

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Abbey National Treasury Services plc (which may act through a Designated Branch), Abbey National Treasury International Limited, Abbey National Funding plc or AN Structured Issues Limited (each an "Issuer" and together the "Issuers") constituted by (a) in the case of Notes other than Notes denominated in Australian dollars and issued by Abbey National Treasury Services plc in the domestic Australian capital markets ("Australian Domestic Notes"), a Trust Deed dated 12th November, 1999 (the "Principal Trust Deed") as modified and restated by a First Supplemental Trust Deed dated 8th November, 2000 (the "First Supplemental Trust Deed"), as further modified by a Second Supplemental Trust Deed dated 28th March, 2001, as further modified and restated by a Third Supplemental Trust Deed dated 2nd November, 2001, as further modified by a Fourth Supplemental Trust Deed dated 5th December, 2002, as further modified by a Fifth Supplemental Trust Deed dated 19th March, 2003, and as further modified by a Sixth Supplemental Trust Deed dated 29th March, 2004 (the Principal Trust Deed as modified and/or restated by such Supplemental Trust Deeds and as further modified and/or restated from time to time, the "Trust Deed") and made between Abbey National Treasury Services plc, Abbey National Treasury International Limited and AN Structured Issues Limited as Issuers, Abbey National plc as guarantor (the "Guarantor") and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include any successor as trustee) as trustee for the holders of the Notes (the "Noteholders" or "holders", which expressions shall mean, in relation to Notes in definitive bearer form, the bearers thereof and, in relation to Notes in definitive registered (or inscribed) form, the persons in whose names such Notes are registered and shall, in relation to Notes represented by a Global Note, be construed as provided below) or (b) in the case of Australian Domestic Notes, the Deed Poll (as defined in Condition 1). Pursuant to the First Supplemental Trust Deed Abbey National Funding plc became an additional Issuer.

References in these Terms and Conditions to the "Issuer" shall be to the Issuer of the Notes specified in the applicable Pricing Supplement (including, in the case of Notes issued by Abbey National Treasury Services plc, any Designated Branch thereof specified in the applicable Pricing Supplement).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

1. any global note (a "Global Note") and in relation to any Notes represented by a Global Note, units of the lowest Specified Denomination in the Specified Currency;
2. any definitive Notes in bearer form; and
3. any definitive Notes in registered (or inscribed) form.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of, in the case of Notes other than Australian Domestic Notes, an Agency Agreement dated 29th March, 2004 which further amends and restates the agency agreements dated 12th November, 1999, 8th November, 2000, 2nd November, 2001, 5th December, 2002 and 19th March, 2003 (the "Agency Agreement") whereby the Issuers and the Guarantor appoint Citibank, N.A., London as issuing and principal paying agent, agent bank, exchange agent (the "Exchange Agent", which expression shall include any successor exchange agent) and as a transfer agent, (the "Principal Paying Agent", which expression shall include any successor paying agent, agent bank, exchange agent and transfer agent), Citigroup Global Markets Deutschland AG & Co. KGaA. as registrar (the "Registrar", which expression shall include any successor registrar), the other paying agents named therein (together with the Principal Paying Agent, the "Paying Agents", which expression shall include any additional or successor paying agents), the other transfer agents named therein (together with the Principal Paying Agent in its capacity as a transfer agent, the "Transfer Agents", which expression shall include any additional or successor transfer agents) and the Trustee.

References to the “Calculation Agency Agreement” and “Determination Agency Agreement” are to the calculation agency agreement or determination agency agreement (as the case may be) which may be entered into between the Issuer, the Guarantor, the calculation agent or, as the case may be, the determination agent to be appointed thereby (the “Calculation Agent” and the “Determination Agent”, respectively) and the Trustee, the form of which is contained in Schedule 1 to the Agency Agreement.

Interest bearing definitive Bearer Notes (as defined below) (unless otherwise indicated in the applicable Pricing Supplement) have interest coupons (“Coupons”) and, if indicated in the applicable Pricing Supplement, talons for further Coupons (“Talons”) attached on issue. Any reference in these Terms and Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes (as defined below) and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the “applicable Pricing Supplement” are to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference in these Terms and Conditions to “Receiptholders” shall mean the holders of the Receipts and any reference herein to “Couponholders” shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office for the time being of the Trustee and at the specified office of each of the Principal Paying Agent, the Registrar, the other Paying Agents and the Transfer Agents (such agents and the Registrar being together referred to as the “Agents”). Copies of the applicable Pricing Supplement are obtainable during normal business hours at the specified office of the Principal Paying Agent, from the specified office of the Luxembourg Paying Agent (in the case of Notes listed on the Luxembourg Stock Exchange) and from the registered office of the Guarantor save that, if this Note is an unlisted Note of any Series, the applicable Pricing Supplement will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee, the Principal Paying Agent or, as the case may be, the Guarantor as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by, and are entitled to the benefit of, all the provisions of the Trust Deed, the Deed Poll (if applicable), the Agency Agreement, the applicable Pricing Supplement and any other documents specified in the applicable Pricing Supplement which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

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

The Notes are in bearer form (“Bearer Notes”) or in registered (or inscribed) form (“Registered Notes”) as specified in the applicable Pricing Supplement in the Specified Currency and the Specified Denomination(s) and, in the case of definitive Notes, serially numbered. Notes of one Specified

Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

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

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon/Discount Note, a Non-Interest Bearing Note, an Index Linked Interest Note, a Credit Linked Interest Note, an Equity Linked Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

Index Linked Redemption Notes, Credit Linked Redemption Notes, Equity Linked Redemption Notes, Dual Currency Notes and other Notes where the Redemption Amount is variable are referred to as "Variable Redemption Notes". Index Linked Interest Notes (together with Index Linked Redemption Notes, "Index Linked Notes"), Credit Linked Interest Notes (together with Credit Linked Redemption Notes, "Credit Linked Notes"), Equity Linked Interest Notes (together with Equity Linked Redemption Notes, "Equity Linked Notes") and other Notes (excluding Floating Rate Notes) where the rate of interest is variable are referred to as "Variable Interest Notes". Variable Redemption Notes and Variable Interest Notes are collectively referred to as "Variable Notes".

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon/Discount Notes or Non-Interest Bearing Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

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

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

For so long as any of the Notes is represented by a Rule 144A Global Note registered in the name of The Depository Trust Company of New York ("DTC") or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Registered Global Note, and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly.

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

In the case of Australian Domestic Notes, the following provisions of this Condition 1 shall apply in lieu of the foregoing provisions of this Condition 1 in the event of any inconsistency. Australian Domestic Notes are debt obligations of the Issuer owing under the Deed Poll dated 11th February, 2000 executed by Abbey National Treasury Services plc as Issuer in favour of the relevant Noteholders and the Trustee (the "Deed Poll") and take the form of entries in a register (the "Australian Register") to be maintained by Computershare Investor Services Pty Limited (ABN 48 078 279 277) or such other Australian registrar appointed by the Issuer and specified in the applicable Pricing Supplement (the "Australian Registrar"). Although Australian Domestic Notes will not be constituted by the Trust Deed, Australian Domestic Notes will have the benefit of the guarantee from the Guarantor and the other provisions of the Trust Deed. The Agency Agreement is not applicable to Australian Domestic Notes.

Australian Domestic Notes will not be serially numbered. Each entry in the Australian Register constitutes a separate and individual acknowledgement to the relevant Noteholder of the indebtedness of the Issuer to the relevant Noteholder. No certificate or other evidence of title will be issued by or on behalf of the Issuer to evidence title to an Australian Domestic Note unless the Issuer determines that certificates should be made available or it is required to do so pursuant to any applicable law or regulation.

No Australian Domestic Note will be registered in the name of more than four persons. Such Note registered in the name of more than one person is held by those persons as joint tenants. Australian Domestic Notes will be registered by name only without reference to any trusteeship. The person registered in the Australian Register as a holder of an Australian Domestic Note will be treated by the Issuer, the Trustee and the Australian Registrar as the absolute owner of that Australian Domestic Note and none of the Issuer, the Guarantor, the Trustee or the Australian Registrar will, except as ordered by a court or as required by statute, be obliged to take notice of any other claim to an Australian Domestic Note.

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

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

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Registered Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Rule 144A Global Note shall be limited to transfers of such Rule 144A Global Note, in whole but not in part, to a nominee of DTC or to a successor of DTC or such successor's nominee.

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

Subject as provided in Condition 2 (e), (f) and (g) below, upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part in the authorised denominations set out in the applicable Pricing Supplement. In order to effect any such transfer:

- (i) the holder or holders must:
  - (a) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing, and

- (b) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent, and
- (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule 4 to the Agency Agreement). Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Registered Note in definitive form for the same aggregate nominal amount as the Registered Note (or the relevant part of the Registered Note) transferred. In the case of a transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to such address as the transferor may request.

***(c) Transfers of Australian Domestic Notes***

Conditions 2(a) and (b) do not apply to Australian Domestic Notes. Australian Domestic Notes may be transferred in whole but not in part. Australian Domestic Notes will be transferred by duly completed and (if applicable) stamped transfer and acceptance forms in the form specified by, and obtainable from, the Australian Registrar or by any other manner approved by the Issuer and the Australian Registrar. Notes entered in the Austraclear System (as defined below) will be transferable only in accordance with the Austraclear Regulations (as defined below).

Unless the Australian Domestic Notes are lodged in the Austraclear System, application for the transfer of Australian Domestic Notes must be made by the lodgement of a transfer and acceptance form with the Australian Registrar. Each transfer and acceptance form must be accompanied by such evidence (if any) as the Australian Registrar may require to prove the title of the transferor or the transferor's right to transfer the Australian Domestic Notes and must be signed by both the transferor and the transferee.

Notes may only be transferred within Australia if (a) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, and (b) the transfer is in compliance with the Banking (Exemption) Order No. 82 promulgated under the Banking Act 1959 of the Commonwealth of Australia ("Order No. 82") and any other applicable laws, regulations or directives. Australian Domestic Notes may only be transferred to or from Australia if (a) the aggregate consideration payable by the transferee at the time of transfer is at least A\$500,000 (disregarding moneys lent by the transferor or its associates) or the offer or invitation giving rise to the transfer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 of the Commonwealth of Australia, (b) the transfer is in compliance with Order No. 82 and any other applicable laws, regulations or directives, and (c) the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place. Australian Domestic Notes may only be transferred between persons in a jurisdiction or jurisdictions other than Australia if (i) a transfer and acceptance form is signed outside Australia, and (ii) the transfer is in compliance with the laws of the jurisdiction in which the transfer takes place. A transfer to an unincorporated association is not permitted.

In this Condition 2(c):

"Austraclear" means Austraclear Limited (ABN 94 002 060 773).

"Austraclear Regulations" means the regulations known as the "Austraclear System Regulations" established by Austraclear (as amended or replaced from time to time) to govern the use of the Austraclear System.

“Austraclear System” means the system operated by Austraclear for holding securities and the electronic recording and settling of transactions in those securities between members of that system.

***(d) Registration of transfer upon partial redemption***

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

***(e) Costs of registration***

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

***(f) Transfers of interests in Regulation S Global Notes***

Prior to expiry of the applicable Distribution Compliance Period (as defined below), transfers by the holder of, or of a beneficial interest in, a Regulation S Global Note to a transferee in the United States or who is a U.S. person will only be made:

- (i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate (a “Transfer Certificate”), copies of which are available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made to a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or
- (ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

In the case of paragraph (i) above, such transferee may take delivery through a Restricted Note in global or definitive form. After expiry of the applicable Distribution Compliance Period (i) beneficial interests in Regulation S Global Notes may be held through DTC directly, by a participant in DTC, or indirectly through a participant in DTC and (ii) such certification requirements will no longer apply to such transfers.

***(g) Transfers of interests in Restricted Notes***

Transfers of Restricted Notes or beneficial interests therein may be made:

- (i) to a transferee who takes delivery of such interest through a Regulation S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S and that, if such transfer is being made prior to expiry of the applicable Distribution Compliance Period, the interests in the Notes being transferred will be held immediately thereafter through Euroclear and/or Clearstream, Luxembourg; or
- (ii) to a transferee who takes delivery of such interest through a Restricted Note where the transferee is a person whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or
- (iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with any applicable securities laws of any State of the United States,

and, in each case, in accordance with any applicable securities laws of any State of the United States or any other jurisdiction.

Upon the transfer, exchange or replacement of Restricted Notes, or upon specific request for removal of any United States securities law legend en faced on Restricted Notes, the Registrar shall deliver only Restricted Notes or refuse to remove such legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither such legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

**(h) Exchanges and transfers of Registered Notes generally**

Holders of Registered Notes in definitive form may exchange such Notes for interests in a Registered Global Note of the same type at any time.

**(i) Definitions**

In this Condition, the following expressions shall have the following meanings:

“Distribution Compliance Period” means the period that ends 40 days after the completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer (in the case of a non-syndicated issue) or the relevant Lead Manager (in the case of a syndicated issue);

“QIB” means a “qualified institutional buyer” within the meaning of Rule 144A;

“Regulation S” means Regulation S under the Securities Act;

“Regulation S Global Note” means a Registered Global Note representing Notes sold outside the United States in reliance on Regulation S;

“Restricted Note” means a Note represented by a Rule 144A Global Note or a Note issued in registered form in exchange or substitution therefor;

“Rule 144A” means Rule 144A under the Securities Act;

“Rule 144A Global Note” means a Registered Global Note representing Notes sold in the United States to QIBs pursuant to Rule 144A;

“Securities Act” means the United States Securities Act of 1933, as amended; and

“U.S. person” has the meaning ascribed to it in Regulation S.

**3. Status of the Notes and the Guarantee**

**(a) Status of the Notes**

The Notes and any relative Receipts and Coupons constitute direct, unconditional and, subject to the provisions of Condition 4, unsecured obligations of the Issuer and rank without any preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights.

**(b) Status of the Guarantee**

The payment of the principal, and interest (if any) in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed and, in the case of Australian Domestic Notes, the Deed Poll has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed. The obligations of the Guarantor under such guarantee constitute direct, unconditional and, subject to the provisions of Condition 4, unsecured obligations of the Guarantor and rank without any preference among themselves and, subject as aforesaid, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by laws relating to creditors’ rights.

**4. Negative Pledge**

So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or have outstanding any mortgage, lien, pledge, charge or other security interest upon, or with respect to, any of its present or future assets or revenues, to secure any Relevant Indebtedness (as defined below) or any guarantee of any Relevant Indebtedness, unless in any such case the Issuer or the

Guarantor, as the case may be, shall simultaneously with, or prior to, the creation of such security interest, take any and all action necessary to procure that all amounts payable by it in respect of the Notes, the Receipts, the Coupons (if applicable), the Trust Deed and the Deed Poll (if applicable) are secured equally and rateably with the Relevant Indebtedness or guarantee secured by such security interest to the satisfaction of the Trustee or such other security is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

For the purposes of these Terms and Conditions, "Relevant Indebtedness" means any indebtedness for borrowed money (as defined in the Trust Deed) in the form of, or represented by, bonds, notes, debentures or other securities which are or are to be quoted, listed or ordinarily dealt in or traded on any stock exchange, over-the-counter or other securities market (whether or not initially distributed by way of private placing), but excluding any such indebtedness which has a stated maturity not exceeding one year.

Any reference in these Terms and Conditions to an obligation being guaranteed shall include a reference to an indemnity being given in respect thereof.

## **5. Interest**

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

Each Fixed Rate Note bears interest on its outstanding nominal amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Pricing Supplement shall be the Issue Date) at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

Except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

If interest is required to be calculated for a period ending other than on an Interest Payment Date, such interest shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 5(f) below), and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

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

Each Floating Rate Note and Variable Interest Note bears interest on its outstanding nominal amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Pricing Supplement shall be the Issue Date) and such interest will be payable in arrear on either:

- (A) the Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or
- (B) if no express Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Interest Payment Date specified in the applicable Pricing Supplement an "Interest Payment Date") which falls the number of months or other period specified as the Interest Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

#### ***(ii) Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Variable Interest Notes will be determined in the manner specified in the applicable Pricing Supplement.

#### ***(A) ISDA Determination for Floating Rate Notes***

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant



ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2000 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes, (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the applicable Pricing Supplement;
- (2) the Designated Maturity is a period specified in the applicable Pricing Supplement; and
- (3) unless otherwise stated in the applicable Pricing Supplement, the relevant Reset Date is the first day of that Interest Period.

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

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

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

- (1) the offered quotation; or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

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

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

***(iii) Minimum Rate of Interest and/or Maximum Rate of Interest***

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

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

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

The Principal Paying Agent or, where specified in the relevant Pricing Supplement, the Calculation Agent, in the case of Floating Rate Notes, and the Calculation Agent or, where specified in the applicable

Pricing Supplement, the Determination Agent, in the case of Variable Interest Notes, will at, or as soon as practicable after, each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Variable Interest Notes, the Calculation Agent or Determination Agent (as applicable) will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Calculation Agent or Determination Agent (as applicable) will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes and Variable Interest Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to each Specified Denomination, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

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

*(v) Notification of Rate of Interest and Interest Amounts*

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

*(vi) Determination or Calculation by Trustee*

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

*(vii) Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(b), whether by the Principal Paying Agent or, if applicable, the Calculation Agent or the Determination Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Trustee, the Principal Paying Agent and (as applicable) the Calculation Agent or the Determination Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or (as applicable) the Calculation Agent or the Determination Agent or the

Trustee in connection with the exercise or non-exercise by it of any of its powers, duties and discretions pursuant to such provisions.

***(c) Interest on Dual Currency Notes***

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

***(d) Interest on Partly-Paid Notes***

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

***(e) Accrual of interest***

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date fixed for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in Condition 7(f).

***(f) Business Day, Business Day Conventions, Day Count Fractions and other adjustments***

In these Terms and Conditions, "Business Day" means a day which is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Pricing Supplement; and
- (ii) either
  - (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London); or
  - (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System (the "TARGET System") is operating (a "TARGET Settlement Day").

If a Business Day Convention is specified in the applicable Pricing Supplement and if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

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

- (ii) in the case where there is no numerically corresponding day in the calendar month on which an interest payment date should occur shall be the last day that is a Business Day in the relevant month and the provisions of Condition 5(b)(i)(B) above of this paragraph shall apply *mutatis mutandis*.

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

- (1) if “Actual/Actual (ISMA)” is specified in the applicable Pricing Supplement:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (2) if “Actual/365” or “Actual/Actual ISDA” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (3) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;
- (4) if “Actual/365 (Sterling)” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (5) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;
- (6) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Interest Period is the 31st day of a month but the first day of the Interest Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Interest Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month));
- (7) if “30E/360” is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Interest Period unless, in the case of the final Interest Period, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month); and
- (8) or such other Day Count Fraction as may be specified in the applicable Pricing Supplement.

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

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

If “adjusted” is specified in the applicable Pricing Supplement in the Day Count Fraction item, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date and calculated from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date, as such Interest Payment Date shall, where applicable, be adjusted in accordance with the Business Day Convention.

If “unadjusted” is specified in the applicable Pricing Supplement in the Day Count Fraction item, interest in respect of the relevant Interest Period shall be payable in arrear on the relevant Interest Payment Date, as adjusted in accordance with the Business Day Convention, but shall be calculated in respect of the period from (and including) a Period End Date (or the Interest Commencement Date) to (but excluding) the next (or first) Period End Date. For the purpose of this paragraph “Period End Date” means an Interest Payment Date prior to any modification as result of any Business Day Convention.

## **6. Payments**

### ***(a) Method of payment***

Subject as provided below:

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

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

Any reference in these Terms and Conditions to payment of any sums in respect of the Notes (including, in respect of Variable Notes, Physically-Settled Notes) shall be deemed to include, as applicable, delivery of assets if so provided in the applicable Pricing Supplement and references to paid and payable shall be construed accordingly.

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

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

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which

they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Variable Notes or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

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

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

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

***(d) Payments in respect of Registered Notes***

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") at the close of business on the fifteenth calendar day before the relevant due date (the "Record Date"). Notwithstanding the previous sentence, if (i) a holder does not have a Designated Account or (ii) the nominal amount of the Notes held by a holder is less than U.S.\$100,000 (or its equivalent), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, "Designated Account" means the account (which, in the case of a payment in Japanese Yen to a non-

resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

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

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

All amounts payable to DTC or its nominee as registered holder of a Rule 144A Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency for conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

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

***(e) Payments in respect of Australian Domestic Notes***

The Australian Registrar will act (through its office in Sydney) as principal paying agent for Australian Domestic Notes pursuant to a Registry Services Agreement (such Registry Services Agreement as amended and/or supplemented and/or restated from time to time, the “Registry Services Agreement”) dated 11th February, 2000 between the Issuer and the Australian Registrar.

Payments of principal and interest will be made in Sydney in Australian dollars to the persons registered at the close of business on the relevant Record Date (as defined below) as the holders of such Notes, subject in all cases to normal banking practice and all applicable laws and regulations. Payment will be made by cheques drawn on the Sydney branch of an Australian bank despatched by post on the relevant payment date at the risk of the Noteholder or, at the option of the Noteholder by the Australian Registrar giving in Sydney irrevocable instructions for the effecting of a transfer of the relevant funds to an Australian dollar account in Australia specified by the Noteholder to the Australian Registrar, or in any other manner in Sydney which the Australian Registrar and the Noteholder agree.

In the case of payments made by electronic transfer, payments will for all purposes be taken to be made when the Australian Registrar gives irrevocable instructions in Sydney for the making of the relevant payment by electronic transfer, being instructions which would be reasonably expected to result, in the ordinary course of banking business, in the funds transferred reaching the account of the Noteholder and, in the case of accounts maintained in Australia, reaching the account on the same day as the day on which the instructions are given.

If a cheque posted or an electronic transfer for which irrevocable instructions have been given by the Australian Registrar is shown, to the satisfaction of the Australian Registrar, not to have reached the Noteholder and the Australian Registrar is able to recover the relevant funds, the Australian Registrar may make such other arrangements as it thinks fit for the effecting of the payment in Sydney.

Interest will be calculated in the manner specified in Condition 5 above and will be payable to the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date and cheques will be made payable to the Noteholder (or, in the case of joint Noteholders, to the first-named) and sent to his registered address, unless instructions to the contrary are given by the Noteholder (or, in the case of joint Noteholders, by all the Noteholders) in such form as may be prescribed by the Australian Registrar. Payments of principal will be made to, or to the order of, the persons who are registered as Noteholders at the close of business in Sydney on the relevant Record Date, subject, if so directed by the Australian Registrar, to receipt from them of such instructions as the Australian Registrar may require.

In this Condition 6(e), Record Date means, in the case of payments of principal or interest, the close of business in Sydney on the date which is the eighth calendar day before the due date of the relevant payment of principal or interest.

**(f) General provisions applicable to payments**

For so long as the Notes of a Series are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities and for so long as the rules of the UK Listing Authority so require, the Issuer shall procure that there is a Paying Agent approved in writing by the Trustee in the City of London for the payment of principal and interest, if any, on the Notes.

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

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

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

**(g) Non-Business Days**

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Business Day, the holder thereof shall not be entitled to payment until the next following Business Day and shall not be entitled to any further payment in respect of such delay [unless "adjusted" has been specified in the relevant Pricing Supplement for the purposes of Condition 5(f)].

**(h) Interpretation of principal and interest**

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

- (i) any additional amounts which may be payable with respect to principal under Condition 8;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;



- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon/Discount Notes, the Amortised Face Amount (as defined in Condition 7(e)); and
- (vii) any premium and any other amounts which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8.

## **7. Redemption and Purchase**

### ***(a) Redemption at maturity***

Unless previously redeemed or purchased and cancelled as specified below or in the applicable Pricing Supplement, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Pricing Supplement in the relevant Specified Currency on the Maturity Date.

### ***(b) Redemption for tax reasons***

If the Issuer or the Guarantor satisfies the Trustee immediately prior to the giving of the notices referred to below that, on the occasion of the next payment due under the Notes, either (i) the Issuer would be required to pay additional amounts as provided under Condition 8 or to account to any taxing authority in the taxing jurisdiction of any territory in which the Issuer is incorporated or resident for taxation purposes for any amount (other than any tax withheld or deducted from interest payable on the Notes) calculated by reference to any amount payable in respect of the Notes or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making such payment itself would be required to pay additional amounts or to account to any taxing authority in the United Kingdom for any amount as aforesaid or (iii) where the Issuer is not incorporated or resident for taxation purposes in the United Kingdom, the Guarantor would be required to deduct or withhold amounts for or on account of any taxes of whatever nature imposed or levied by or on behalf of the United Kingdom in making any payment of any sum to the Issuer required to enable the Issuer to make a payment in respect of the Notes or to account to any taxing authority in the United Kingdom for any amount calculated by reference to the amount of any such sum to be paid to the Issuer, then the Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), redeem all, but not some only, of the Notes at any time (if this Note is neither a Floating Rate Note nor a Variable Interest Note) or on the next Interest Payment Date (in the case of Floating Rate Notes or Variable Interest Notes). Upon the expiry of such notice the Issuer shall be bound to redeem the Notes accordingly.

Notes redeemed pursuant to this Condition 7(b) will be redeemed at their Early Redemption Amount determined pursuant to Condition 7(e) below.

### ***(c) Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified in the applicable Pricing Supplement, the Issuer may, having given not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the relevant Pricing Supplement) to the Trustee, the Principal Paying Agent, the Noteholders, and in the case of a redemption of Registered Notes, the Registrar, (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount (if any). In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of DTC and/or Euroclear and/or Clearstream, Luxembourg, in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the

serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days (or such shorter period as is specified in the applicable Pricing Supplement) prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes or represented by a Global Note shall in each case bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding and Notes outstanding represented by such Global Note, respectively, bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days (or such shorter period as is specified in the relevant Pricing Supplement) prior to the Selection Date.

***(d) Redemption at the option of the Noteholders (Investor Put)***

If Investor Put is specified in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days' notice (or such other period of notice as is specified in the applicable Pricing Supplement) (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified, or determined in the manner specified, in the applicable Pricing Supplement, in whole (but not, in the case of a Bearer Note in definitive form, in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. Registered Notes may be redeemed under this Condition 7(d) in any multiple of their lowest Specified Denomination.

If this Note is in definitive form, to exercise the right to require redemption of this Note, the holder of this Note must deliver such Note at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2(b).

***(e) Early Redemption Amounts***

For the purpose of Condition 7(b) above and Condition 10, each Note will be redeemed (unless otherwise specified in the applicable Pricing Supplement) at its Early Redemption Amount calculated as follows:

- (i) in the case of a Note other than a Zero Coupon/Discount Note and a Variable Note (but including any Instalment Note or Partly-Paid Note) at the outstanding nominal amount together with interest accrued to (but excluding) the date fixed for redemption;
- (ii) in the case of a Zero Coupon/Discount Note, at an amount (the "Amortised Face Amount") equal to the nominal amount of the Note multiplied by the sum of:
  - (A) the Issue Price; and
  - (B) the product of the Issue Price and the Stated Yield compounded annually from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and payable;
- (iii) in the case of a Variable Note, at an amount determined by the Calculation Agent or the Determination Agent (as applicable) that would on the due date for redemption have the effect of preserving for the holder of the Note the economic equivalent of the obligation of the Issuer to make the payment of the:
  - (A) Final Redemption Amount on the Maturity Date; and
  - (B) an amount or amounts representing the interest that is due as at the date of redemption.

**(f) Instalments**

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above.

**(g) Partly-Paid Notes**

Partly-Paid Notes will be redeemed at maturity in accordance with the provisions of the applicable Pricing Supplement. In the case of Early Redemption, the Early Redemption Amount will be determined pursuant to Condition 7(e)(i) above.

**(h) Purchases**

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. If purchases are made by tender, tenders must be available to all Noteholders alike. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

**(i) Cancellation**

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

**(j) Late payment**

If any amount payable in respect of any Note is improperly withheld or refused upon its becoming due and repayable or is paid after its due date or on or after accelerated maturity following an Event of Default (as defined in Condition 10), the amount due and repayable in respect of such Note (the "Late Payment") shall itself accrue interest (both before and after any judgment or other order of a court of competent jurisdiction) from (and including) the date on which such payment was improperly withheld or refused or, as the case may be, became due, to (but excluding) the Late Payment Date in accordance with the following provisions:

- (i) in the case of a Note other than a Zero Coupon/Discount Note, a Non-Interest Bearing Note or a Variable Note (but including an Instalment Note or Partly-Paid Note) at the rate determined in accordance with Condition 5(a) or 5(b), as the case may be;
- (ii) in the case of a Zero Coupon/Discount Note, at a rate equal to the Stated Yield; and
- (iii) in the case of a Non-Interest Bearing Note or a Variable Note, at a rate calculated by the Calculation Agent so as to reasonably compensate the holder of the Note for the cost of funding the delay in receiving the Late Payment,

in each case on the basis of the Day Count Fraction specified in the Pricing Supplement or, if none is specified, on a 30/360 basis.

For the purpose of this paragraph (j) the "Late Payment Date" shall mean the earlier of:

- (A) the date which the Trustee determines to be the date on which, upon further presentation of the relevant Note, payment of the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is to be made; and
- (B) the seventh day after notice is given to the relevant Noteholder(s) (whether individually or in accordance with Condition 14) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment,

provided that in the case of both (A) and (B), upon further presentation thereof being duly made, such payment is made.

## 8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Guarantor will be made without withholding of or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by the United Kingdom or the taxing jurisdiction of any territory in which the Issuer is incorporated or resident for taxation purposes, or any political subdivision of either of the same or by any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or the Guarantor (as the case may be) will pay such additional amounts as may be necessary in order that the net amounts receivable by the holders after such withholding or deduction shall equal the respective amounts of principal, and interest, if applicable, which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Note, Receipt or Coupon:

- (i) presented for payment by, or by a third party on behalf of, a holder who (a) would be able to avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other similar claim for exemption but fails to do so, or (b) is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with the above-mentioned taxing jurisdiction of the Issuer (in the case of payments by the Issuer) or the United Kingdom (in the case of payments by the Guarantor) other than the mere holding of such Note, Receipt or Coupon; or
- (ii) where such Note, Receipt or Coupon is presented for payment in the jurisdiction in which the Issuer or the Guarantor is incorporated or resident for tax purposes or in the United Kingdom; or
- (iii) 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 any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 (the "Directive") or any agreement between the European Community and any other jurisdiction providing for equivalent measures; or
- (iv) presented for payment by, or on behalf of, a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; or
- (v) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

For this purpose, the "Relevant Date" means the date on which the payment in respect of the Note, Receipt or Coupon first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the "Relevant Date" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Noteholders in accordance with Condition 14.

## 9. Prescription

The Notes and, if applicable, the Receipts and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within a period of 10 years in the case of principal and five years in the case of interest from the Relevant Date (as defined in Condition 8) relating hereto. The Issuer shall be discharged from its obligation to pay principal on a Registered Note to the extent that the relevant Registered Note certificate has not been surrendered to the Registrar by, or a cheque which has been duly despatched in the Specified Currency remains uncashed at, the end of the period of 10 years from the Relevant Date in respect of such payment. The Issuer shall be discharged from its obligation to pay interest on a Registered Note to the extent that a cheque which has been duly despatched in the Specified Currency remains uncashed at the end of the period of five years from the Relevant Date in respect of such payment. There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6(b) or any Talon which would be void pursuant to Condition 6(b).

## 10. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby become, immediately due and repayable each at their Early Redemption Amount (determined pursuant to Condition 7(e)) together with accrued interest as provided in Condition 7(j), in any of the following events ("Events of Default"):

- (i) if default is made for a period of seven days or more in the payment of any principal or 14 days or more in the payment of any interest due in respect of the Notes or any of them; or
- (ii) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except where the Trustee considers such failure to be incapable of remedy when no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer or the Guarantor, as the case may be, of notice requiring the same to be remedied; or
- (iii) if any loan or loans or other indebtedness for borrowed money (which loan or loans or other indebtedness has or have an outstanding principal or aggregate principal amount of at least the Cross Default Amount) of the Issuer, the Guarantor or any Principal Subsidiary becomes or become due and repayable prematurely by reason of an event of default (however described) or the Issuer, the Guarantor or any Principal Subsidiary fails to make any payment in respect thereof on the due date for such payment as extended by any applicable grace period as originally provided or the security for any such loan or loans or other indebtedness for borrowed money becomes enforceable or if default is made by the Issuer, the Guarantor or any Principal Subsidiary in making any payment due under any guarantee given by it in respect of any such loan or loans or other indebtedness for borrowed money of any person having an outstanding principal or aggregate principal amount of at least the Cross Default Amount; or
- (iv) if the Issuer, the Guarantor or any Principal Subsidiary ceases to carry on the whole or a substantial part of its business (save, in the case of the Issuer where it is incorporated in England and Wales, for so long as it remains after such cessation not unable to pay its debts within the meaning of Section 123 of the Insolvency Act 1986, and save, in each case, for the purposes of a reorganisation on terms approved by the Trustee and save, in the case of a Principal Subsidiary, where such cessation results from a solvent winding up of such Principal Subsidiary and the assets thereof attributable directly or indirectly to the Guarantor are distributed to any one or more of the Issuer, the Guarantor and the other Subsidiaries), or the Issuer, the Guarantor or any Principal Subsidiary stops payment of, or admits inability to pay, its debts as they fall due; or
- (v) if an administrative or other receiver or an administrator or other similar official is appointed in relation to the Issuer, the Guarantor or any Principal Subsidiary or in relation to the whole or a material part of the assets of any of them or an encumbrancer takes possession of the whole or a material part of the assets of any of them, or a distress or execution of other process is levied or enforced upon or sued out against the whole or a material part of the assets of any of them, and, in any of the foregoing cases in relation to a Principal Subsidiary, is not discharged within 30 days; or
- (vi) if an effective resolution is passed or an order is made for the winding up or dissolution of the Issuer or the Guarantor (except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders); or
- (vii) if an order is made or an effective resolution is passed for the winding up or dissolution of any Principal Subsidiary (except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or a resolution for the solvent winding up of such Principal Subsidiary where the assets thereof attributable directly or indirectly to the Guarantor are distributed to any one or more of the Issuer, the Guarantor and the other Subsidiaries),

Provided that, in the case of any such Event of Default other than those described in paragraphs (i) and (vi) above, the Trustee shall have certified to the Issuer that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purpose of this Condition, a “Principal Subsidiary” at any time shall mean a Subsidiary of the Guarantor *inter alia*:

- (i) whose total assets (consolidated in the case of a Subsidiary which itself has subsidiaries) attributable to the Guarantor represent not less than 10 per cent. of the consolidated total assets of the Guarantor and its Subsidiaries attributable to the Guarantor, as calculated by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its Subsidiaries (or, in each case, if no such accounts have been prepared and audited, calculated as provided in the Trust Deed); or
- (ii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Guarantor which immediately prior to such transfer is a Principal Subsidiary,

all as more particularly defined in the Trust Deed. A report by the Auditors (as defined in the Trust Deed) of the Guarantor (whether or not addressed to the Trustee) that in their opinion a Subsidiary of the Guarantor is or is not or was or was not at any particular time a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

For the purpose of this Condition, “Cross Default Amount” shall mean the greater of: (a) £25,000,000 or its equivalent in any other currency or composite currency; and (b) such amount in sterling as is equal to 1 per cent. of the Adjusted Tangible Net Worth (as defined in the Trust Deed) of the Guarantor and its Subsidiaries or its equivalent in any other currency or composite currency. A certificate by the Auditors of the Guarantor as to the amount of the Cross Default Amount shall, in the absence of manifest error, be conclusive and binding on all parties.

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

Should any Note or, if applicable, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Bearer Notes, Receipts or Coupons, at the specified office of the Principal Paying Agent or, in the case of Registered Notes, at the specified office of the Registrar (or in any case such other place of which notice shall have been given to the Noteholders in accordance with Condition 14) upon payment in any such case by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or, if applicable, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. Agents**

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

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

- (a) there will at all times be a Principal Paying Agent and a Registrar;
- (b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority;
- (c) there will at all times be a Paying Agent with a specified office in a city approved by the Trustee in continental Europe; and
- (d) so long as any of the Rule 144A Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in London.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6(f). Any variation, termination, appointment or change relating to the Notes shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement and the Registry Services Agreement, respectively, the Agents and the Australian Registrar, act solely as agents or, as the case may be, registrars of the Issuer and the Guarantor and, in certain circumstances, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders, Receiptholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

The Issuer undertakes that, if any Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing, or complying with, or introduced in order to conform to, such Directive are enacted, it will ensure that it maintains a Paying Agent with a specified office in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to the Directive or any such law PROVIDED THAT under no circumstances shall the Issuer be obliged to maintain a Paying Agent with a specified office in such Member State unless at least one European Member State does not require a Paying Agent making payments through a specified office in that Member State to so withhold or deduct tax.

The Issuer also undertakes that if the European Community reaches an agreement with any jurisdiction of the nature referred to in Condition 8(iii), the Issuer will ensure that it maintains a Paying Agent with a specified office in a jurisdiction that will not be obliged to withhold or deduct tax pursuant to that agreement PROVIDED THAT there is at least one such jurisdiction.

### **13. Exchange of Talons**

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

### **14. Notices**

All notices regarding the Bearer Notes will be deemed to be validly given if published (i) in one leading English language daily newspaper of general circulation in London, and (ii) if and for so long as the Bearer Notes are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a daily newspaper of general circulation in Luxembourg. It is expected that such publication will be made in the *Financial Times* in London and the *Luxemburger Wort* in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, the relevant notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or other relevant authority. In addition, notices regarding Australian Domestic Notes shall also be published in a leading daily newspaper of general circulation in Australia. It is expected that such notices will normally be published in *The Australian Financial Review*. Any such notice will be deemed to have been given on the date of such publication. If the giving of notice as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, notice may be given (so long as any Global Notes representing the Notes are held in their entirety on behalf of DTC, Euroclear and/or Clearstream, Luxembourg (and so long as the rules of any stock exchange on which the Notes are listed, or the rules of

any other relevant authority by which the Notes have been admitted to listing, permit)) by delivery of the relevant notice to DTC, Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the Notes provided that, in addition, for so long as any Notes are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in a place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the third day after the day on which the said notice was given to DTC, Euroclear and/or Clearstream, Luxembourg as the case may be.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes), the Registrar (in the case of Registered Notes) or the Australian Registrar (in the case of Australian Domestic Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **15. Meetings of Noteholders, Modification, Waiver, Determination and Substitution**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed or the Deed Poll. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer at the request of Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons, the Trust Deed or the Deed Poll, the quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

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

The Issuer and the Principal Paying Agent may agree, without the consent of the Trustee, the Noteholders, Receiptholders or Couponholders, to any modification of any of the provisions of any Pricing Supplement which is of a formal, minor or technical nature or is made to correct a manifest error.

The Trustee may also determine, without the consent of the Noteholders, the Receiptholders or the Couponholders, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such if the Trustee is satisfied that so to do will not be materially prejudicial to the interests of the Noteholders.



Subject as provided in the Trust Deed, the Trustee, if it is satisfied that so to do would not be materially prejudicial to the interests of the Noteholders, may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the substitution of (i) the Guarantor or any other person or persons incorporated in any country in the world in place of the Issuer as principal debtor under the Trust Deed, the Deed Poll (where applicable), the Notes and, if applicable, the Receipts and Coupons provided that, except in the case of the substitution of the Guarantor, the obligations of such substitute as principal debtor under the Trust Deed, the Deed Poll (where applicable), the Notes and, if applicable, the Receipts and Coupons shall be guaranteed by the Guarantor in such form as the Trustee may require or (ii) any successor company of the Guarantor in place of the Guarantor as guarantor in respect of the Trust Deed, the Deed Poll (where applicable), the Notes and, if applicable, the Receipts and Coupons. The Trustee may also agree without the consent of the Noteholders, Receiptholders or Couponholders to the addition of another company as an issuer of Notes under the Programme and the Trust Deed. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require.

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

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

## **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the issue price and date of issue thereof and the amount and date of the first payment of interest thereon and so as to be consolidated and form a single series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

## **17 Enforcement**

At any time after the Notes or any of them shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce repayment thereof together with accrued interest, if any, and to enforce the provisions of the Trust Deed or the Deed Poll, but it shall not be bound to institute any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter of the nominal amount of the Notes then outstanding and (b) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder shall be entitled to proceed against the Issuer and/or the Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

A person who is not a Noteholder has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy which exists or is available apart from that Act.

## **18. Governing Law and Submission to Jurisdiction**

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

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that Australian Domestic Notes, the Deed Poll and the Registry Services Agreement are governed by, and shall be construed in accordance with, the laws in force in New South Wales, Australia.

### ***(b) Submission to jurisdiction***

The Issuer (except where the Issuer is Abbey National Treasury Services plc or Abbey National Funding plc) has irrevocably agreed in the Trust Deed for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with these Terms and Conditions, the Trust Deed, the Notes, the Receipts and/or the Coupons and that accordingly any suit, action or proceedings arising out of or in connection with these Terms and Conditions, the Trust Deed, the Notes, the Receipts and/or the Coupons (together referred to as "Proceedings") may be brought in such Courts.

In the case of Australian Domestic Notes, Abbey National Treasury Services plc has irrevocably agreed for the benefit of Noteholders that the courts of New South Wales, Australia and courts of appeal from them are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Australian Domestic Notes, any Deed Poll or the Registry Services Agreement and that accordingly any suit, action or proceedings arising out of or in connection with the Australian Domestic Notes, any Deed Poll or the Registry Services Agreement (together referred to as "Australian Proceedings") may be brought in such courts.

The Issuer (except, in the case of the Courts of England, where the Issuer is Abbey National Treasury Services plc or Abbey National Funding plc) has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any Proceedings (or any Australian Proceedings) in any such court and any claim that any such Proceedings (or Australian Proceedings) have been brought in an inconvenient forum and has further irrevocably agreed that a judgment in any such Proceedings (or Australian Proceedings) brought in the Courts of England (or the courts of New South Wales and courts of appeal from them) shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

Nothing contained in this Condition shall limit any right to take any suit, action or proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of any suit, action or proceedings in one or more jurisdictions preclude the taking of any suit, action or proceedings in any other jurisdiction, whether concurrently or not.

### ***(c) Appointment of Process Agent***

The Issuer (except where the Issuer is Abbey National Treasury Services plc or Abbey National Funding plc) has in the Trust Deed appointed the Guarantor at its registered office for the time being as its agent for service of process in England, and has undertaken that, in the event of the Guarantor ceasing so to act it will appoint such other person as the Trustee may approve as its agent for service of process in England.

For so long as any Australian Domestic Notes are outstanding, Abbey National Treasury Services plc has appointed Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) as its agent for the time being to accept service of process on its behalf in New South Wales in respect of any legal action or proceedings as may be brought in the courts of New South Wales, Australia or the federal courts of Australia. In the event of Dabserv Corporate Services Pty Limited (ABN 73 001 824 111) ceasing to act, Abbey National Treasury Services plc will appoint such other agent as the Trustee may approve.