

9/29/49

## Halifax plc

(Incorporated and registered in England and Wales under  
the Companies Act 1985 with registered no. 2367076)

### LISTING PARTICULARS

£50,000,000	10 <sup>1</sup> / <sub>2</sub> per cent. Subordinated Bonds	1998	(the "1998 Bonds")
£50,000,000	Subordinated Variable Rate Notes	2001	(the "2001 Notes")
• £400,000,000	8 <sup>3</sup> / <sub>4</sub> per cent. Subordinated Bonds	2006	(the "2006 Bonds")
£200,000,000	Step-up Callable Floating Rate Subordinated Notes	2012	(the "2012 Notes")
£250,000,000 <sup>1</sup>	11 per cent. Subordinated Bonds	2014	(the "2014 Bonds")
£150,000,000	10 <sup>1</sup> / <sub>2</sub> per cent. Subordinated Bonds	2018	(the "2018 Bonds")
83/4 £500,000,000 <sup>2</sup>	9 <sup>3</sup> / <sub>8</sub> per cent. Subordinated Bonds	2021	(the "2021 Bonds")
	(together, the "Dated Bonds")		
£75,000,000	13 <sup>5</sup> / <sub>8</sub> per cent. Perpetual Subordinated Bonds		(the "A Perpetuals")
£100,000,000	12 per cent. Perpetual Subordinated Bonds		(the "B Perpetuals")
• £100,000,000	8 <sup>3</sup> / <sub>4</sub> per cent. Perpetual Subordinated Bonds		(the "C Perpetuals")

(together, the "Perpetual Bonds" and, together with the Dated Bonds, the "Bonds")

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for each issue of Bonds, each of Halifax plc ("Halifax plc"), to be admitted to the Official List of the London Stock Exchange.

ICM2:241268.1

- 1 This comprises the £100,000,000 11 pct Subordinated Bonds 2014, the £50,000,000 11 pct Subordinated Bonds 2014 and the £100,000,000 11 pct Subordinated Bonds 2014, which issues are fully fungible.
- 2 This comprises the £300,000,000 9<sup>3</sup>/<sub>8</sub> pct Subordinated Bonds 2021 and the £200,000,000 9<sup>3</sup>/<sub>8</sub> pct Subordinated Bonds 2021, which issues are fully fungible.

Halifax plc

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The Dated Bonds were issued originally, in the case of the 1998 Bonds, 2001 Notes and 2018 Bonds, by Leeds Permanent Building Society (the "Leeds") and, in the case of the 2006 Bonds, 2012 Notes, 2014 Bonds and 2021 Bonds, by Halifax Building Society (the "Society") and are constituted by various trust deeds made between the Society and The Law Debenture Trust Corporation p.l.c. (the "Trustee") as specified in their respective terms and conditions. It is intended that such trust deeds be supplemented by various supplemental Trust Deeds, which are, in the case of Dated Bonds issued originally by the Leeds, expected to be dated 30th May 1997 and made between the Society, Halifax plc and the Trustee and, in the case of Dated Bonds issued originally by the Society, expected to be dated 2nd June 1997 and made between Halifax plc and the Trustee. These various Supplemental Trust Deeds shall operate to effect certain modifications to the terms and conditions of the Dated Bonds to reflect the change in corporate status of the Society.

The Perpetual Bonds are being issued on 2nd June 1997 by Halifax plc and will be constituted by trust deeds dated 2nd June 1997 and made between Halifax plc and the Trustee. Each series of Perpetual Bonds replaces a class of Permanent Interest Bearing Shares ("PIBS") originally issued either by the Leeds or the Society. In common with the PIBS which they replace, the Perpetual Bonds are in registered form. The definitive certificates evidencing title will be despatched to persons whose names appeared on the PIBS register on 30th May 1997. The Perpetual Bonds may also be held in uncertificated form in CREST. No temporary documents of title will be issued.

On 1st August 1995, the Leeds transferred its engagements to the Society under section 94 of the Building Societies Act 1986 (the "Act").

The whole of the business of the Society will be transferred to Halifax plc pursuant to section 97 of the Act with effect from 2nd June 1997 (the "Vesting Date"). As a result of the operation of the relevant provisions of the Act, Halifax plc will with effect from the Vesting Date become the principal debtor in respect of the Dated Bonds and the Society will cease to have any obligations in respect thereof.

The date of these Listing Particulars (the "Listing Particulars") is 29th May 1997.

This document and the Appendix comprise listing particulars produced in compliance with the listing rules made by the London Stock Exchange under section 142 of the Financial Services Act 1986 (the "FSA") for the purpose of giving information with regard to Halifax plc and its subsidiaries and the Bonds. These listing particulars have been approved by the London Stock Exchange pursuant to section 144(2) of the FSA and delivered to the Registrar of Companies in England and Wales for registration in accordance with section 149 of the FSA.

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

No person is authorised to give any information or to make any representation not contained herein and any information or representation not contained herein must not be relied upon as having been authorised by Halifax plc. Neither the delivery of this document nor any sale or purchase made in connection herewith shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of Halifax plc since the date hereof.

This document does not constitute an offer of, or an invitation by or on behalf of Halifax plc to subscribe for or purchase, any of the Bonds. The distribution of this document and the offering of the Bonds in certain jurisdictions may be restricted by law. Halifax plc does not represent that this document may be lawfully distributed, or that the Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this document as listing particulars by the London Stock Exchange and delivery of copies of this document to the Registrar of Companies in England and Wales, no action has been taken by Halifax plc which would permit a public offering of the Bonds or distribution of this document in any jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this document nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by Halifax plc to inform themselves about and to observe any such laws and regulations.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

**The Dated Bonds are in bearer form**, are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. The Perpetual Bonds are in registered form. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

In this document, unless otherwise specified or the context otherwise requires, references to "pounds", "sterling" and "£" are to the currency of the United Kingdom of Great Britain and Northern Ireland (the "United Kingdom"). References to the "Group" shall, as the context requires, be construed either as references to Halifax plc and its subsidiaries or as references to the Society and its subsidiaries.

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## **BASIS OF FINANCIAL INFORMATION**

On 2nd June 1997, the business of the Society will be transferred to Halifax plc, formerly called Halifax Syndicated Loans Limited ("HSL"). HSL was re-registered on 4th December 1996 as a public limited company and renamed Halifax plc. Halifax plc is a wholly-owned subsidiary of the Society.

Against this background, it is the view of Halifax plc that financial information in relation to the former business of HSL is not relevant to holders of the Bonds. Accordingly, these Listing Particulars contain financial information only in relation to the Society and to Halifax plc following the transfer to it of the Society's business.

Copies of the audited accounts of the Group for the three financial years ended 31st January 1996 and the 11 months ended 31st December 1996 and of the Leeds and its subsidiaries for the financial year ended 30th September 1994 and the 10 months ended 31st July 1995, which have been extracted from the listing particulars dated 25th April 1997 in respect of the proposed listing of the issued share capital of Halifax plc, are set out in the Appendix.

~~TERMS AND CONDITIONS OF THE 1998 BONDS~~

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## **TERMS AND CONDITIONS OF THE £100,000,000 8 3/4 PER CENT PERPETUAL SUBORDINATED BONDS**

The following are the terms and conditions in, or substantially in, the form which will be endorsed on each Perpetual Subordinated Bond:

The £100,000,000 8 3/4 per cent. Perpetual Subordinated Bonds (the "Bonds") of Halifax plc (the "Issuer") are constituted by a trust deed dated 2nd June 1997 (the "Trust Deed") between the Issuer and The Law Debenture Trust Corporation p.l.c., as trustee, (the "Trustee" which expression shall include its successors). The Trustee acts as trustee for the Holders (as defined below) of the Bonds in accordance with the provisions of the Trust Deed. The Bondholders (as defined below) are bound by, and are deemed to have notice of, all the provisions contained in a registrar's agreement dated 2nd June 1997 (the "Registrar's Agreement") between the Issuer, Independent Registrars Group Limited as registrar (the "Registrar" which expression shall include its successors) and the Trustee. Copies of the Trust Deed and the Registrar's Agreement are available for inspection at the registered office for the time being of the Trustee (presently at Princes House, 95 Gresham Street, London EC2V 7LY) and at the specified office of the Registrar. The Bondholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions contained in the Trust Deed.

### **1. Form, Denomination and Transfers**

- (a) The Bonds are in registered form in principal amounts of £50,000 (each such principal amount of £50,000 being referred to herein as a "Bond") or integral multiples thereof ("authorised denominations") without interest coupons.

The Bonds may be issued in certificated or uncertificated form in accordance with the Uncertificated Securities Regulations 1995 (as from time to time amended or replaced) (the "Regulations") and may be changed from certificated form to uncertificated form and from uncertificated form to certificated form (in either case in accordance with and subject as provided in the Regulations). Where Bonds are issued in or changed into uncertificated form, the Issuer shall provide to any holder of such Bonds in uncertificated form a copy of these Conditions on request by him or on such other

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basis as the Trustee may reasonably require, but so that joint holders of such Bonds shall be entitled to receive one copy only of these Conditions in respect of the Bonds held jointly by them, which copy shall be delivered to that one of the joint holders whose name stands first in the register of Bonds in respect of that holding (the "representative joint holder"). Holders of Bonds in certificated form will be entitled to receive one bond certificate (a "Bond Certificate") in respect of a holding, such Bond Certificate evidencing registration on the register (the "Register") which the Issuer shall procure to be kept by the Registrar. Words and expressions defined in the Regulations shall have the same meanings in these Conditions.

For the avoidance of doubt, these Terms and Conditions shall be and remain applicable to Bonds in uncertificated form (and accordingly the Issuer shall continue to comply with these Terms and Conditions in accordance with the provisions thereof).

After an exchange of Bonds in uncertificated form for Bonds in certificated form, the Issuer may request or require, or may procure that the Registrar or any other person acting on behalf of the Registrar requests or requires, the cancellation or deletion of any computer-based entries in the relevant system concerned that relate to the relevant Bonds *mutatis mutandis* in accordance with the procedure referred to in Condition 4(d) below.

- (b) Legal title to the Bonds passes by registration in the Register, provided that, in the case of Bonds in uncertificated form, the registration has been effected in accordance with the Regulations.

In these Terms and Conditions "Bondholder" and, in relation to a Bond, "Holder" mean the person or persons in whose name a Bond is registered. The Holder of any Bond shall be deemed to be, and shall be treated as, the absolute owner thereof for the purpose of receiving payment thereof or payment or delivery on account thereof (in the case of a Bond in certificated form notwithstanding any writing thereon or notice of ownership) and for all other purposes whether or not such Bond shall be overdue.

- (c) Bonds in certificated form may, subject to the terms of the Registrar's Agreement and to paragraph (g) of this Condition, be transferred by lodging the relevant Bond

Certificate (with the form of application for transfer in respect thereof duly executed and duly stamped where applicable) at the specified office of the Registrar. No transfer of a Bond will be valid unless and until entered on the Register. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

- (d) The Issuer will procure that the Registrar will within seven London business days (as defined in Condition 5(a) below) (not including any day during which neither the Issuer nor the Registrar is required to register the transfer of any Bond pursuant to paragraph (g) of this Condition) of any duly made application for the transfer of a Bond in certificated form deliver a Bond Certificate to the transferee (and, in the case of a transfer of part only of a holding of Bonds represented by a Bond Certificate, deliver a Bond Certificate for the untransferred balance to the transferor) at the specified office of the Registrar or (at the risk and, if mailed at the request of the transferee or, as the case may be, the transferor otherwise than by ordinary mail, at the expense of the transferee or, as the case may be, the transferor) mail the Bond Certificate by ordinary mail to such address, other than an address in the United States, as the transferee or, as the case may be, the transferor may request.
- (e) Transfers of Bonds in uncertificated form shall be effected by means of a relevant system in the manner provided for in, and subject to, the Regulations and the facilities and requirements of the relevant system concerned. The holdings in certificated form and uncertificated form of the same Holder or joint Holders will be treated as separate holdings unless the Directors of the Issuer otherwise determine.
- (f) Any such transfer referred to in paragraph (c) of this Condition will be effected without charge by the Issuer and subject to (i) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges payable in connection therewith, (ii) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (iii) such reasonable regulations as the Issuer may from time to time agree with the Trustee and the Registrar.

Any such transfer referred to in paragraph (e) of this Condition will be effected without charge by the Issuer. Holders of Bonds in uncertificated form may, however, be required to pay any transfer or other charges levied by any relevant system and any stamp duty reserve tax or other governmental charge that may be imposed in relation to the registration or transfer.

- (g) Neither the Issuer nor the Registrar will be required to register the transfer of any Bond during the period of seven London business days immediately prior to any date fixed for payment in respect of the Bonds provided, in the case of Bonds in uncertificated form, that the consent of the Operator of the relevant system to such suspension of registration has been obtained.

## 2. Status and Subordination

### (a) Status

The Bonds are unsecured, subordinated obligations of the Issuer, conditional as described in paragraph (c) below and rank *pari passu* and without any preference among themselves and *pari passu* in point of subordination with its £75,000,000 13 5/8 per cent. Perpetual Subordinated Bonds and its £100,000,000 12 per cent. Perpetual Subordinated Bonds (together with any further issues which shall be consolidated and form a single series therewith) but junior in point of subordination to its £50,000,000 10 1/2 per cent. Subordinated Bonds due 1998, its £50,000,000 Subordinated Variable Rate Notes due 2001, its £400,000,000 8¾ per cent. Subordinated Bonds 2006, its £75,000,000 Floating Rate Subordinated Notes 2009, its £200,000,000 Step-up Callable Floating Rate Subordinated Notes 2012, its £250,000,000 11 per cent. Subordinated Bonds 2014, its £150,000,000 10 1/2 per cent. Subordinated Bonds Due 2018 and its £500,000,000 9 3/8 per cent. Subordinated Bonds 2021, (together with any further issues which shall be consolidated and form a single series therewith).

(b) Set-Off

Subject to applicable law, no Bondholder 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 Bonds and each Bondholder shall, by virtue of being the Holder of any Bond, be deemed to have waived all such rights of set-off, compensation or retention.

(c) Subordination

The rights of the Bondholders are subordinated to the claims of Senior Creditors (as defined below) and accordingly payments of principal and interest (including the PIBS Interest Payment, as defined in Condition 3(b)) are conditional upon the Issuer being solvent at the time for payment by the Issuer and no principal or interest (including the PIBS Interest Payment) shall be payable in respect of the Bonds except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purpose of this Condition the Issuer shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors). A report as to the solvency of the Issuer by two Directors of the Issuer or, in certain circumstances as provided in the Trust Deed, the auditors of the Issuer or, if the Issuer is in winding-up, its liquidator shall in the absence of manifest error be treated and accepted by the Issuer, the Trustee, the Bondholders and all other interested parties as correct and sufficient evidence thereof.

If at any time an order is made or an effective resolution is passed for the winding-up in England of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a Successor in Business (as defined in the Trust Deed) the terms of which reconstruction, amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Bondholders and (ii) do not provide that the Bonds shall thereby become repayable), there shall be payable on each Bond (in lieu of any other payment), but subject as provided in this Condition, such amount, if any, as would have been payable to the Holder thereof if, on the day prior to the commencement of the winding-up and thereafter, such Bondholder were the

holder of a preference share in the capital of the Issuer having a preferential right to a return of assets in the winding-up over the holders of all issued shares for the time being in the capital of the Issuer on the assumption that such preference share was entitled to receive on a return of assets in such winding-up an amount equal to the principal amount of such Bond together with Arrears of Interest (as defined in Condition 3(e)), if any, and any interest (other than Arrears of Interest) which has accrued up to (but excluding) the date of repayment (as provided in the Trust Deed) in respect thereof.

For the purposes of these Terms and Conditions: "Senior Creditors" means depositors and other creditors of the Issuer (other than creditors (if any) in respect of claims which are expressed to rank *pari passu* with the claims of the Bondholders or creditors in respect of claims with which the Bonds are expressed to rank *pari passu* (whether only in the event of a winding-up of the Issuer or otherwise)); "Assets" means the unconsolidated gross assets of the Issuer; and "Liabilities" means the unconsolidated gross liabilities of the Issuer, all as shown by the latest published audited balance sheet of the Issuer (or, until the publication of the audited accounts of the Issuer for the period ending 31st December 1997, of Halifax Building Society, but adjusted for contingent assets and contingent liabilities and for subsequent events, all in such manner as the certifying Directors of the Issuer, the auditors or the liquidator (as the case may be) may determine.

*The obligations of the Issuer in respect of the Bonds are conditional upon the Issuer being solvent for the purpose of this Condition immediately before and after payment by the Issuer. If this condition is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Bonds may be used to absorb losses. In the event of a winding-up of the Issuer, each Bondholder will be treated as the holder of a preference share as described above.*

### **3. Interest**

- (a) **The Bonds bear interest from and including 2nd June 1997 at the rate of 8 3/4 per cent. per annum, payable, subject as provided in these Terms and Conditions, in arrear by equal half-yearly instalments on 1st September and 1st March in each year (each an**

"Interest Payment Date"), save that the first such payment, to be made on 1st September 1997 (the "First Interest Payment Date"), shall be in respect of the period from and including 2nd June 1997 to but excluding the First Interest Payment Date and shall amount to £1,090.75 (subject to any deduction pursuant to Condition 6) in respect of each Bond.

- (b) The Issuer shall, subject as provided in these Terms and Conditions, pay to each Bondholder on the First Interest Payment Date £1,096.75 (subject to any deduction pursuant to Condition 6) in respect of each Bond held by such Bondholder (the "PIBS Interest Payment"). The PIBS Interest Payment shall be in respect of interest for the period (from and including 1st March 1997 (the "Interest Commencement Date") to but excluding 2nd June 1997) on the £100,000,000 8 3/4 per cent. Permanent Interest Bearing Shares of Halifax Building Society issued on 15th September 1993.
- (c) Subject as provided in these Terms and Conditions, the aggregate amount payable by the Issuer to each Bondholder pursuant to Condition 3(a) and (b) on the First Interest Payment Date shall be £2,187.50 (subject to any deduction pursuant to Condition 6) in respect of each Bond held by such Bondholder.
- (d) Interest payments (including the PIBS Interest Payment) will be made in accordance with and subject to the provisions of Condition 5. Interest accruing on each Bond shall cease to accrue from the date for redemption thereof unless payment of principal is improperly withheld or refused or is not made by reason of Condition 2(c), in which event interest shall continue to accrue thereon from the date of redemption to the date of actual payment.
- (e) Interest payments (including the PIBS Interest Payment but excluding Arrears of Interest) on the Bonds shall (subject to Condition 2(c)) be payable on each Compulsory Interest Payment Date (as defined below) in respect of the Interest Period (as defined below) ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may, subject to Condition 2(c), be paid (if the Issuer so elects and gives notice of such election to the Bondholders in accordance with paragraph (f) of this Condition 3) the interest (including the PIBS Interest Payment) payable on such Optional Interest Payment Date in respect of the Interest Period

ending on the day immediately preceding such date, but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose. Any interest (including the PIBS Interest Payment) not paid on an Interest Payment Date together with any other interest (including the PIBS Interest Payment) not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may, at the option of the Issuer, be paid in whole or in part at any time upon the expiration of not less than seven days' written notice to such effect given to the Trustee and to the Bondholders in accordance with Condition 15, but all Arrears of Interest on all Bonds outstanding shall (subject to Condition 2(c)) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Issuer, (ii) the date set for any redemption pursuant to Condition 4(a) or 4(c) or (iii) the commencement of winding-up in England of the Issuer. Notwithstanding the foregoing, if notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 2(c)) to do so upon the expiration of such notice. Where Arrears of Interest are paid in part, each part payment shall be applied in payment of the Arrears of Interest due in respect of the earliest relative Interest Payment Date (or consecutive Interest Payment Dates). Arrears of Interest shall not themselves bear interest.

(f) The Issuer shall give not less than 30 days' notice prior to any Interest Payment Date to the Bondholders in accordance with Condition 15:

- (i) if such Interest Payment Date will be an Optional Interest Payment Date; and
- (ii) whether the Issuer elects to pay the interest due on such Optional Interest Payment Date.

(g) For the purposes of this Condition the following expressions have the following meanings:

"Compulsory Interest Payment Date" means any Interest Payment Date if, in the six calendar months immediately preceding such Interest Payment Date, any dividend has been declared or paid on any class of share capital of the Issuer.

"Interest Period" means the period from and including one Interest Payment Date (or, as the case may be, the Interest Commencement Date) up to but excluding the next (or First) Interest Payment Date.

"Optional Interest Payment Date" means any Interest Payment Date other than a Compulsory Interest Payment Date.

If interest (other than in respect of the PIBS Interest Payment) is required to be calculated for a period of less than one year (other than a semi-annual period), it will be calculated on the basis of the actual number of days elapsed and a 365-day year.

All references in these Terms and Conditions to interest shall, unless the context otherwise requires, include Arrears of Interest.

#### **4. Redemption and Purchase**

The Issuer shall not be at liberty to redeem or purchase the Bonds except in accordance with the following provisions of this Condition and any such redemption or purchase is subject to the prior consent of the Bank of England (so long as the Issuer is required by the Bank of England to obtain such consent):

##### **(a) Redemption for Taxation Reasons**

If the Issuer satisfies the Trustee, immediately prior to the giving of the notice referred to below, that on the next Interest Payment Date the payment of interest (including, if applicable, the PIBS Interest Payment) in respect of the Bonds would be treated as a "distribution" within the meaning of the Income and Corporation Taxes Act 1988 (as amended, re-enacted or replaced), the Issuer may at its option (subject to Condition 2(c)), having given not less than 30 nor more than 60 days' notice to the Bondholders, redeem all, but not some only, of the Bonds at their principal amount and shall also pay Arrears of Interest (if any) and any interest (other than Arrears of Interest) up to (but excluding) the date of redemption.



## (b) Purchase

Subject to Condition 2(c), the Issuer or any other member of the Group (as defined in the Trust Deed) may at any time purchase Bonds in any manner and at any price. If purchases are made by tender, tenders must be made available to all Bondholders alike.

## (c) Issuer's Optional Redemption

Subject to Condition 2(c), the Issuer may at any time redeem all or, from time to time, some only (being £10,000,000 in principal amount or a higher integral multiple of £1,000,000) of the Bonds then outstanding by the payment of:—

- (i) accrued and unpaid interest up to but excluding the date of redemption; and
- (ii) (A) in respect of redemption made before 14th September 2023, the higher of the principal amount of, and the "Adjusted Redemption Price" (as defined below) in relation to, the Bonds to be redeemed. For the purposes of these Conditions the "Adjusted Redemption Price" shall mean such price as shall be determined by a leading bank and/or broker in London to be selected by the Issuer and approved by the Trustee as being the price expressed as a percentage (rounded if necessary to the third decimal place, with 0.0005 being rounded upwards) at which the gross redemption yield on the Bonds (calculated on the basis that the Bonds were to be redeemed at their principal amount and to have a final maturity date of 14th September 2023) would be equal to the gross redemption yield in respect of the 8 3/4 per cent. Treasury Stock 2017 (or such other stock issued by or on behalf of HM Government as may at such time have a final redemption date closer to

14th September 2023 and/or be more appropriate in the opinion of the Issuer, having taken advice from three brokers and/or gilt-edged market makers or such other three persons operating in the gilt-edged market as the Issuer may with the Trustee's approval select) on the basis of the arithmetic mean of the offered prices quoted for such stock on a dealing basis by three gilt-edged market makers at or about 3.00 p.m. on the Relevant Date (as defined below) and on the basis that the gross redemption yield in respect of the Bonds and in respect of such stock shall be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries Vol. 105, Part 1, 1978, page 18. For this purpose "Relevant Date" means the date which is two London business days (as defined in Condition 5) prior to the despatch of the notice of redemption referred to in this Condition 4(c);

- (B) in respect of a redemption made on or after 14th September 2023, the principal amount of the Bonds to be redeemed.

To redeem any of the Bonds in accordance with this Condition 4(c), the Issuer shall give not less than 30 nor more than 60 days' notice in writing to each of the Holders of the Bonds to be redeemed stating the date fixed for redemption and the principal amount due for redemption and, with respect to Bonds in certificated form, naming the place at which the certificates relating to Bonds to be redeemed are to be surrendered. In the case of a partial redemption, the Bonds to be redeemed will be selected by or on behalf of the Issuer (on a basis approved by the Trustee) not more than 60 days prior to the date fixed for redemption. On or before the date fixed for redemption, each Holder of the Bonds in certificated form to be redeemed shall be bound to deliver to the Issuer at such place the relative Bond Certificate in order that the same may be cancelled (and, in the case of a redemption and cancellation of some only of the Bonds represented by such certificate, in order that a new Bond Certificate may be issued representing the reduced holding of Bonds). The Issuer shall,

on the date fixed for redemption (and in the case of Bonds in certificated form, against delivery as described above), pay to the Bondholder or to the representative joint holder (as defined in Condition 1(a)) appearing on the Register at the close of business on the fifteenth day before the date fixed for redemption at his address shown on the Register on such date, or in such other manner as the Issuer may reasonably determine, the amount due in respect of such redemption by sterling cheque drawn on a town clearing branch of a bank in London or by means involving electronic instructions or electronic transfer (subject in the case of Bonds in uncertificated form to the provisions of clause (m) of the Fourth Schedule to the Trust Deed). If any Holder of Bonds in certificated form, the subject of a notice for redemption, shall fail or refuse to deliver the relative Bond Certificate, the Issuer may (but shall not be obliged to) retain the relevant redemption monies until delivery of the Bond Certificate or provision of an indemnity in respect of the loss or destruction thereof on terms satisfactory to the Issuer (which may include a requirement for security to be provided). The receipt by the Holder for the time being of such Bonds, or in the case of joint Holders the receipt by any of them, of the redemption monies shall constitute an absolute discharge to the Issuer.

- (d) Mechanics for redemption of Bonds in uncertificated form
  - (i) The provisions of this paragraph (i) shall apply in relation to any Bonds that are to be redeemed and that, on the due date for redemption of such Bonds (the "Redemption Date"), are in uncertificated form. Subject as provided in paragraph (ii) of this Condition 4(d), the Issuer shall send or procure that a sponsoring system-participant sends on its behalf an Issuer-Instruction to the Operator of the relevant system concerned requesting or requiring the cancellation or deletion of the appropriate computer-based entries in the relevant system concerned that relate to the Bonds to be redeemed (being or including entries that cause or could cause the Operator to generate an Operator-Instruction to the Issuer or to a sponsoring system-participant acting on its behalf to register a transfer of the Bonds). If necessary to obtain the same, the Issuer or a sponsoring system-participant on its behalf shall seek, by means of the relevant system concerned (or by such other means as the Issuer

shall see fit subject always to such other means being possible, having regard to the facilities and requirements of the relevant system concerned), confirmation of such cancellation or deletion and, on receipt of such confirmation in a form satisfactory to it, the Issuer shall pay, or procure to be paid, to the Holder of the Bonds the amount due in respect of the redemption of such Bonds.

- (ii) In relation to any Bonds that are to be redeemed and that, on the Redemption Date, are (or, in the absence of this paragraph (ii), would or may be) in uncertificated form, the Issuer shall be entitled (subject to approval by the Trustee) to determine and/or alter the procedure for effecting the redemption in such manner as it shall, in its absolute discretion, see fit, subject always to the facilities and requirements of the relevant system concerned. In particular (but without limiting the generality of the foregoing):
  - (A) the Issuer-Instruction referred to in paragraph (i) of this Condition 4(d) may be given in such form as the Issuer may from time to time determine and may have such effect, and/or cause the Operator to take such action, in relation to the relevant system and the Bonds, as the Issuer may from time to time determine (consistent always with the facilities and requirements of the relevant system concerned and the redemption, on the Redemption Date, of the Bonds);
  - (B) if, at any relevant time prior to the Redemption Date concerned, the Issuer or any sponsoring system-participant acting on behalf of the Issuer is unable, for any reason, to send or receive properly authenticated dematerialised instructions, or alternatively if the Issuer so determines for any other reason, the Issuer may, so far as it is able having regard to the facilities and requirements of the relevant system concerned, require or request the Operator of the relevant system concerned to take the action referred to in paragraph (i) of this Condition 4(d) (subject always as provided in sub-paragraph (A) above) by some means other than by means of an Issuer-Instruction, or alternatively the Issuer may (by notice in writing to the Holder

concerned, which notice may be included in the notice of redemption concerned) require the Holder of the Bonds that are then in uncertificated form to change the form of such Bonds from uncertificated to certificated form prior to the Redemption Date and the costs of such change shall be borne by the Issuer.

(e) Cancellation

All Bonds redeemed by the Issuer will be cancelled forthwith and such Bonds may not be reissued or resold. Bonds purchased by the Issuer or any other member of the Group may be held or resold or surrendered for cancellation.

**5. Payments**

- (a) Payments of principal on the Bonds or accrued interest pursuant to Condition 3(a) payable other than on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the fifteenth day before the relevant payment date (the "Record Date").

Payments of interest (including the PIBS Interest Payment) due on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date.

Each such payment will (subject to Condition 2(c) and, in relation to Bonds in uncertificated form, the provisions of clause (m) of the Fourth Schedule to the Trust Deed) be made by sterling cheque drawn on a town clearing branch of a bank in London and mailed not later than the day (other than a Saturday or a Sunday) on which banks are open for business in London (a "London business day") preceding the due date for payment (at the risk and, if mailed at the request of the Holder otherwise than by ordinary mail, expense of the Holder) to the Holder or to the representative joint holder of the relevant Bonds at his registered address or by means involving electronic instructions or electronic transfer or in accordance with mandate instructions acceptable to the Registrar. In no event will interest payments be mailed to an address

in the United States. Payments will be subject in all cases to any applicable fiscal and other laws and regulations.

- (b) The initial Registrar is Independent Registrars Group Limited and its initial specified office is Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU. The Issuer reserves the right, subject to the approval of the Trustee (such approval not to be unreasonably withheld), at any time to vary or terminate the appointment of the Registrar and to appoint another registrar, provided that it will at all times maintain a registrar with a specified office in the United Kingdom. Notice of any such termination or appointment and of any changes in the specified office of the Registrar will be given to the Bondholders in accordance with Condition 15.

**6. Taxation**

All payments of principal and interest (including the PIBS Interest Payment) in respect of Bonds shall be made subject to deduction of any United Kingdom tax required to be withheld at source.

**7. Default**

- (a) If the Issuer shall not make any payment of principal in respect of the Bonds for a period of 14 days or more after the due date for the same or shall not make payment of interest (including the PIBS Interest Payment) for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest (including the PIBS Interest Payment) is compulsory, the Trustee may institute proceedings in England (but not elsewhere) for the winding-up of the Issuer and prove in such winding-up.
- (b) The Trustee may 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 or the Bonds (other than any other obligation for payment of any principal or interest in respect of Bonds) provided that the Issuer shall not by virtue of any such proceedings be obliged to pay (i) any sum or sums representing principal or interest in respect of the Bonds sooner than the same would otherwise have been payable by it or

(ii) any damages (save in respect of the Trustee's fees and expenses incurred by it in its personal capacity).

*The restriction on the payment of damages would have the effect of limiting the remedies available to the Trustee in the event of a breach of certain covenants (other than payment covenants) by the Issuer.*

#### **8. Enforcement of Rights**

The Trustee shall not be bound to take any of the actions referred to in Condition 7 above to enforce the obligations of the Issuer under the Trust Deed, unless (i) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Bondholders holding at least 25 per cent. in principal amount of the Bonds then outstanding and (ii) it shall have been indemnified to its satisfaction. No Bondholder shall be entitled to institute proceedings directly against the Issuer, unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing, in which event any Bondholder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute such proceedings and/or prove in the winding-up of the Issuer to the same extent and in the same jurisdiction (but not further or otherwise) that the Trustee would have been entitled so to do in respect of his Bonds.

No remedy against the Issuer, other than as referred to in Condition 7, shall be available to the Trustee or the Bondholders, whether for the recovery of amounts owing in respect of the Bonds 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 Bonds or under the Trust Deed.

#### **9. Prescription**

Claims against the Issuer for the payment of principal and interest (including the PIBS Interest Payment) shall be prescribed unless made within 12 years (in the case of principal) and six years (in the case of interest (including the PIBS Interest Payment)) from the Relevant Date.

The "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Registrar or the Trustee on or prior to such date) the date on which notice is given to the Bondholders that such moneys have been so received.

**10. Meetings of Bondholders, Modification and Waiver**

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the terms and conditions of the Bonds or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority of the principal amount of the Bonds for the time being outstanding, or at any adjourned meeting one or more persons being or representing Bondholders whatever the principal amount of the Bonds for the time being outstanding so held or represented, except that at any meeting the business of which includes the modification of certain of the terms and conditions of the Bonds or certain of the provisions of the Trust Deed the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders shall be binding on all Bondholders, whether or not they are present at the meeting.

The Trust Deed provides for a resolution in writing signed by or on behalf of the Holder or Holders of not less than 90 per cent. of the Bonds for the time being outstanding to be as effective and binding as if it were an Extraordinary Resolution duly passed at a meeting of the Bondholders.

The Trust Deed also provides that the Trustee may agree, without the consent of the Bondholders, to any modification (subject to certain exceptions) of, or to the waiver or authorisation of any breach or proposed breach of, any of the terms and conditions of the Bonds or any of the provisions of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Bondholders or to any



modification which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver or authorisation shall be binding on the Bondholders and, unless the Trustee agrees otherwise, shall be notified to the Bondholders in accordance with Condition 15 as soon as practicable thereafter.

**11. Substitution**

- (a) Subject as provided in the Trust Deed, the Trustee shall, if so requested by the Issuer, agree, without the consent of the Bondholders, to the substitution of any Successor in Business (as defined in the Trust Deed) of the Issuer or a holding company of the Issuer or of a subsidiary (as defined in the Trust Deed) of the Issuer or of any such Successor in Business or of any such holding company in place of the Issuer as principal debtor under the Trust Deed and the Bonds provided:
  - (i) in the case of the substitution of any company which is a subsidiary of the Issuer or of such Successor in Business or of such holding company, that the obligations of such subsidiary in respect of the Trust Deed and the Bonds shall be guaranteed by the Issuer or such Successor in Business or such holding company in such form as the Trustee may require and any such guarantee shall be subordinated on a basis considered by the Trustee to be equivalent to that in respect of the Issuer's obligations in respect of the Bonds; and
  - (ii) in the case of the substitution of a banking subsidiary (as defined in the Trust Deed) in the place of the Issuer, that the obligations of such banking subsidiary in respect of the Bonds shall be subordinated to the rights of Senior Creditors (as defined in Condition 2, but with the substitution of references to that subsidiary in place of references to the "Issuer").
- (b) In the case of a substitution pursuant to this Condition, the Trustee may in its absolute discretion agree, without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed and/or the Registrar's Agreement and to such other amendments to the Trust Deed and such other conditions as the Trustee may require provided that such change, amendment or condition would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

**12. Further Issues**

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

**13. Replacement of Bonds**

Should any Bond Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar (or such other place of which notice shall be given in accordance with Condition 15) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity as the Issuer may reasonably require. Mutilated or defaced Bond Certificates must be surrendered before replacements will be issued.

**14. Indemnification and Exercise of Functions**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and/or any other member of the Group without accounting for any profit resulting therefrom.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any proposed modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders.

**15. Notices**

Notices to Bondholders will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday after the date of mailing.

**16. Governing Law**

The Trust Deed and the Bonds are governed by and shall be construed in accordance with English law.

