) *Extent of Noteholders' remedy***

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

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

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

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent., in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such

Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, Special Redemption Price or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify Condition 3, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

Notwithstanding the foregoing, 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 to which the Trustee has been obliged to agree in the circumstances described in Conditions 6(d) or 6(f) in connection with the substitution or variation of the Notes so that they are replaced by, or become, Qualifying Upper Tier 2 Securities or Qualifying Lower Tier 2 Securities, as the case may be, or in the circumstances described in Condition 6(g) in connection with the substitution or variation of the Notes so that they are replaced by, or become, Rating Agency Compliant Securities, and no such substitution, variation or amendment proposed in relation thereto shall be regarded as a matter described in (i) to (vii) in the paragraph above.

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error or error proven to the satisfaction of the Trustee, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on all the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

**(c) *Notice to Relevant Regulator***

No modification to these Conditions or any other provisions of the Trust Deed (other than a modification which is of a formal, minor or technical nature or to correct a manifest error or error proven to the satisfaction of the Trustee) shall become effective unless the Issuer shall have given at least one month's prior written notice to, and received no objection from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may accept or require and, in any event, provided that there is a requirement to give such notice).

## **12 Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in Condition 11), the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

### **13 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

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

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

### **15 Further Issues**

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

### **16 Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition 16.

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

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

## **18 Definitions**

In addition to the terms defined elsewhere in these Conditions, as used herein: “Arrears of Interest” has the meaning given to it in Condition 5(c);

“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 of the Issuer may determine;

a “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 of) the Directive or its Relevant Rules, the implementation of (or the interpretation by any court or authority entitled to do so of) 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 of) 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 Solvency II or the Relevant Rules, as appropriate, less than 100 per cent. of the principal amount of the Notes outstanding at such time is capable of counting,

as Tier 2 Capital for the purposes of the Issuer, the Group, or any insurance or reinsurance undertaking within the Group whether on a solo, group or consolidated basis (except where any 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);

“Compulsory Interest Payment Date” means any Interest Payment Date in respect of which during the immediately preceding six months a Compulsory Interest Payment Event has occurred and which is not a Mandatory Interest Deferral Date and on which the Solvency Condition is satisfied;

“Compulsory Interest Payment Event” means:

- (i) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or
- (ii) any declaration, payment or making of a dividend, distribution or coupon on any other Junior Securities, except where such dividend, distribution or coupon was required to be declared, paid or made under the terms of such Junior Securities; or
- (iii) any declaration, payment or making of a dividend, distribution or coupon on any Pari Passu Securities, except where such dividend, distribution or coupon was required to be declared, paid or made under the terms of such Pari Passu Securities; or
- (iv) any repurchase by the Issuer of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme, share ownership scheme, or any other share scheme or share plan for management or employees of the Issuer or management or employees of affiliates of the Issuer; or

- (v) any redemption or repurchase by the Issuer or any Subsidiary of the Issuer of any other Junior Securities for cash, except a redemption required to be effected under the terms of such Junior Securities; or
- (vi) any redemption or repurchase by the Issuer or any Subsidiary of the Issuer of any Pari Passu Securities for cash, except a redemption required to be effected under the terms of such Pari Passu Securities,

provided that if at any time, and for so long as, the existence of any of the Compulsory Interest Payment Events at paragraphs (ii), (iii), (v) and/or (vi) above would result in the Notes or any part thereof ceasing to be eligible to qualify as Lower Tier 2 Capital or Upper Tier 2 Capital, as the case may be (or in either case, following Solvency II Implementation, Tier 2 Capital) under Solvency II or the Relevant Rules, each of those paragraphs which would cause such result shall have no effect and the circumstances described therein shall not constitute a Compulsory Interest Payment Event;

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

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

“Existing Undated Tier 2 Securities” means Upper Tier 2 Capital issued prior to Solvency II Implementation (including any notes outstanding under the issue of £400,000,000 5.875% Undated Subordinated Notes issued on 24 March 2004);

“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;

“Junior Securities” has the meaning given to it (in the case of Notes with a Maturity Date specified hereon) in Condition 3(a)(i) or (in the case of Notes without a Maturity Date specified hereon) in Condition 3(a)(ii), as the case may be;

“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 of the Issuer may determine;

“Lower Tier 2 Capital” has the meaning given to it for the purposes of the Relevant Rules from time to time and shall, following the implementation of Solvency II or any other change in law or any Relevant Rules as a result of which Lower Tier 2 Capital ceases to be a separately 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 (in whole or in part) were made on such Interest Payment Date;

“Optional Interest Payment Date” means any Interest Payment Date other than a Compulsory Interest Payment Date, if Compulsory Interest Payment Date is specified hereon, or a Mandatory Interest Deferral Date;

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

“Pari Passu Securities” has the meaning given to it (in the case of Notes with a Maturity Date specified hereon) in Condition 3(a)(i) or (in the case of Notes without a Maturity Date specified hereon) in Condition 3(a)(ii), as the case may be;

“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 in consultation with an independent investment bank of international standing, and provided that a certificate to such effect (including as to the consultation with the independent investment bank and as to the matters specified in (1) to (6) below) of two Directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities, or variation of the terms of the Notes so that they become such securities, upon which certificate the Trustee shall be entitled to rely without enquiry and without liability to any person for so doing), provided that they shall (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Lower Tier 2 Capital (prior to Solvency II Implementation) or Tier 2 Capital (on or after Solvency II Implementation); (2) carry at least the same rate of interest as the rate from time to time applying to the Notes and preserve the Interest Payment Dates; (3) rank senior to, *or pari passu* with, the Notes; (4) provide for the same Maturity Date (if one is specified hereon) and preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to the timing of, and amounts payable upon, such redemption; (5) not contain any term which provides for, requires or entitles the Issuer to effect any loss absorption through the write-down of the nominal amount of the securities or the conversion of such securities into shares; and (6) preserve any existing rights under these Conditions to any accrued interest which has not been paid, any Arrears of Interest which have not been paid and any other amounts which have not been paid; and
- (ii) are listed or admitted to trading on the London Stock Exchange’s EEA Regulated Market;

“Qualifying Upper 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 in consultation with an independent investment bank of international standing, and provided that a certificate to such effect (including as to the consultation with the independent investment bank and as to the matters specified in (1) to (6) below) of two Directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities, or variation of the terms of the Notes so that they become such securities, upon which certificate the Trustee shall be entitled to rely without enquiry and without liability to any person for so doing), provided that they shall (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Upper Tier 2 Capital (prior to Solvency II Implementation) or Tier 2 Capital (on or after Solvency II Implementation); (2) carry at least the same rate of interest as the rate from time to time applying to the Notes and preserve the Interest Payment Dates; (3) rank senior to, *or pari passu* with, the Notes; (4) provide for the same Maturity Date (if one is specified hereon) and preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to the timing of, and amounts payable upon, such redemption; (5) not contain any term which provides for, requires or entitles the Issuer to effect any loss absorption through the write-down of the nominal amount of the securities or the conversion of such securities into shares; and (6) preserve any existing rights under these Conditions to any

accrued interest which has not been paid, any Arrears of Interest which have not been paid and any other amounts which have not been paid; and

(ii) are listed or admitted to trading on the London Stock Exchange's EEA Regulated Market;

"Rating Agency" means Standard & Poor's Credit Markets Services Europe Limited or Moody's Investors Service Limited or any of their respective successors;

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

- (i) Qualifying Lower Tier 2 Securities (if a Maturity Date is specified hereon) or Qualifying Upper Tier 2 Securities (if no Maturity Date is specified hereon); 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) than that which was assigned by the Rating Agency to the Notes on or around the Issue Date of the first Tranche of the Notes and provided that a certificate to such effect of two Directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities, upon which certificate the Trustee shall be entitled to rely without enquiry and without liability to any person for so doing;

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

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

"Regulatory Deficiency Interest Deferral Event" means the Solvency Capital Requirement applicable to the Issuer, the Group or any insurance undertaking within the Group is breached and such breach is an event which under Solvency II and/or under the Relevant Rules would require 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 Relevant Regulator has not waived the requirement to defer payment of interest under the Notes;

"Regulatory Deficiency Redemption Deferral Event" means the Solvency Capital Requirement applicable to the Issuer, the Group or any insurance undertaking within the Group is breached and such breach is an event which under Solvency II and/or the Relevant Rules would require the Issuer to defer 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 Relevant Regulator has not waived the requirement to defer repayment or redemption of the Notes;

"Relevant Regulator" means the UK Regulator or, if the UK Regulator at any time ceases to be the Group Supervisor or the Supplementary Supervisor, such other regulator as becomes the Group Supervisor for the purposes of Solvency II or the Supplementary Supervisor for the purposes of the Directive (as applicable);

"Relevant Rules" means any legislation, rules or regulations (whether having the force of law or otherwise) in the jurisdiction of the Relevant Regulator implementing the Directive or, as applicable, Solvency II and includes any relevant prudential rules for insurers applied by the Relevant Regulator and any amendment, supplement or replacement thereof from time to time relating to the characteristics, features or criteria of own funds or capital resources;



“Replacement Capital Covenant” means the deed poll entered into by the Issuer on 11 July 2007 in connection with the issue of its £600,000,000 Perpetual Preferred Callable Capital Securities;

“Senior Creditors” means (a) creditors of the Issuer who are unsubordinated creditors of the Issuer and (b) 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 (i) Tier 1 Capital, (ii) Existing Undated Tier 2 Securities, (iii) (if the Issue Date of the first Tranche of Notes is prior to Solvency II Implementation and a Maturity Date is specified hereon or the Issue Date of the first Tranche of Notes is on or after Solvency II Implementation (whether or not a Maturity Date is specified hereon)) Lower Tier 2 Capital issued prior to Solvency II Implementation, (iv) (if the Issue Date of the first Tranche of Notes is prior to Solvency II Implementation and a Maturity Date is specified hereon or the Issue Date of the first Tranche of Notes is on or after Solvency II Implementation (whether or not a Maturity Date is specified hereon)) Tier 2 Capital issued on or after the Solvency II Implementation or (v) claims otherwise ranking or 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, Solvency II or the Relevant Rules;

“Solvency Condition” has the meaning given to it in Condition 3(b);

“Solvency II” means the Solvency II Directive and any additional measures adopted to give effect to the Solvency II Directive (for the avoidance of doubt, whether implemented by way of regulation, 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) 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 date from which legislation, rules or other measures implementing Solvency II in the UK (or, if the UK Regulator ceases to be the Supplementary Supervisor or ceases to be the Group Supervisor, in the jurisdiction of the replacement Supplementary Supervisor or of the replacement Group Supervisor, as applicable) are applied to the Issuer and/or the Group;

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

“Supplementary Supervisor” means the regulatory authority exercising supplementary supervision over the Group in accordance with the Directive;

“Tax Event” means an event of the type described in Condition 6(d)(i) or (ii);

“Tier 1 Capital” and “Tier 2 Capital” have the respective meanings given to them for the purposes of the Relevant Rules from time to time;

“UK Listing Authority” means the UK Financial Conduct Authority in its capacity as the UK listing authority for the purposes of the Financial Services and Markets Act 2000 (“FSMA”) or any successor authority appointed as the competent UK listing authority for the purposes of Part VI (Official Listing) of the FSMA or otherwise;

“UK Regulator” means the UK Prudential Regulation Authority or any successor UK regulatory authority having prudential supervisory responsibilities with respect to the Issuer and/or the Group;

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

“Upper Tier 2 Capital” has the meaning given to it for the purposes of the Relevant Rules from time to time and shall, following the implementation of Solvency II or any other change in law or any Relevant Rules as a result of which Upper Tier 2 Capital ceases to be a separately recognised tier of capital resources, be deemed to be a reference to any Tier 2 Capital.

## **19 Governing Law**

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

## FINAL TERMS OF THE NOTES

Final Terms dated 24 June 2014

### Legal & General Group Plc

Issue of £600,000,000 Fixed Rate Reset Subordinated Notes due 2064  
under the £3,000,000,000  
Euro Note Programme

### PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Drawdown Prospectus dated 24 June 2014 relating to the Notes. References in the Conditions to the “Final Terms” shall be deemed to refer to the final terms set out below.

1	(i) Issuer	Legal & General Group Plc
2	(i) Series Number:	5
	(ii) Tranche Number:	1
3	Specified Currency or Currencies:	Pounds sterling (“£”)
4	Aggregate Nominal Amount of Notes:	
	(i) Series:	£600,000,000
	(ii) Tranche:	£600,000,000
5	Issue Price:	98.641 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	(i) Issue Date:	27 June 2014
	(ii) Interest Commencement Date:	Issue Date
8	Maturity Date:	27 June 2064
9	Interest Basis:	Fixed Rate Reset
10	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their nominal amount.
11	Change of Interest or Redemption/Payment Basis:	See paragraphs 9 and 15.
12	Call Option:	Applicable
13	(i) Status of the Notes:	Dated Subordinated
	(ii) Date Board approval for issuance of Notes obtained:	27 February 2014

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	<b>Fixed Rate Note Provisions</b>	Not Applicable
15	<b>Fixed Rate Reset Note Provisions</b>	Applicable
	(i) Initial Rate of Interest:	5.50 per cent. per annum payable semi-annually in arrear
	(ii) Interest Payment Date(s):	27 June and 27 December in each year
	(iii) Broken Amounts(s):	Not Applicable
	(iv) Day Count Fraction (Condition 4(i)):	Actual/Actual – ICMA
	(v) Determination Date(s) (Condition 4(i)):	27 June and 27 December in each year
	(vi) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Calculation Agent):	Not Applicable
	(vii) Reset Date(s):	The First Call Date, 27 June 2049, 27 June 2054 and 27 June 2059
	(viii) Subsequent Reset Reference Rate(s):	Reference Bond
	(ix) Initial Credit Spread:	2.17 per cent. per annum
	(x) Step-Up Margin:	1.0 per cent. per annum
	(xi) Subsequent Reset Rate Screen Page:	Not Applicable
	(xii) Mid Swap Maturity:	Not Applicable
	(xiii) Reset Determination Date:	The fifth Business Day prior to the commencement of the applicable Reset Period
	(xiv) Subsequent Reset Rate Time:	3.00 p.m. (London time)
16	<b>Floating Rate Note Provisions</b>	Not Applicable
17	<b>Zero Coupon Note Provisions</b>	Not Applicable
18	<b>Compulsory Interest Payment Date:</b>	Applicable

## PROVISIONS RELATING TO REDEMPTION

19	<b>Call Option</b>	Applicable
	(i) Optional Redemption Date(s):	27 June 2044 (the “ <b>First Call Date</b> ”) and each Interest Payment Date thereafter
	(ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	£1,000 per Calculation Amount
	(iii) If redeemable in part:	
	(a) Minimum Redemption Amount:	Not Applicable
	(b) Maximum Redemption Amount:	Not Applicable
	(iv) Notice period:	Minimum period: 30 days

		Maximum period: 60 days
20	<b>Capital Disqualification Call</b>	Applicable
	Special Redemption Price:	£1,000 per Calculation Amount
21	<b>Rating Methodology Call</b>	Applicable
	(i) Rating Methodology Event Commencement Date:	Issue Date
	(ii) Special Redemption Price:	£1,000 per Calculation Amount
22	<b>Final Redemption Amount</b>	£1,000 per Calculation Amount
23	<b>Early Redemption Amount</b>	£1,000 per Calculation Amount
	Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 6(d)) or on Event of Default (Condition 10) or other early redemption:	

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

24	Form of Notes:	Bearer Notes  Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
25	New Global Note:	No
26	Additional Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates:	Not Applicable
27	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	Yes. As the Notes have more than 27 interest payments, Talons may be required if, on exchange into definitive form, more than 27 interest payments are still to be made.

**DISTRIBUTION**

28	U.S. Selling Restrictions:	Reg. S Compliance Category 2; TEFRA D
----	----------------------------	---------------------------------------

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION

1	<b>LISTING</b>	Applicable
	(i) Admission to trading:	Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange plc's Regulated Market on or around 27 June 2014.
	(ii) Estimate of total expenses related to admission to trading:	£3,650
2	<b>RATINGS</b>	Applicable
	Ratings:	The Notes are expected to be rated: S&P: BBB+ Moody's: Baa1
3	<b>INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE</b>	
	Save as discussed in "Subscription and Sale", so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.	
4	<b>YIELD</b>	Applicable
	Indication of yield:	5.672 per cent. per annum in respect of the period from the Issue Date to the First Call Date.  The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.
5	<b>OPERATIONAL INFORMATION</b>	
	ISIN:	XS1079028566
	Common Code:	107902856
	Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s):	Not Applicable
	Delivery:	Delivery against payment
	Names and addresses of initial Paying Agent(s):	Citibank, N.A., London Branch, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom
	Names and addresses of additional Paying Agent(s) (if any):	Not Applicable
	Intended to be held in a manner which would allow Eurosystem eligibility:	No

## GENERAL INFORMATION

- 1 The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that the Notes will be admitted to listing on the Official List and to trading on the Market on or around 27 June 2014. Prior to official listing and admission to trading of the Notes, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction (although it is anticipated that this period will be shortened to two working days with effect from 6 October 2014).
- 2 The Issuer has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment and update of the Programme and the issue of the Notes. The update of the Programme was authorised by resolutions of the board of directors of the Issuer passed on 27 February 2014 and 20 May 2014 and of a committee of the board of directors on 28 April 2014. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 27 February 2014 and by a resolution of a committee of the board of directors of the Issuer passed on 19 March 2014.
- 3 There has been no significant change in the financial or trading position of the Issuer or of the Group since 31 December 2013 and no material adverse change in the financial position or prospects of the Issuer or of the Group since 31 December 2013.
- 4 There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or have had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
- 5 The Notes, the Coupons and the Talons will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

The Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems with the Common Code 107902856 and the International Securities Identification Number (ISIN) XS1079028566. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

- 6 For so long as any of the Notes are outstanding, the following documents will be available, during usual business hours and upon reasonable notice on any weekday (Saturdays, Sundays and public holidays excepted), for inspection at the specified office of each of the Paying Agents:
  - (i) the Supplemental Trust Deed relating to the Notes and the Trust Deed relating to the Programme;
  - (ii) the Agency Agreement relating to the Programme;
  - (iii) the Memorandum and Articles of Association of the Issuer;
  - (iv) the published Annual Report and Accounts of the Issuer in respect of each of the financial years ended 31 December 2012 and 31 December 2013; and
  - (v) a copy of this Prospectus, together with all documents incorporated by reference herein.

In addition, this Prospectus is also available at the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/prices-andnews/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/prices-andnews/news/market-news/market-news-home.html).

- 7 The accounts of the Issuer for the two years ended 31 December 2012 and 31 December 2013 have been audited by PricewaterhouseCoopers LLP, Chartered Accountants (members of the Institute of Chartered Accountants in England and Wales) and Registered Auditors (authorised and regulated by the Financial Conduct Authority for designated investment business), in each case in accordance with Auditing Standards issued by the Auditing Practices Board, and have been reported upon without qualification.



**REGISTERED OFFICE OF THE ISSUER**

**Legal & General Group Plc**

One Coleman Street  
London EC2R 5AA  
United Kingdom

**STRUCTURING ADVISER**

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**JOINT LEAD MANAGERS**

**Barclays Bank PLC**

5 The North Colonnade  
London E14 4BB  
United Kingdom

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ  
United Kingdom

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
London E14 5LB  
United Kingdom

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**

Fifth Floor  
100 Wood Street  
London EC2V 7EX  
United Kingdom

**ISSUING AND PAYING AGENT**

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

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB  
United Kingdom

**AUDITORS**

**PricewaterhouseCoopers LLP**

Hays Galleria  
1 Hays Lane  
London SE1 2RD  
United Kingdom

**LEGAL ADVISERS**

*to the Issuer*

**Slaughter and May**

One Bunhill Row  
London EC1Y 8YY  
United Kingdom

*to the Joint Lead Managers and the Trustee*

**Linklaters LLP**

One Silk Street  
London EC2Y 8HQ  
United Kingdom