



**LEGAL & GENERAL GROUP PLC**

*(incorporated with limited liability in England & Wales with registered no. 1417162)*

**LEGAL & GENERAL FINANCE PLC**

*(incorporated with limited liability in England & Wales with registered no. 02338444)*

**£2,000,000,000**

**EURO NOTE PROGRAMME**

*guaranteed (in the case of Notes issued by Legal & General Finance PLC) by*

**LEGAL & GENERAL GROUP PLC**

Under the Euro Note Programme described in this Information Memorandum (the “Programme”), Legal & General Finance PLC (“L&GF”) and Legal & General Group Plc (“L&G” or “Legal & General”) (each an “Issuer” and, together, the “Issuers”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Notes guaranteed, in the case of Notes issued by L&GF, by L&G (in such capacity, the “Guarantor”) (the “Notes”). The Notes may be issued as senior obligations (“Senior Notes”) by L&GF or L&G or as subordinated obligations (“Subordinated Notes”) by L&G only. The aggregate nominal amount of Notes outstanding will not at any time exceed £2,000,000,000 (or the equivalent in other currencies), subject to the right of the Issuers to increase such amount in accordance with the terms of the Distribution Agreement (as defined herein).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for Notes issued within 12 months of this Information Memorandum to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for such Notes to be admitted to trading on the London Stock Exchange’s market for listed securities. Admission to the Official List of the UK Listing Authority together with admission to trading on the London Stock Exchange’s market for listed securities constitute official listing on a stock exchange. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the London Stock Exchange’s market for listed securities (or any other stock exchange).

A copy of this document, which comprises listing particulars approved by the UK Listing Authority in relation to Notes to be issued during the period of 12 months from the date of this Information Memorandum, has been delivered for registration to the Registrar of Companies in England and Wales as required by Section 83 of the Financial Services and Markets Act 2000.

Each Series (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “temporary Global Note”) or a permanent global note in bearer form (each a “permanent Global Note”). Notes in registered form will be represented by registered certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of registered Notes of one Series. Global Notes and Certificates may be deposited on the issue date with a common depositary on behalf of Euroclear Bank S.A./N.V. as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described herein under “Summary of Provisions Relating to the Notes while in Global Form”.

*Arranger*

**Lehman Brothers**

*Dealers*

**Barclays Capital**

**Goldman Sachs International**

**Lehman Brothers**

**Citigroup**

**JPMorgan**

**The Royal Bank of Scotland**

**UBS Investment Bank**

**30 March 2005**

**This Information Memorandum comprises listing particulars given in compliance with the listing rules made under Section 74 of the Financial Services and Markets Act 2000 by the UK Listing Authority, for the purpose of giving information with regard to L&G and L&GF and the Notes. Each of L&G and L&GF accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge and belief of each of them (having taken all reasonable care to ensure that such is the case), the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.**

**Any reference in this Information Memorandum to listing particulars means this Information Memorandum excluding all information incorporated by reference. Each of L&G and L&GF has confirmed that any information incorporated by reference, including any such information to which readers of this Information Memorandum are expressly referred, has not been and does not need to be included in the listing particulars to satisfy the requirements of the Financial Services and Markets Act 2000 or the listing rules made under Section 74 of the Financial Services and Markets Act 2000 by the UK Listing Authority. Each of L&G and L&GF believes that none of the information incorporated therein by reference conflicts in any material respect with the information included in the listing particulars.**

**No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by L&G, L&GF or any of the Dealers or the Arranger (as defined in “Summary of the Programme”). Neither the delivery of this Information Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of L&G or L&GF since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of L&G or L&GF since the date hereof or the date upon which this Information Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.**

**The distribution of this Information Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by L&G, L&GF, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”) and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Information Memorandum, see “Subscription and Sale”.**

**This Information Memorandum does not constitute an offer of, or an invitation by or on behalf of L&G, L&GF or the Dealers to subscribe for, or purchase, any Notes.**

**The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Information Memorandum. Neither this Information Memorandum nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of L&G, L&GF, the Arranger or the Dealers that any recipient of this Information Memorandum or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Information Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of L&G or L&GF during the life of the arrangements contemplated by**

**this Information Memorandum or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.**

**In connection with any Tranche (as defined in “Summary of the Programme”), one of the Dealers will act as a stabilising manager (the “Stabilising Manager”). The identity of the Stabilising Manager will be disclosed in the relevant Pricing Supplement. References in the next paragraph to “the issue of any Tranche” are to each Tranche in relation to which a Stabilisation Manager is appointed.**

**In connection with the issue of any Tranche, the Stabilising Manager or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.**

**In this Information Memorandum, unless otherwise specified or the context otherwise requires, references to “£”, “pounds”, “pounds sterling” and “pence” are to the lawful currency of the United Kingdom of Great Britain and Northern Ireland (“United Kingdom” or “UK”), references to “U.S. dollars” and “U.S.\$” are to the lawful currency of the United States of America, references to “¥” are to the lawful currency of Japan and references to “euro”, “EUR” and “€” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended from time to time.**

#### **DOCUMENTS INCORPORATED BY REFERENCE**

This Information Memorandum should be read and construed in conjunction with each relevant Pricing Supplement, the most recently published audited annual accounts, and any interim accounts (whether audited or unaudited) published subsequently to such annual accounts, of L&GF and L&G from time to time, which shall be deemed to be incorporated in, and to form part of, this Information Memorandum and which shall be deemed to modify or supersede the contents of this Information Memorandum to the extent that a statement contained in any such document is inconsistent with such contents; provided, however, that no such document or modifying or superseding statement shall form part of the listing particulars issued in compliance with the listing rules made under Section 74 of the Financial Services and Markets Act 2000.

#### **SUPPLEMENTARY INFORMATION MEMORANDUM**

If at any time L&GF or L&G shall be required to prepare supplementary listing particulars pursuant to Section 81 of the Financial Services and Markets Act 2000, L&GF and L&G will prepare and make available an appropriate amendment or supplement to this Information Memorandum or a further Information Memorandum which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the London Stock Exchange’s market for listed securities, shall constitute supplementary listing particulars as required by the UK Listing Authority and Section 81 of the Financial Services and Markets Act 2000.

Each of L&GF and L&G has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant change affecting any matter contained in this Information Memorandum whose inclusion would reasonably be required by investors and their professional advisers, and would reasonably be expected by them to be found in this Information Memorandum, for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of L&GF and L&G, and the rights attaching to the Notes, L&GF and L&G shall prepare an amendment or supplement to this Information Memorandum or publish a replacement Information Memorandum for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

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## SUMMARY OF THE PROGRAMME

*The following summary is qualified in its entirety by the remainder of this Information Memorandum.*

<b>Issuers:</b>	Legal & General Group Plc Legal & General Finance PLC
<b>Guarantor:</b>	Legal & General Group Plc (in the case of Notes issued by L&GF).
<b>Description:</b>	Euro Note Programme
<b>Size:</b>	Up to £2,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time, subject to the right of the Issuers to increase such amount which is in turn subject to the terms of the Distribution Agreement dated 8 April 2003 (as amended and restated pursuant to an Amending and Restating Agreement dated 30 March 2005 between L&G, L&GF and the Dealers and as amended or supplemented as at the Issue Date (as defined herein), the “Distribution Agreement”).
<b>Arranger:</b>	Lehman Brothers International (Europe)
<b>Dealers:</b>	Barclays Bank PLC, Citigroup Global Markets Limited, Goldman Sachs International, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), The Royal Bank of Scotland plc and UBS Limited.  The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Information Memorandum to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Issuing and Paying Agent and Registrar:</b>	Citibank, N.A.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement to this Information Memorandum (a “Pricing Supplement”).

<b>Issue Price:</b>	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount. Partly Paid Notes may be issued, the issue price of which will be payable in two or more instalments.
<b>Form of Notes:</b>	The Notes may be issued in bearer form (“Bearer Notes”), or in registered form (“Registered Notes”). Each Tranche of Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in “Summary of the Programme — Selling Restrictions”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”.
<b>Clearing Systems:</b>	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
<b>Initial Delivery of Notes:</b>	On or before the issue date for each Tranche, the Global Note representing Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer and the relevant Dealers.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations, directives and requirements of the Financial Services Authority (“FSA”), Senior Notes and Dated Subordinated Notes (as defined below) may have any maturity. Undated Subordinated Notes (as defined below) will not have a stated maturity.
<b>Denomination:</b>	Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement, save that unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year from the date of issue will have a minimum denomination of £100,000 (or its equivalent in other currencies).
<b>Fixed Rate Notes:</b>	Fixed Rate Notes will bear interest which will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest determined separately for each Series as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by 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 of the relevant Series; or</li> <li>(ii) by reference to LIBOR, LIBID, LIMEAN or EURIBOR (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin.</li> </ul> <p>Such interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.</p> <p>Interest periods will be specified in the relevant Pricing Supplement.</p>
<b>Zero Coupon Notes:</b>	<p>Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.</p>
<b>Dual Currency Notes:</b>	<p>Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as may be specified in the relevant Pricing Supplement.</p>
<b>Index Linked Notes:</b>	<p>Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula as may be specified in the relevant Pricing Supplement.</p>
<b>Interest Periods and Interest Rates:</b>	<p>The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.</p>
<b>Redemption:</b>	<p>The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless otherwise permitted by then current laws and regulations, Notes which have a maturity of less than one year must have a minimum redemption amount of £100,000 (or its equivalent in other currencies). Redemption of Dated Subordinated Notes prior to their stated maturity is subject to prior written notice to, and the absence of objection from, the FSA as more fully described in “Terms and Conditions of the Subordinated Notes — Redemption, Purchase and Options”. Undated Subordinated Notes have no Final Maturity Date and are only redeemable or repayable in accordance with “Terms and Conditions of the Subordinated Notes — Redemption, Purchase and Options”.</p>

<b>Redemption by Instalments:</b>	The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed.
<b>Other Notes:</b>	Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, reverse dual currency Notes, optional dual currency Notes, partly paid Notes and any other type of Note that the relevant Issuer may agree with the Trustee and any Dealer or Dealers to issue under the Programme will be set out in the relevant Pricing Supplement.
<b>Optional Redemption:</b>	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
<b>Status of Notes:</b>	<p>Under the Programme, L&amp;GF and L&amp;G may issue unsubordinated Notes (“Senior Notes”) and L&amp;G may also issue dated subordinated Notes (“Dated Subordinated Notes”, which term includes Option A Dated Subordinated Notes and Option B Dated Subordinated Notes) or undated subordinated Notes (“Undated Subordinated Notes”, which term includes Option A Undated Subordinated Notes and Option B Undated Subordinated Notes, and, together with Dated Subordinated Notes, “Subordinated Notes”), in each case in either bearer or registered form as specified in the relevant Pricing Supplement. Senior Notes issued by L&amp;GF will be guaranteed by L&amp;G. Senior Notes and, in the case of Senior Notes issued by L&amp;GF, the guarantee of L&amp;G in respect of them will constitute unsubordinated and unsecured obligations of the relevant Issuer and the Guarantor, respectively, all as described in “Terms and Conditions of the Senior Notes — Status”.</p> <p>Dated Subordinated Notes will constitute direct, unsecured and (save as to subordination) unconditional obligations of L&amp;G and rank <i>pari passu</i> and without any preference among themselves. In the event of the bankruptcy, dissolution or winding up of L&amp;G, the payment obligations of L&amp;G under the Dated Subordinated Notes shall be subordinated to the claims of all creditors of L&amp;G who are (i) unsubordinated creditors of L&amp;G, or (ii) subordinated creditors of L&amp;G other than (x) holders of undated or perpetual subordinated indebtedness of L&amp;G, including holders of the Undated Subordinated Notes and (y) those whose claims rank or are expressed to rank <i>pari passu</i> with or junior to the claims of the holders of the Dated Subordinated Notes but shall rank at least <i>pari passu</i> with all other subordinated obligations of L&amp;G that are not expressed by their terms to rank junior to the Dated Subordinated Notes and in priority to all undated or perpetual subordinated obligations of L&amp;G and to the claims of shareholders of L&amp;G.</p> <p>Undated Subordinated Notes will constitute direct, unsecured and (save as to subordination) unconditional obligations of L&amp;G and rank <i>pari passu</i> and without any preference among themselves. In the event of the bankruptcy, dissolution or winding-up of L&amp;G, the payment obligations of L&amp;G under the Undated Subordinated Notes shall be subordinated to the claims of all creditors of L&amp;G</p>

who are (i) unsubordinated creditors of L&G or (ii) subordinated creditors of L&G other than those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the holders of the Undated Subordinated Notes but shall rank at least *pari passu* with all other undated or perpetual obligations of L&G that are not expressed by their terms to rank junior to the Undated Subordinated Notes and in priority to the claims of holders of all classes of share capital of L&G.

All payments in respect of the Undated Subordinated Notes shall be conditional upon L&G being solvent (as described herein) at the time for payment by L&G, and no amount shall be payable in respect of the Undated Subordinated Notes until such time as L&G could make such payment and still be solvent immediately thereafter. In a winding-up of L&G, the amount payable in respect of the Undated Subordinated Notes shall be determined in accordance with the provisions described in “Terms and Conditions of the Subordinated Notes — Status of Undated Subordinated Notes — Amounts payable on Winding-up”.

Payments of interest on Subordinated Notes (except for Option A Dated Subordinated Notes) are subject to deferral as more fully described in “Terms and Conditions of the Subordinated Notes – Deferral of Payments”. In addition, payments of interest on Option B Undated Subordinated Notes may, subject to the deferral provisions as aforesaid, be satisfied at the election of the relevant Issuer by operation of the Alternative Interest Satisfaction Mechanism, as more fully described under “Terms and Conditions of the Subordinated Notes - Deferral of Payments -Alternative Interest Satisfaction Mechanism”.

<b>Negative Pledge:</b>	Applicable to Senior Notes only. See “Terms and Conditions of the Senior Notes — Negative Pledge”.
<b>Cross Default:</b>	Applicable to Senior Notes only. See “Terms and Conditions of the Senior Notes — Events of Default”.
<b>Early Redemption for Taxation Reasons and Capital Disqualification Event:</b>	Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons and, in the case of Subordinated Notes only, for a Capital Disqualification Event (as defined herein). See “Terms and Conditions of the Senior Notes — Redemption, Purchase and Options” and “Terms and Conditions of the Subordinated Notes — Redemption, Purchase and Options”.
<b>Withholding Tax:</b>	All payments of principal and interest in respect of the Notes will be made without deduction or withholding for or on account of United Kingdom taxes, unless such deduction or withholding is required by law. In the event that any such deduction or withholding is required by law to be made, the relevant Issuer will, save in certain limited circumstances as further described in “Terms and Conditions of the Senior Notes — Taxation” and “Terms and Conditions of the Subordinated Notes — Taxation”, be required to pay additional amounts to cover the amounts so deducted or withheld.
<b>Governing Law:</b>	English.

**Listing:**

Applications have been made to list Notes issued under the Programme on the Official List and to admit them to trading on the London Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted.

**Selling Restrictions:**

United States, United Kingdom, Japan and the Netherlands. See “Subscription and Sale”.

Each of L&G and L&GF is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended.

The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Supplement states that the Notes to which it relates are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificate(s) representing each Series of Senior Notes issued by L&GF or L&G. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Senior Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed dated 8 April 2003 (amended and restated pursuant to an Amending and Restating Deed dated 30 March 2005, and as amended or supplemented as at the date of issue of the Notes (the "Issue Date"), the "Trust Deed") between Legal & General Group Plc ("L&G" or, in its capacity as guarantor, the "Guarantor"), Legal & General Finance PLC ("L&GF") (each an "Issuer" and together the "Issuers"), and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement dated 8 April 2003 (as amended or supplemented as at the Issue Date, the "Agency Agreement") has been entered into in relation to the Notes between L&G, L&GF, the Trustee, Citibank, N.A. as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall include the Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London, EC2V 7EX, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

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

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

The Notes are issued in bearer form ("Bearer Notes") or in registered form ("Registered Notes") in each case in the Specified Denomination(s) shown hereon.

*All Registered Notes shall have the same Specified Denomination.*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

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

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

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

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

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

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

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

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

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

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

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom

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

**(d) *Transfer Free of charge***

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

**(e) *Closed Periods***

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

*The following text “3. Guarantee and Status” will appear on Senior Notes issued by L&GF:*

**3. *Guarantee and Status***

**(a) *Guarantee***

The Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes, Receipts and Coupons. Its obligations in that respect (the “Guarantee”) are contained in the Trust Deed.

**(b) *Status of Notes and Guarantee***

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them and of the Guarantor under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the Guarantor respectively, present and future.

*The following text “3. Status” will appear on Senior Notes issued by L&G:*

**3. *Status***

The Notes and the Receipts and Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Receipts and Coupons relating to them shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future.

*The following text “4. Negative Pledge” will appear on Senior Notes issued by L&GF:*

#### **4. Negative Pledge**

So long as any of the Notes, Receipts or Coupons remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will create or permit to exist any Security Interest (as defined below) upon any of its properties (whether now owned or hereafter acquired) to secure any of its present or future Relevant Indebtedness (as defined below) (or any guarantee or indemnity in respect thereof) without making effective provision whereby the Issuer’s or, as the case may be, the Guarantor’s obligations under the Notes and the Trust Deed (aa) are secured equally and rateably therewith, or (bb) benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (cc) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its reasonable opinion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

“Relevant Indebtedness” means any indebtedness for borrowed money which is in the form of, or represented or evidenced by bonds, notes, debentures or other securities which, with the agreement of the Issuer or the Guarantor, as the case may be, are quoted, listed, dealt in or traded on a stock exchange, or an over-the-counter or other recognised securities market.

“Security Interest” means any mortgage, pledge, security interest, lien or other encumbrance.

*The following text “4. Negative Pledge” will appear on Senior Notes issued by L&G:*

#### **4. Negative Pledge**

So long as any of the Notes, Receipts or Coupons remain outstanding (as defined in the Trust Deed), the Issuer will not create or permit to exist any Security Interest (as defined below) upon any of its properties (whether now owned or hereafter acquired) to secure any of its present or future Relevant Indebtedness (as defined below) (or any guarantee or indemnity in respect thereof) without making effective provision whereby the Issuer’s obligations under the Notes and the Trust Deed (aa) are secured equally and rateably therewith, or (bb) benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (cc) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its reasonable opinion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

“Relevant Indebtedness” means any indebtedness for borrowed money which is in the form of, or represented or evidenced by, bonds, notes, debentures or other securities which, with the agreement of the Issuer, are quoted, listed, dealt in or traded on a stock exchange or an over-the-counter or other recognised securities market.

“Security Interest” means any mortgage, pledge, security interest, lien or other encumbrance.

#### **5. Interest and other Calculations**

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will be payable on the particular Interest Payment Date(s) specified hereon.

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

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

Each Floating Rate Note and Index Linked Interest Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

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

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

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

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

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

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

(x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

(I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or

(II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

**(c) Zero Coupon Notes**

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

**(d) Dual Currency Notes**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

**(e) 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 hereon.

**(f) Accrual of Interest**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

**(g) Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding**

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency that is available as legal tender in the country(ies) of such currency.

**(h) Calculations**

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where

any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(i) ***Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts***

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, it shall determine such rate and calculate the Interest Amounts in respect of each Specified Denomination of the Notes for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

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

(k) ***Definitions***

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

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or

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

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

- (i) if “Actual/365” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (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 Calculation Period is the 31st day of a month but the first day of the Calculation 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 Calculation 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))
- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation 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 Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, 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
- (vii) if “Actual/Actual-ISMA” is specified hereon,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

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

where:

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

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

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

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

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

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

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

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

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

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

“ISDA Definitions” means the 2000 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“Reuters”) and Bridge Telerate (“Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

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

“Reference Banks” means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-

the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels time.

“Representative Amount” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

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

“Specified Duration” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(b)(ii).

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

**(l) Calculation Agent and Reference Banks**

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

## **6. Redemption, Purchase and Options**

### **(a) *Redemption by Instalments and Final Redemption***

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 6(d) or 6(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount, in each case together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

### **(b) *Early Redemption***

- (i) Zero Coupon Notes
  - (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
  - (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
  - (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue to (but excluding) the date of redemption in accordance with Condition 5(c).

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

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

(c) ***Redemption for Taxation Reasons***

If the Issuer determines that immediately before the giving of the notice referred to below [either

- (i)<sup>1</sup> on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8[; or
- (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payments itself would be required to pay such additional amounts],<sup>1</sup>

the Issuer may, at its option, having given not less than 30 or more than 60 days' notice (a "Tax Redemption Notice") to the Issuing and Paying Agent, the Trustee and, if required in accordance with Condition 16, the holders of Registered Notes (which notice shall be irrevocable) redeem all, but not some only, of the Notes at any time and at their Early Redemption Amount (as described in Condition 6(b) above) together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

Prior to the publication of any Tax Redemption Notice, the Issuer shall deliver to the Trustee (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the Issuer [or, as the case may be, the Guarantor]<sup>1</sup> has become, is or would be so required to pay additional amounts, and (2) an opinion in form and substance reasonably satisfactory to the Trustee of independent legal advisers of recognised standing to that effect. The Trustee shall, without enquiring and without any liability therefor, accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above and it shall be conclusive and binding on the Noteholders and the Couponholders.

(d) ***Redemption at the Option of the Issuer and Exercise of Issuer's Options***

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer's option (as may be described hereon) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's option shall be exercised, on the date specified in such notice in accordance with this Condition.

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

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<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

**(e) *Redemption at the Option of Noteholders and Exercise of Noteholders' Options***

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions.

To exercise such option or any other Noteholders' option that may be set out hereon (which must be exercised on an Option Exercise Date) the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

**(f) *Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

**(g) *Purchases***

[The Issuer, the Guarantor and any of their Subsidiaries (as defined in Condition 10)]<sup>1</sup> [The Issuer and any of its Subsidiaries (as defined in Condition 10)]<sup>2</sup> may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

**(h) *Cancellation***

All Notes purchased by or on behalf of [the Issuer, the Guarantor or any of their Subsidiaries]<sup>1</sup> [The Issuer or any of its Subsidiaries]<sup>2</sup> may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer [and the Guarantor]<sup>1</sup> in respect of any such Notes shall be discharged.

**7. *Payments and Talons***

**(a) *Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. "Bank"

<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

<sup>2</sup> Square bracketed text to appear on Senior Notes issued by L&G.

means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) *Registered Notes***

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “Record Date”). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

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

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

**(d) *Subject to Fiscal Laws***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

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

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer [and the Guarantor]<sup>1</sup> and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer [and the Guarantor]<sup>1</sup> and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer [and the Guarantor]<sup>1</sup> reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having specified offices in London so long as the Notes are listed on the official list of the Financial Services

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<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's market for listed securities, (vi) insofar as the Issuer [or the Guarantor]<sup>1</sup> would be obliged to pay additional amounts pursuant to Condition 8 upon presentation of the Note or the Coupon, as the case may be, for payment in the United Kingdom but for the application of Condition 8(f), a Paying Agent having a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive (to the extent that at least one such member state (other than the United Kingdom) does not require a Paying Agent with an office in that member state to so withhold or deduct amounts for or on account of tax, whether pursuant to such Directive, under the law of that member state or otherwise).

In addition, the Issuer [and the Guarantor]<sup>1</sup> shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in Condition 7(c).

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

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

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

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<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

**(g) Talons**

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

**(h) Non-Business Days**

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

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

**8. Taxation**

All payments of principal and interest by or on behalf of the Issuer [or the Guarantor]<sup>1</sup> in respect of the Notes, the Receipts and the Coupons [or under the Guarantee]<sup>1</sup> shall be made without withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer [or, as the case may be, the Guarantor]<sup>1</sup> shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required by law to be made, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

**(a) Other connection**

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

**(b) Lawful avoidance of withholding**

presented for payment by or on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment or

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<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

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

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

**(d) *Payment to individuals***

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or

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

(except in the case of the payment of interest in respect of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent (or, in the case of the payment of principal in respect of Registered Notes, another Transfer Agent or, if applicable, the Registrar) in a Member State of the European Union or

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

presented for payment in the United Kingdom or

**(g) *Any combination***

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

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

## **9. Prescription**

Claims against the Issuer [and/or the Guarantor]<sup>1</sup> for payment in respect of the Notes, Receipts and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

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<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

*The following text “10. Events of Default” will appear on Notes issued by L&GF and guaranteed by L&G:*

## **10. Events of Default**

The Trustee may at its absolute discretion, and shall, if so requested in writing by the holders of not less than one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, (subject in each case to being indemnified to its satisfaction) give written notice to the Issuer that the Notes are due and payable immediately, at their Early Redemption Amount together with accrued interest, on the happening of any one or more of the following events (“Events of Default”):

- (a) a default is made for a period of seven days or more in the payment of any principal due in respect of the Notes; or
- (b) if default is made for a period of 14 days or more in the payment of any interest due in respect of the Notes; or
- (c) 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 in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no notice requiring remedy will be required) such failure continues for a 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 of notice requiring the same to be remedied; or
- (d) if any other indebtedness of the Issuer, the Guarantor or its Principal Subsidiary (as defined below) for borrowed monies becomes or is declared to be repayable prior to the due date for payment thereof by reason of default on the part of the Issuer, the Guarantor or its Principal Subsidiary or if any such indebtedness is not repaid on the due date for payment thereof (or by the expiry of any applicable grace period), or any guarantee of indebtedness for borrowed monies given by the Issuer, the Guarantor or its Principal Subsidiary is not honoured when due and called upon; provided that no such event shall constitute an event of default unless the relevant indebtedness or relevant guarantee of indebtedness either alone or when aggregated with all other indebtedness or guarantees of indebtedness (if any) in respect of which other such events have occurred shall equal or exceed whichever is the greater of £25,000,000 (or the equivalent thereof in any other currency or currencies) and 0.5 per cent. of Adjusted Capital and Reserves (as defined below); or
- (e) if an administrator is appointed, an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up of, or an administration order is made in relation to, the Issuer, the Guarantor or its Principal Subsidiary, or if the Issuer, the Guarantor or its Principal Subsidiary stops payment or ceases or threatens to stop payment to its creditors generally or ceases or threatens to cease to carry on business, except a winding-up or a stopping of payment or a cessation of business for the purposes of a reconstruction, amalgamation, merger, consolidation, reorganisation or other similar arrangements (i) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of the Issuer or the Principal Subsidiary, whereby the undertaking or assets of the Issuer or the Principal Subsidiary, as the case may be, are transferred to or otherwise vested in the Guarantor; or
- (f) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or in the opinion of the Trustee any substantial part of the undertaking or assets of the Issuer, the Guarantor or its Principal Subsidiary, or if a distress or execution is levied or enforced upon or sued out against any material part in the opinion of the Trustee of the chattels and property of the Issuer, the Guarantor or its Principal Subsidiary following upon a decree or judgment of a court of competent jurisdiction and is not removed, discharged or paid out within 60 days or any longer period as the Trustee may permit; or
- (g) the Issuer, the Guarantor or its Principal Subsidiary is unable to pay its debts within the meaning of Section 123(1)(e) of the Insolvency Act 1986 or makes a general assignment for the benefit of its creditors; or

- (h) the Issuer or the Principal Subsidiary shall cease to be a subsidiary of the Guarantor within the meaning of Section 736 of the Companies Act 1985 (except pursuant to such a reconstruction or amalgamation as referred to in paragraph (e) above),

provided in the case of any such event other than those described in paragraphs (a) and (b) or (except where such event relates to the Principal Subsidiary) (e) of this Condition, the Trustee shall have certified in writing to the Issuer that such event is in its opinion materially prejudicial to the interests of Noteholders.

As used in these Conditions:

“Adjusted Capital and Reserves” means the aggregate of:

- (i) the amount paid up or credited as paid up on the share capital of L&G, and
- (ii) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to minority interests and deducting any debit balance on the profit and loss account,

all as shown in the then latest audited consolidated balance sheet and profit and loss account of L&G prepared in accordance with generally accepted accounting principles in the United Kingdom, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of L&G since the date of that balance sheet and further adjusted as may be necessary to reflect any change since the date of that balance sheet in the Subsidiaries of L&G comprising the Group. A certificate signed by two Directors or other Authorised Signatories (as defined in the Trust Deed) of the Guarantor as to the amount of the Adjusted Capital and Reserves at any given time shall, in the absence of manifest error, be conclusive and binding on all parties whether or not addressed to each such party.

“Auditors” means the auditors for the time being of L&G or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the Trust Deed or these Conditions, such other firm of auditors or financial advisers as L&G may select and the Trustee may in writing approve (such approval not to be unreasonably withheld or delayed) for the purpose of, failing selection by the Issuer, as the Trustee may select for the purpose.

“Group” means L&G and its Subsidiaries taken as a whole.

“Principal Subsidiary” means Legal & General Assurance Society Limited for as long as it remains a Subsidiary of L&G.

“Subsidiary” means any entity which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985) of L&G.

*The following text “10. Events of Default” will appear on Notes issued by L&G:*

## **10. Events of Default**

The Trustee may at its absolute discretion, and shall, if so requested in writing by the holders of not less than one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, (subject in each case to being indemnified to its satisfaction) give written notice to the Issuer that the Notes are due and payable immediately, at their Early Redemption Amount together with accrued interest, on the happening of any one or more of the following events (“Events of Default”):

- (a) a default is made for a period of seven days or more in the payment of any principal due in respect of the Notes; or
- (b) if default is made for a period of 14 days or more in the payment of any interest due in respect of the Notes; or

- (c) if the Issuer fails to perform or observe any of its other obligations under the Notes or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no notice requiring remedy will be required) such failure continues for a period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (d) if any other indebtedness of the Issuer or its Principal Subsidiary (as defined below) for borrowed monies becomes or is declared to be repayable prior to the due date for payment thereof by reason of default on the part of the Issuer or its Principal Subsidiary or if any such indebtedness is not repaid on the due date for payment thereof (or by the expiry of any applicable grace period), or any guarantee of indebtedness for borrowed monies given by the Issuer or its Principal Subsidiary is not honoured when due and called upon; provided that no such event shall constitute an event of default unless the relevant indebtedness or relevant guarantee of indebtedness either alone or when aggregated with all other indebtedness or guarantees of indebtedness (if any) in respect of which other such events have occurred shall equal or exceed whichever is the greater of £25,000,000 (or the equivalent thereof in any other currency or currencies) and 0.5 per cent, of Adjusted Capital and Reserves (as defined below); or
- (e) if an administrator is appointed, an order of a court of competent jurisdiction is made or an effective resolution passed for the winding-up of, or an administration order is made in relation to, the Issuer or its Principal Subsidiary, or if the Issuer or its Principal Subsidiary stops payment or ceases or threatens to stop payment to its creditors generally or ceases or threatens to cease to carry on business, except a winding-up or a stopping of payment or a cessation of business for the purposes of a reconstruction, amalgamation, merger, consolidation, reorganisation or other similar arrangements (i) the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders or (ii) in the case of the Principal Subsidiary, whereby the undertaking or assets of the Principal Subsidiary are transferred to or otherwise vested in the Issuer; or
- (f) an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or in the opinion of the Trustee any substantial part of the undertaking or assets of the Issuer or its Principal Subsidiary, or if a distress or execution is levied or enforced upon or sued out against any material part in the opinion of the Trustee of the chattels and property of the Issuer or its Principal Subsidiary following upon a decree or judgment of a court of competent jurisdiction and is not removed, discharged or paid out within 60 days or any longer period as the Trustee may permit; or
- (g) the Issuer or its Principal Subsidiary is unable to pay its debts within the meaning of Section 123(1)(e) of the Insolvency Act 1986 or makes a general assignment for the benefit of its creditors; or
- (h) the Principal Subsidiary shall cease to be a subsidiary of the Issuer within the meaning of Section 736 of the Companies Act 1985 (except pursuant to such a reconstruction or amalgamation as referred to in paragraph (e) above),

provided in the case of any such event other than those described in paragraphs (a) and (b) or (except where such event relates to the Principal Subsidiary) (e) of this Condition, the Trustee shall have certified in writing to the Issuer that such event is in its opinion materially prejudicial to the interests of Noteholders.

As used in these Conditions:

“Adjusted Capital and Reserves” means the aggregate of:

- (i) the amount paid up or credited as paid up on the share capital of L&G, and
- (ii) the total of the capital and revenue reserves of the Group, including any share premium account, capital redemption reserve and credit balance on the profit and loss account, but excluding sums set aside for taxation and amounts attributable to minority interests and deducting any debit balance on the profit and loss account,

all as shown in the then latest audited consolidated balance sheet and profit and loss account of L&G prepared in accordance with generally accepted accounting principles in the United Kingdom, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of L&G since the date of that balance sheet and further adjusted as may be necessary to reflect any change since the date of that balance sheet in the Subsidiaries of L&G comprising the Group. A certificate signed by two Directors or other Authorised Signatories of L&G as to the amount of the Adjusted Capital and Reserves at any given time shall, in the absence of manifest error, be conclusive and binding on all parties whether or not addressed to each such party.

“Auditors” means the auditors for the time being of L&G or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the Trust Deed or these Conditions, such other firm of auditors or financial advisers as L&G may select and the Trustee may in writing approve (such approval not to be unreasonably withheld or delayed) for the purpose of, failing selection by the Issuer, as the Trustee may select for the purpose.

“Group” means L&G and its Subsidiaries taken as a whole.

“Principal Subsidiary” means Legal & General Assurance Society Limited for so long as it remains a Subsidiary of L&G.

“Subsidiary” means any entity which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985) of L&G.

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

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

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia* (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply[, or]<sup>1</sup> (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution[, or (ix) to modify or cancel the Guarantee]<sup>2</sup>, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

<sup>2</sup> Square bracketed text to appear on Senior Notes Issued by L&G.

*These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.*

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

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

**(c) *Substitution***

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business [or of the Guarantor or its successor in business or any subsidiary of the Guarantor or its successor in business)]<sup>1</sup> in place of the Issuer [or Guarantor]<sup>1</sup>, or of any previous substituted company, as principal debtor [or Guarantor]<sup>1</sup> under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders. Any such substitution shall be binding on the Noteholders and the Couponholders.

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

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer [or the Guarantor]<sup>1</sup> any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

**12. Enforcement**

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer [and/or the Guarantor]<sup>1</sup> as it may think fit to enforce the terms of the Trust Deed, the Notes, the Receipts and the Coupons, but it need not take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder, Receiptholder or Couponholder may proceed directly against the Issuer [or the Guarantor]<sup>1</sup> unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

**13. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer[, the Guarantor]<sup>1</sup> and any entity related to the Issuer [or the Guarantor]<sup>1</sup> without accounting for any profit.

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<sup>1</sup> Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

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

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

#### **15. Further Issues**

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

#### **16. Notices**

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

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

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

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

#### **18. Governing Law**

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following is the text of the terms and conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificate(s) representing each Series of Subordinated Notes issued by L&G. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Subordinated Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are constituted by a Trust Deed dated 8 April 2003 (amended and restated pursuant to an Amending and Restating Deed dated 30 March 2005, and as amended or supplemented as at the date of issue of the Notes (the “Issue Date”), the “Trust Deed”) between Legal & General Group Plc (“L&G” or the “Issuer”), Legal & General Finance PLC (“L&GF”) and The Law Debenture Trust Corporation p.l.c. (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement dated 8 April 2003 (as amended or supplemented as at the Issue Date, the “Agency Agreement”) has been entered into in relation to the Notes between L&G, L&GF, the Trustee, Citibank, N.A. as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents, the calculation agent(s) and the AISM calculation agent for the time being (if any) are referred to below respectively as the “Issuing and Paying Agent”, the “Paying Agents” (which expression shall include the Issuing and Paying Agent), the “Registrar”, the “Transfer Agents” (which expression shall include the Registrar), the “Calculation Agent(s)” and the “AISM Calculation Agent”. An AISM Calculation Agency Agreement (as defined below) dated on or before the Issue Date has been entered into in relation to Option B Undated Subordinated Notes (as defined below) between the Issuer, the Trustee and the AISM Calculation Agent. Copies of the Trust Deed, the Agency Agreement and any AISM Calculation Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom) and at the specified offices of the Paying Agents and the Transfer Agents.

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

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

The Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”) in each case in the Specified Denomination(s) shown hereon.

*All Registered Notes shall have the same Specified Denomination.*

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note or a Partly Paid Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest

due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

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

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

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

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

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

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

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

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

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

Each new Certificate to be issued pursuant to Conditions 2(a) or (b) shall be available for delivery within three business days of receipt of the form of transfer and surrender of the Certificate for

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

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

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

**(e) *Closed Periods***

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

**3. *Status***

**(a) *Status of Dated Subordinated Notes***

The Dated Subordinated Notes (being those Notes that specify their status as Dated Subordinated, which term shall include the Option A Dated Subordinated Notes and the Option B Dated Subordinated Notes) and the Receipts and Coupons relating to them constitute direct, unsecured and (save as to subordination) unconditional obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the bankruptcy, dissolution or winding-up of the Issuer, the payment obligations of the Issuer under the Dated Subordinated Notes and the Receipts and Coupons relating to them shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors (as defined in this Condition 3(a)) of the Issuer but shall rank at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Dated Subordinated Notes and in priority to all undated or perpetual subordinated obligations of the Issuer and to the claims of shareholders of the Issuer.

As used in this Condition 3(a), “Senior Creditors” means all creditors of the Issuer who are (i) unsubordinated creditors of the Issuer, or (ii) subordinated creditors of the Issuer other than (x) holders of undated or perpetual subordinated indebtedness of the Issuer, including holders of the Undated Subordinated Notes and (y) those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the holders of the Dated Subordinated Notes.

**(b) *Status of Undated Subordinated Notes***

**(i) *General***

The Undated Subordinated Notes (being those Notes that specify their status as Undated Subordinated, which term shall include Option A Undated Subordinated Notes and Option B Undated Subordinated Notes) and the Receipts and Coupons relating to them constitute direct,

unsecured and (save as to subordination) unconditional obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the bankruptcy, dissolution or winding-up of the Issuer, the payment obligations of the Issuer under the Undated Subordinated Notes and the Receipts and Coupons relating to them shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors (as defined in this Condition 3(b)) of the Issuer but shall rank at least *pari passu* with all other undated or perpetual obligations of the Issuer that are not expressed by their terms to rank junior to the Undated Subordinated Notes and in priority to the claims of holders of all classes of share capital of the Issuer.

All payments in respect of the Undated Subordinated Notes and the Receipts and Coupons relating to them (including interest payments payable in cash or, in the case of Option B Undated Subordinated Notes, by the issue of Ordinary Shares in accordance with Condition 5(e)) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer (or at the time of issue of such Ordinary Shares), and no amount shall be payable in respect of the Undated Subordinated Notes and the Receipts and Coupons relating to them unless and until such time as the Issuer could make such payment and still be solvent immediately thereafter. For the purposes of this Condition 3(b), the Issuer shall be solvent if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors). A report as to the solvency of the Issuer by two directors of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee, the holders of the Undated Subordinated Notes and the Receipts and Coupons relating to them and all other interested parties as correct and sufficient evidence thereof. In a winding-up of the Issuer, the amount payable in respect of the Undated Subordinated Notes and the Receipts and Coupons relating to them shall be determined in accordance with the provisions described below.

(ii) *Amounts payable on Winding-up*

If at any time an order is made or an effective resolution is passed for the winding-up of the Issuer (except in any such case a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business, the terms of which reconstruction or amalgamation or substitution (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and (ii) do not provide that the Notes shall thereby become payable), there shall be payable on each Undated Subordinated Note (in lieu of any other payment, but subject as provided in this Condition 3) such amount, if any, as would have been payable to the holder thereof if, on the date prior to the commencement of the winding-up and thereafter, such holder were the holder of a preference share in the capital of the Issuer having a preferential right to a return of assets in the winding-up over the holders of all issued shares for the time being in the capital of the Issuer on the assumption that such preference share was entitled to receive on a return of assets in such winding-up an amount equal to the principal amount of such Undated Subordinated Note, together with Arrears of Interest (as defined below), if any, and any interest (other than Arrears of Interest) which has accrued up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof.

As used above:

“Assets” means the unconsolidated gross assets of the Issuer, as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events, all in such manner as the directors of the Issuer may determine.

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

“Senior Creditors” means all creditors of the Issuer who are (i) unsubordinated creditors of the Issuer or (ii) subordinated creditors of the Issuer other than those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the holders of the Undated Subordinated Notes.

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

Subject to applicable law, no Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer under or in connection with the Notes is discharged by set-off, such Noteholder shall immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up, the liquidator of the Issuer and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator of the Issuer, and accordingly any such discharge shall be deemed not to have taken place.

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

**4. Interest and other Calculations**

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

Subject to Condition 5, each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. If a Fixed Coupon Amount or a Broken Amount is specified hereon, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount will, subject to Condition 5, be payable on the particular Interest Payment Date(s) specified hereon.

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

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

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

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

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

date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

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

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

(A) ISDA Determination for Floating Rate Notes

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

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

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

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Accrual Period in accordance with the following:

- (x) if the Primary Source for Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:
  - (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity) or
  - (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date

- (y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates that each of the Reference Banks is quoting

to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent and

- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Specified Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in the Euro-zone as selected by the Calculation Agent (the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Accrual Period and to the relevant interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

(c) *Zero Coupon Notes*

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

(d) *Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating a Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

(e) *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 hereon.

(f) *Margin, Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of

(y), calculated in accordance with Condition 4(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.

- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified hereon, then any Rate of Interest, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country[ies] of such currency.

**(g) *Calculations***

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Rate of Interest and the outstanding nominal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

**(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts***

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

amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

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

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

(j) ***Definitions***

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

“Business Day” means:

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

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

- (i) if “Actual/365” or “Actual/Actual - ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/365 (Sterling)” is specified hereon, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366
- (iv) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (v) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 (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 Calculation Period is the 31st day of a month but the first day of the Calculation 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 Calculation 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))

- (vi) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation 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 Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, 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
- (vii) if “Actual/Actual-ISMA” is specified hereon,
  - (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year and
  - (b) if the Calculation Period is longer than one Determination Period, the sum of:
    - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year and
    - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

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

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

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

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

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

“Interest Amount” means the amount of interest payable, and in the case of Fixed Rate Notes, means the Fixed Coupon Amount or Broken Amount, as the case may be.

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

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

Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

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

“ISDA Definitions” means the 2000 ISDA Definitions as amended or supplemented, as published by the International Swaps and Derivatives Association, Inc. unless otherwise specified hereon.

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters Markets 3000 (“Reuters”) and Bridge Telerate (“Telerate”)) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

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

“Reference Banks” means the institutions specified as such hereon or, if none, four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be the Euro-zone).

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected (which, in the case of EURIBOR, shall be the Euro-zone) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre and for this purpose “local time” means, with respect to Europe and the Euro-zone as a Relevant Financial Centre, 11.00 hours, Brussels time.

“Representative Amount” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

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

“Specified Duration” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 5(d)(ii).

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

**(k) Calculation Agent and Reference Banks**

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

**(l) Payments of Interest**

Payments of interest shall be made when due in accordance with these Conditions in cash or, in the case of Option B Undated Subordinated Notes, at the election of the Issuer, by operation of the Alternative Interest Satisfaction Mechanism set out in Condition 5(e).

**5. Deferral of Payments**

*The following text “(a) Optional Deferral of Interest” will appear on Option A Dated Subordinated Notes:*

**(a) Optional Deferral of Interest**

There are no Optional Interest Payment Dates with respect to the Option A Dated Subordinated Notes (being those Notes that specify their status as Option A Dated Subordinated Notes).

*The following text “(a) Optional Deferral of Interest” will appear on Option B Dated Subordinated Notes:*

**(a) Optional Deferral of Interest**

The Issuer may on any Optional Interest Payment Date (as defined below), defer payment of interest on the Option B Dated Subordinated Notes (being those Notes that specify their status as Option B Dated Subordinated Notes) which would otherwise be payable on such date.

The deferral of any interest payment on any Optional Interest Payment Date in accordance with this Condition 5(a) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes. The Issuer shall notify the Trustee and the Noteholders as soon as practicable (and in any event within 10 business days) after any Optional Interest Payment Date in respect of which payment is deferred of the amount of such payment otherwise due on that date and the grounds upon which such deferral has been made (the “Deferral Notice”). The Issuer may defer paying interest on each Optional Interest Payment Date until the Maturity Date or any earlier date on which the Option B Dated Subordinated Notes are redeemed in full.

*The following text “(a) Optional Deferral of Interest” will appear on Option A Undated Subordinated Notes:*

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

The Issuer may elect to defer any payment of interest on the Option A Undated Subordinated Notes (being those Notes that specify their status as Option A Undated Subordinated Notes) which would otherwise be payable on an Interest Payment Date by giving notice (the “Deferral Notice”) of such election to the Noteholders in accordance with Condition 16 and to the Trustee not less than 14 days prior to the relevant Interest Payment Date.

The deferral of any interest payment on any Interest Payment Date in accordance with this Condition 5(a) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes.

*The following text “(a) Optional Deferral of Interest” will appear on Option B Undated Subordinated Notes:*

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

The Issuer may, on any Discretionary Interest Payment Date (as defined below), defer payment of interest on the Option B Undated Subordinated Notes (being those Notes that specify their status as Option B Undated Subordinated Notes) which would otherwise be payable on such date.

The deferral of any interest payment on any Discretionary Interest Payment Date in accordance with this Condition 5(a) will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate the Notes. The Issuer shall notify the Trustee and the Noteholders as soon as practicable (and in any event within 10 business days) after any Discretionary Interest Payment Date in respect of which payment is deferred of the amount of such payment otherwise due on that date (the “Deferral Notice”).

**(b) *Definitions***

As used herein:

“Discretionary Interest Payment Date” means, in the case of Option B Undated Subordinated Notes, every Interest Payment Date where a Regulatory Intervention has occurred prior to such Interest Payment Date and is continuing, or is reasonably likely to occur as a result of making the payments due, on such Interest Payment Date.

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

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

“FSA” means the Financial Services Authority (or, if at any time the Financial Services Authority is not the relevant regulator, such other regulator as shall be the relevant regulator of insurance companies operating in the United Kingdom);

“Market Disruption Event” means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the London Stock Exchange or otherwise) or on settlement procedures for transactions in the Ordinary Shares on the London Stock Exchange if, in any such case, that suspension or limitation is, in the determination of the AISM Calculation Agent, material in the context of the sale of the Ordinary Shares; or (ii) in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Ordinary Shares or circumstances are such as to prevent or to a material extent restrict the issue or

delivery of the Payment Ordinary Shares, as the case may be; or (iii) where, pursuant to these Conditions, monies are required to be converted from one currency into another currency in respect of any Payment, the occurrence of any event that makes it impracticable to effect such conversion;

“Optional Interest Payment Date” means, in the case of Option B Dated Subordinated Notes, any Interest Payment Date where:

- (i) (a) a Regulatory Intervention has occurred prior to such Interest Payment Date and is continuing on such Interest Payment Date or is reasonably likely to occur as a result of making the payments due on such Interest Payment Date; and
- (b) no interest payments have been made on any junior or *pari passu* ranking securities of the Issuer (other than the Notes) and no dividend or other distribution has been irrevocably declared on any class of the Issuer’s share capital since the date of the commencement of that Regulatory Intervention; or
- (ii) no interest payments have been made on any junior or *pari passu* ranking securities of the Issuer (other than the Notes) during the financial year of the Issuer in which such Interest Payment Date falls, and no dividend or other distribution on any class of the Issuer’s share capital was irrevocably declared at or since the annual general meeting of shareholders immediately prior to that Interest Payment Date;

“Regulatory Intervention” means (a) with respect to the Issuer, a request from any Relevant Supervisory Authority to restore or improve any applicable solvency margins or capital adequacy levels of the Issuer, (b) in respect of any of the Issuer’s EEA Regulated Subsidiaries, a request to that EEA Regulated Subsidiary by its Relevant Supervisory Authority to restore either its applicable minimum solvency margins or capital adequacy levels or the FSA is notified by a Relevant Supervisory Authority that such Relevant Supervisory Authority has made such request to the applicable EEA Regulated Subsidiary, or (c) if, on any date on which a payment in respect of principal, premium or interest in respect of the Notes is due, the Issuer or any one of the EEA Regulated Subsidiaries has failed (or is reasonably likely to so fail immediately after such payment) to meet its applicable minimum solvency margins or capital adequacy levels as at the date of the most recent audited accounts of the Issuer or, as the case may be, that EEA Regulated Subsidiary or, if later, the date such margins or levels were most recently tested for regulatory purposes or, if later, any date falling on or prior to the date such payment is, or otherwise would be, due selected by the Board of Directors (or other management body) of the Issuer or, as the case may be that EEA Regulated Subsidiary. A Regulatory Intervention shall be deemed to be continuing until such date as, in the case of (a) or (b), the relevant margins of solvency or capital adequacy levels have been restored or improved to the satisfaction of the Relevant Supervisory Authority or the request is otherwise withdrawn or addressed to the satisfaction of the Relevant Supervisory Authority or, in the case of (c), the first date on which the Issuer or relevant EEA Regulated Subsidiary, as applicable, meets its applicable minimum solvency margins or, as the case may be, capital adequacy levels, as determined and so certified to the Trustee by the Board of Directors (or other management body) thereof; and

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

**(c) *Restrictions following Deferral of Interest***

If, on any Interest Payment Date, interest in respect of the Option A Undated Subordinated Notes or, on any Discretionary Interest Payment Date, interest in respect of the Option B Undated Subordinated Notes shall not have been paid as a result of the exercise by the Issuer of its discretion pursuant to Condition 5(a), then from the date of such Interest Payment Date or Discretionary Interest Payment Date, as appropriate, until such time as the full amount of the relevant Arrears of Interest (as defined in Condition 5(d)) has been received by the holders or the Trustee and no other payment of Arrears of Interest remains unsatisfied, the Issuer shall not (i) declare a dividend or other distribution or payment in respect of any class of its share capital or pay interest on any other junior or *pari passu*

ranking securities (excluding any obligation of the Issuer, the initial tranche of which was issued on or before the Issue Date and the terms of which do not enable the Issuer to defer, pass on or eliminate such dividend, distribution, payment or interest); or (ii) redeem, purchase or acquire any of its ordinary shares or other junior or *pari passu* ranking securities.

*The following text “(d) Arrears of Interest” will appear on Option A Dated Subordinated Notes:*

**(d) Arrears of Interest**

There are no Optional Interest Payment Dates with respect to the Option A Dated Subordinated Notes and, accordingly, no Arrears of Interest with respect thereto.

*The following text “(d) Arrears of Interest” will appear on Option B Dated Subordinated Notes:*

**(d) Arrears of Interest**

Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of Condition 5(a), shall, so long as the same remains unpaid, constitute “Arrears of Interest”. Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Condition 5(a), may be paid in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Trustee and to the Noteholders in accordance with Condition 16 (the “Optional Deferred Interest Payment Date”), and in any event will automatically become immediately due and payable (irrespective of any prior written notice to, or absence of objection from, the FSA) in whole upon the earliest of the following dates:

- (i) the date on which the Issuer declares a dividend or other distribution or payment in respect of any class of its share capital or pays interest on any other junior or *pari passu* ranking securities;
- (ii) the date on which the Issuer notifies the Trustee that no Regulatory Intervention that has occurred is or will be continuing on such date unless the Issuer is otherwise entitled to defer at such time by virtue of Condition 5(a);
- (iii) the date on which the Issuer commences and does not abandon a public offer to redeem, purchase or acquire any of its ordinary shares or other junior or *pari passu* ranking securities;
- (iv) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a winding-up which has been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders); or
- (v) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

*The following text “(d) Arrears of Interest” will appear on Option A Undated Subordinated Notes:*

**(d) Arrears of Interest**

Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of Condition 5(a), shall, so long as the same remains unpaid, constitute “Arrears of Interest”. Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Condition 5(a), may (subject to Condition 3(b)) be paid in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given to the Trustee and to the Noteholders in accordance with Condition 16 (the “Optional Deferred Interest Payment Date”), and in any event will automatically become immediately due and payable (irrespective of any prior written notice to, or absence of objection from, the FSA) in whole upon the earliest of the following dates (the “Resumption Date”):

- (i) the date on which the Issuer notifies the Trustee that no Regulatory Intervention that has occurred is or will be continuing on such date unless the Issuer is otherwise entitled to defer at such time by virtue of Condition 5(a);
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a winding-up which has been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders); or
- (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

*The following text “(d) Arrears of Interest” will appear on Option B Undated Subordinated Notes:*

***(d) Arrears of Interest***

Any interest in respect of the Notes not paid on an Interest Payment Date, together with any other interest in respect thereof not paid on any earlier Interest Payment Date, in each case by virtue of Condition 5(a), shall, so long as the same remains unpaid, constitute “Arrears of Interest”. Any Arrears of Interest and any other amount, payment of which is deferred in accordance with Condition 5(a), may (subject to Condition 3(b)) be paid in whole or in part at any time upon the expiry of not less than 14 days’ notice to such effect given to the Trustee and to the Noteholders in accordance with Condition 16 (the “Optional Deferred Interest Payment Date”), and in any event will automatically become immediately due and payable (irrespective of any prior written notice to, or absence of objection from, the FSA) in whole upon the earliest of the following dates (the “Resumption Date”):

- (i) the date on which the Issuer notifies the Trustee that no Regulatory Intervention that has occurred is or will be continuing on such date;
- (ii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than a winding-up which has been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders); or
- (iii) the date fixed for any redemption or purchase of Notes by or on behalf of the Issuer pursuant to Condition 6 or Condition 10(a).

***(e) Alternative Interest Satisfaction Mechanism***

***(i) Alternative Interest Satisfaction Mechanism***

Any payment of interest on Option B Undated Subordinated Notes, when due to be satisfied in accordance with these Conditions (including any Arrears of Interest due on an Optional Deferred Interest Payment Date) (except as provided in Condition 5(e)(vii)), may, at the election of the Issuer, be satisfied either in cash in accordance with Condition 7 or through the issue of Ordinary Shares to the Trustee or its agent in accordance with this Condition 5(e). The Issuer shall notify the Trustee, the Issuing and Paying Agent and the AISM Calculation Agent not less than 16 Business Days prior to the relevant AISM Payment Date that an AISM Payment is to be satisfied on such AISM Payment Date.

***(ii) Issue of Shares***

If the Issuer elects to make an AISM Payment as contemplated by this Condition 5(e) then, subject to Conditions 5(e)(iv) and (v):

- (x) by close of business on or before the seventh Business Day prior to the relevant AISM Payment Date, the Issuer will issue to the AISM Calculation Agent, as agent of the Trustee, such number of Ordinary Shares (the “Payment Ordinary Shares”) as, in the determination of the AISM Calculation Agent, will have a market value as near as

practicable to, but in any event not less than, the relevant AISM Payment to be satisfied in accordance with this Condition 5(e); and

- (y) the AISM Calculation Agent has agreed in the AISM Calculation Agency Agreement to use reasonable endeavours to procure purchasers for such Payment Ordinary Shares by close of business on the sixth Business Day prior to the relevant AISM Payment Date. The AISM Calculation Agent has further agreed in the AISM Calculation Agency Agreement that it shall hold such Payment Ordinary Shares and the proceeds of sale of such Payment Ordinary Shares, in each case as have a value equal to the relevant AISM Payment (as certified by the AISM Calculation Agent), as agent of the Trustee, who shall hold such Payment Ordinary Shares, or the proceeds of sale thereof, on trust for the Noteholders. The remainder (if any) of the Payment Ordinary Shares, or the proceeds of sale thereof, shall, in each case, be held on trust for the Issuer by the Trustee. Following the sale of the Payment Ordinary Shares in accordance with this Condition 5(e), the Trustee or its agent shall remit the remainder (if any) of the proceeds of the sale of the Payment Ordinary Shares (as certified by the AISM Calculation Agent) to the Issuer.

The Trustee shall not be liable to anyone for any loss occasioned by the transfer or sale of the Payment Ordinary Shares, in each case by or on behalf of the Trustee, or any delay or failure in effecting such transfer or sale of the Payment Ordinary Shares under these Conditions.

If the proceeds (after exchange (if necessary) into the currency of the Option B Undated Subordinated Notes) of the sale of the Payment Ordinary Shares will not, in the opinion of the AISM Calculation Agent, subject to Conditions 5(e)(iv) and (v) but despite the arrangements contained in (y) above, result in a sum at least equal to the relevant AISM Payment being available to make the necessary AISM Payment in full on its due date, the Issuer, the Trustee and the AISM Calculation Agent have agreed to take such steps as are reasonably necessary to ensure, so far as practicable, that through issuing additional Ordinary Shares (also “Payment Ordinary Shares”) and following, *mutatis mutandis*, the procedures contained in (x) and (y) above, a sum as near as practicable to, but in any event not less than, the relevant AISM Payment will be available to make the relevant AISM Payment in full on its due date.

(iii) *Issue Satisfies Payment*

Where the Issuer makes an AISM Payment hereunder by issuing Payment Ordinary Shares to the Trustee and issues such Payment Ordinary Shares, such issue shall satisfy the relevant AISM Payment if made in accordance with this Condition 5(e). The proceeds of the sale of the Payment Ordinary Shares shall, to the extent necessary to satisfy the relevant AISM Payment, be paid by the Issuing and Paying Agent to the Noteholders in respect of that AISM Payment on its due date.

(iv) *Insufficiency*

The Issuer shall not be entitled to satisfy a payment by means of the Alternative Interest Satisfaction Mechanism until such time as the Issuer has available for issue, and the Board of Directors of the Issuer have the corresponding authority to issue, a sufficient number of Ordinary Shares as is required to be issued in accordance with this Condition 5(e) for the purposes of satisfying in full in accordance with this Condition 5(e) the relevant AISM Payment.

(v) *Market Disruption*

Notwithstanding the provisions of Condition 5(e)(ii), if there exists, in the opinion of the Issuer, a Market Disruption Event on or after the 15th Business Day preceding any AISM Payment Date, then the Issuer may give a notice to the Trustee, the Issuing and Paying Agent,

the AISM Calculation Agent and (in accordance with Condition 16) the Noteholders as soon as possible after the Market Disruption Event has arisen or occurred, whereupon the relevant AISM Payment may be deferred until such time as the Market Disruption Event no longer exists.

Any such deferred AISM Payment will be satisfied as soon as practicable following such time as the Market Disruption Event no longer exists. Interest shall not accrue on such deferred AISM Payment unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant AISM Payment for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such deferred AISM Payment from (and including) the date on which the relevant AISM Payment was due to be made to (but excluding) the date on which such AISM Payment is made. Any such interest shall accrue at a rate determined in accordance with Condition 4 and shall be satisfied only in accordance with this Condition 5(e), as soon as reasonably practicable after the relevant deferred AISM Payment is made. No liability shall attach to the Trustee or its agents if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or its agent, the Trustee or its agent is unable to comply with the provisions of Condition 5(e)(ii).

(vi) *Listing*

The Issuer shall ensure (to the extent reasonably practicable) that, at the time when any Ordinary Shares are issued pursuant to this Condition 5(e), such Ordinary Shares are listed on the Official List of the FSA in its capacity as competent authority under the Financial Services and Markets Act 2000 and are admitted to trading on the market for listed securities of the London Stock Exchange (or, if the London Stock Exchange is not a Recognised Stock Exchange at that time, such other stock exchange as is a Recognised Stock Exchange at that time).

(vii) *Suspension*

If, following any take-over offer made under the City Code on Take-overs and Mergers or any reorganisation, restructuring or scheme of arrangement, the company which, immediately prior to such event, was the Ultimate Owner ceases to be the Ultimate Owner, then the Issuer shall as soon as practicable give notice to the Noteholders in accordance with Condition 16, the Trustee, the Issuing and Paying Agent and the AISM Calculation Agent, whereupon the operation of the AISM shall be suspended (such event being a "Suspension"). In such event, unless a Permitted Restructuring Arrangement shall be put in place within six months of the occurrence of a Permitted Restructuring (in which case the Suspension shall cease upon such Permitted Restructuring Arrangement being put in place), an independent investment bank appointed by the Issuer (at the Issuer's expense) and approved by the Trustee shall determine, subject to the requirements that (i) the Issuer shall not be obliged to reduce its net assets; (ii) no amendment may be proposed or made which would alter the regulatory capital treatment of the Option B Undated Subordinated Notes for insurance regulatory capital and solvency purposes without giving at least six months' prior written notice to, and receiving no objection from, the FSA (or such shorter period of notice as the FSA may accept and so long as such notice is required to be given); and (iii) no such amendment may be made which would, in the Trustee's opinion, impose more onerous obligations on it without its consent, what amendments (if any) to these Conditions, the Trust Deed and any other relevant documents are appropriate in order to (aa) preserve substantially the economic effect, for the Noteholders, of a holding of the Option B Undated Subordinated Notes prior to the Suspension and (bb) to replicate the AISM in the context of the capital structure of the new Ultimate Owner. Upon any such determination being reached and notified to the Trustee and the Issuer by such investment bank, the Trustee and the Issuer shall, pursuant to the terms of the Trust Deed and without any requirement for the consent or the approval of the Noteholders or Couponholders, effect any necessary consequential changes to these Conditions and the Trust Deed and any other relevant

documents, whereupon the Issuer's right to satisfy an AISM Payment by operation of the AISM shall no longer be subject to the Suspension.

If, after using all reasonable endeavours, such investment bank is unable to formulate such amendments, it shall so notify the Issuer, the previous Ultimate Owner (if not the Issuer), the new Ultimate Owner, the Trustee, the Issuing and Paying Agent and the AISM Calculation Agent and the Option B Undated Subordinated Notes shall (subject in each case to giving at least six months' prior written notice to, and receiving no objection from, the FSA (or such shorter period of notice as the FSA may accept and so long as such notice is required to be given) and with the prior agreement of the new Ultimate Owner) be redeemed, in each case as described below.

If the Option B Undated Subordinated Notes are to be redeemed by the Issuer, the Issuer shall give notice thereof to the Trustee, the Issuing and Paying Agent, the AISM Calculation Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable and which shall expire as soon as practicable after confirmation of no objection from the FSA) and all (but not some only) of the Option B Undated Subordinated Notes will be redeemed at the Suspension Redemption Price specified hereon, together in each case with any outstanding payments, not later than the 60th Business Day following the giving of such notice by the Issuer to the Noteholders. Such redemption will, unless otherwise agreed by the Issuer and the Trustee, be effected by the issue of Ordinary Shares (such Ordinary Shares having a market value as near as practicable to, but in any event not less than, the redemption amount) to the new Ultimate Owner in consideration for which the new Ultimate Owner shall issue its ordinary shares (or capital of an equivalent class) so as to enable it to pay such redemption amount in accordance, *mutatis mutandis*, with Conditions 5(e)(ii), (iii), (iv) and (v) (with references to the Payment Ordinary Shares being construed as references to such ordinary shares or equivalent capital of the new Ultimate Owner which, when sold, provide a net cash amount as near as practicable to, but in any event not less than, the redemption amount so payable by the Issuer).

(viii) *Pre-emption*

The Issuer shall, subject to compliance with the requirements of the Companies Act 1985, use all reasonable endeavours to obtain and maintain at all times all corporate authorisations and take other corporate actions required for the issue and allotment of such number of Ordinary Shares as it reasonably considers would be required to be issued in order to enable the Issuer to make a payment satisfying the aggregate amount of Arrears of Interest (if any) and the aggregate of interest payments scheduled for payment on Interest Payment Dates falling in the following twelve months, provided that such reasonable endeavours shall be satisfied where the relevant corporate authorisation required is the passing of a resolution of the shareholders of the Issuer if the board of directors of the Issuer proposes the relevant resolution to its shareholders for approval at any general meeting and, if such proposal is rejected, the relevant resolution is proposed again at the next general meeting.

No damages will be payable for breach of this covenant but, in the event of breach by the Issuer of this Condition 5(e)(viii), the Trustee may only require the Issuer to put before the next general meeting of the shareholders of the Issuer a resolution to remedy the breach.

The Trustee shall not be obliged to monitor compliance by the Issuer with this Condition 5(e)(viii) and shall be entitled to assume, unless it has actual knowledge to the contrary, that the Issuer is complying with its obligations under this Condition 5(e)(viii).

For the avoidance of doubt, any Ordinary Shares which the Issuer is required to keep available for issue other than in connection with the Option B Undated Subordinated Notes shall be discounted in determining whether the Issuer is complying with its obligations under this Condition 5(e)(viii).

(ix) *Definitions*

As used herein:

“AISM Calculation Agency Agreement” means an agreement of that name dated on or before the Issue Date and entered into between the Issuer, the Trustee and the AISM Calculation Agent, in form and substance satisfactory to the Trustee, appointing the AISM Calculation Agent to perform the functions required of the AISM Calculation Agent hereunder;

“AISM Payment” means, with respect to Option B Undated Subordinated Notes, any payment of interest (including Arrears of Interest due on the Optional Deferred Interest Payment Date) which the Issuer has, in accordance with Condition 5(e)(i), elected to satisfy by means of the Alternative Interest Satisfaction Mechanism;

“AISM Payment Date” means, with respect to an AISM Payment, the date upon which such payment is to be satisfied in accordance with the Conditions;

“Alternative Interest Satisfaction Mechanism” or “AISM” means the mechanism described in Condition 5(e);

“Eligible Company” means a company incorporated in England or England and Wales by or on behalf of the Issuer whose ordinary shares are listed (i) on the official list of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and are admitted to trading on the market for listed securities of the London Stock Exchange or (ii) on such other internationally Recognised Stock Exchange as the Trustee may approve;

“Group” means the Issuer and its Subsidiaries;

“holding company” has the meaning given to it under Section 736 of the Companies Act 1985;

“Holding Company Shares” means ordinary shares of the New Holding Company;

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

“New Holding Company” means an Eligible Company that becomes the ultimate holding company of the Group following a Permitted Restructuring;

“Ordinary Shares” means ordinary shares of the Issuer, having on the Issue Date a par value of 2.5 pence each;

“Permitted Restructuring” means the completion of (i) an offer made by or on behalf of, an Eligible Company to all (or as nearly as may be practicable all) shareholders of the Issuer (or, if the Issuer is not the Ultimate Owner, the then Ultimate Owner) to acquire the whole (or as nearly as may be practicable the whole) of the issued ordinary share capital of the Issuer (or, if the Issuer is not then Ultimate Owner, the then Ultimate Owner) other than those already held by or on behalf of such Eligible Company or (ii) a reorganisation or restructuring whether by way of a scheme of arrangement or otherwise pursuant to which an Eligible Company acquires all (or as nearly as may be practicable all) of the issued ordinary share capital of the Issuer (or, if the Issuer is not then Ultimate Owner, the then Ultimate Owner) other than those already held by such Eligible Company or pursuant to which all (or as nearly as may be practicable all) of the issued ordinary share capital of the Issuer (or, if the Issuer is not then the Ultimate Owner, the then Ultimate Owner) not held by the New Holding Company are cancelled;

“Permitted Restructuring Arrangement” means an arrangement whereby the following conditions are satisfied: (a) the execution of a trust deed supplemental to the Trust Deed and/or such other documentation as may be necessary to ensure that (i) the Alternative Interest Satisfaction Mechanism operates so that Ordinary Shares may be exchanged for Holding Company Shares in such a manner that ensures that upon sale of such Holding Company Shares the holder of each Option B Undated Subordinated Notes then outstanding will receive,

in the event of a payment to be satisfied pursuant to Condition 5(e), an amount not less than that which would have been receivable had such a Permitted Restructuring not taken place and (ii) the economic effect, for the Holders, of a holding of the Option B Undated Subordinated Notes prior to the Permitted Restructuring is substantially preserved; and (b) the Trustee is satisfied that the credit ratings that would be assigned to the securities issued by the Issuer and ranking *pari passu* as to payment of dividends with the Option B Undated Subordinated Notes by Standard & Poor's, a division of The McGraw-Hill Companies, Inc. and by Moody's Investors Service Limited following any such Permitted Restructuring, shall not be less than those assigned to the Option B Undated Subordinated Notes immediately prior to such Permitted Restructuring taking place as confirmed by each such rating agency;

"Recognised Stock Exchange" means a recognised stock exchange as defined in section 841 of the Income and Corporation Taxes Act 1988 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time; and

"Ultimate Owner" means, at any given time, the ultimate holding company of the Group.

**(f) No default**

Notwithstanding any other provision in these Conditions or the Trust Deed, any payment which for the time being is not made by virtue of Condition 5(a) shall not constitute a default for any purpose (including, but without limitation, Condition 10) on the part of the Issuer. Arrears of Interest and any other amount, payment of which is so deferred, shall not themselves bear interest.

**6. Redemption, Purchase and Options**

**(a) Redemption**

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 6 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Issuer's option in accordance with Condition 6(d), each Dated Subordinated Note that provides for Instalment Dates and Instalment Amounts shall, subject to Condition 6(e), be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Issuer's option in accordance with Condition 6(d) and subject to Condition 5(c) and Condition 6(e), each Dated Subordinated Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount, in each case together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.
- (iii) Undated Subordinated Notes have no final maturity date and are only redeemable or repayable in accordance with the following provisions of this Condition 6 and Condition 10.

**(b) Early Redemption**

- (i) Zero Coupon Notes

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

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

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon, together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

(c) ***Redemption for Taxation Reasons***

If the Issuer determines that immediately before the giving of the notice referred to below either:

- (i) on the occasion of the next payment due in respect of the Notes, the Issuer would be required to pay additional amounts as provided or referred to in Condition 8; or
- (ii) on the next Interest Payment Date, the payment of interest in respect of the Notes would be treated (in the case of Undated Subordinated Notes only, for reasons outside of the control of the Issuer and any affiliate of the Issuer) as a “distribution” within the meaning of the Income and Corporation Taxes Act 1988 (as amended, re-enacted or replaced),

the Issuer may, at its option, having given at least six months’ prior written notice to, and received no objection from, the FSA (or such shorter notice period as the FSA may accept and so long as such notice is required to be given) and having given not less than 30 nor more than 60 days’ notice (a “Tax Redemption Notice”) to the Issuing and Paying Agent, the Trustee and, if required in accordance with Condition 16, the holders of Registered Notes (which notice shall be irrevocable) redeem all, but not some only, of the Notes at any time and at their Early Redemption Amount (as described in Condition 6(b) above) together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest.

Prior to the publication of any Tax Redemption Notice, the Issuer shall deliver to the Trustee (1) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the Issuer has become, is or would be so required to pay additional amounts or that the payment of interest has become, is or would be so treated as a “distribution” as aforesaid (which, in the case of Undated Subordinated Notes only, is for reasons outside of the control of the Issuer and any affiliate of the Issuer), and (2) an opinion in form and substance reasonably satisfactory to the Trustee of independent legal advisers of recognised standing to that effect. The Trustee shall, without enquiring and without any liability therefor, accept such certificate as sufficient evidence of the satisfaction of either or both of the circumstances set out above, as the case may be, and it shall be conclusive and binding on the Noteholders and the Couponholders.

**(d) *Redemption at the Option of the Issuer and Exercise of Issuer’s Options***

Unless the Issuer shall have given notice to redeem the Notes under Condition 6(c) on or prior to the expiration of the notice referred to below, and if Call Option is specified hereon, the Issuer may at its option, having given at least six months’ prior written notice to, and received no objection from, the FSA (or such shorter notice period as the FSA may accept and so long as such notice is required to be given) and having given not less than 30 nor more than 60 days’ irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, or exercise any Issuer’s option (as may be described hereon) in relation to, all or, if so provided, some of the Notes on any Optional Redemption Date or Option Exercise Date, as the case may be. Any such redemption of Notes shall be at their Optional Redemption Amount together with any interest accrued to (but excluding) the date fixed for redemption in accordance with these Conditions and any Arrears of Interest. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer’s option shall be exercised, on the date specified in such notice in accordance with this Condition.

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

**(e) *Redemption at the Option of the Issuer due to Capital Disqualification Event***

If Capital Disqualification Call is specified hereon and the Issuer satisfies the Trustee prior to the giving of the notice referred to below that a Capital Disqualification Event has occurred, the Issuer may, at its option, having given at least six months’ prior written notice to, and received no objection from, the FSA (or such shorter notice period as the FSA may accept and so long as such notice is required to be given) and having given not less than 30 nor more than 60 days’ notice to the Trustee and to the Noteholders (or such other notice period as may be specified hereon) (which notice shall be irrevocable), redeem all, or, if so provided, some only, of the Notes on any Capital Disqualification Redemption Date specified hereon at their Special Redemption Price specified hereon together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions and any Arrears of Interest. Any such redemption must relate to Notes of a nominal amount at least equal to the minimum nominal amount to be redeemed specified hereon and no greater than the maximum nominal amount to be redeemed specified hereon.

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

In the case of a partial redemption or a partial exercise of an Issuer’s option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such

option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

A “Capital Disqualification Event” is deemed to have occurred if solvency calculations in respect of the Issuer are required by any Relevant Supervisory Authority, including, without limitation, pursuant to the Directive or any legislation, rules or regulations (whether having the force of law or otherwise) in any state within the EEA implementing the Directive (the “Relevant Rules”) and:

- (i) under the Directive or the Relevant Rules or the application or official interpretation thereof, at the time, the Notes would not be capable of counting as cover for the minimum or notional margin of solvency required of the Issuer under the Directive or the Relevant Rules; or
- (ii) as a result of any change to the Directive or the Relevant Rules or the application or official interpretation thereof any Notes would not be capable of counting as cover for the minimum or notional margin of solvency of the Issuer under the Directive or the Relevant Rules.

As used herein, “Directive” means Directive 98/78/EC of the European Union.

**(f) *Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

**(g) *Purchases***

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

“Subsidiary” means any entity which is for the time being a subsidiary (with the meaning of Section 736 of the Companies Act 1985) of the Issuer.

**(h) *Cancellation***

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

**7. *Payments and Talons***

**(a) *Bearer Notes***

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. “Bank”

means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

**(b) *Registered Notes***

- (i) Payments of principal (which for the purposes of this Condition 7(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 7(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

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

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

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

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

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

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the AISM Calculation Agent and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents, the AISM Calculation Agent and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent, the AISM Calculation Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having specified offices in London so long as the Notes are listed on the official list of the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 and admitted to trading on the London Stock Exchange's market for listed securities, (vi) insofar as the Issuer would be obliged to pay additional

amounts pursuant to Condition 8 upon presentation of the Note or the Coupon, as the case may be, for payment in the United Kingdom but for the application of Condition 8(f), a Paying Agent having a specified office in a European Union member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive (to the extent that at least one such member state (other than the United Kingdom) does not require a Paying Agent with an office in that member state to so withhold or deduct amounts for or on account of tax, whether pursuant to such Directive, under the law of that member state or otherwise), and (vii) an AISM Calculation Agent where the Conditions so require.

If the AISM Calculation Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the AISM Calculation Agency Agreement, the Issuer shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. All calculations and determinations made by the AISM Calculation Agent in relation to the Option B Undated Subordinated Notes shall (save in the case of manifest error or error proven to the satisfaction of the Trustee) be final and binding on the Issuer, the Trustee, the Agents, the Noteholders and the Couponholders.

None of the Issuer, the Trustee or the other Agents shall have any responsibility to any person for any errors or omissions in any calculation, or any sale of Ordinary Shares made pursuant to Condition 5(e) or otherwise, by the AISM Calculation Agent.

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

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

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

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

unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

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

**(g) Talons**

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

**(h) Non-Business Days**

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

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

**8. Taxation**

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

**(a) Other connection**

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

**(b) Lawful avoidance of withholding**

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

residence or other similar claim for exemption to any tax authority in the place where the relevant Note (or the Certificate representing it), Receipt or Coupon is presented for payment or

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

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

**(d) *Payment to individuals***

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other European Union Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive or

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

(except in the case of the payment of interest in respect of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent (or, in the case of the payment of principal in respect of Registered Notes, another Transfer Agent or, if applicable, the Registrar) in a Member State of the European Union or

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

presented for payment in the United Kingdom or

**(g) *Any combination***

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

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

## **9. Prescription**

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

## **10. Events of Default and Enforcement**

### **(a) Events of Default**

If any of the following events (“Events of Default”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (but in each case subject to Condition 10(d) below), give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest and all Arrears of Interest:

- (i) subject to the provisions of Condition 5, default is made for a period of seven days or more in the payment of any principal, premium or any payment under Clause 2.6 of the Trust Deed in respect of a payment shortfall due in respect of the Notes or any of them or 14 days or more in the payment of any interest due in respect of the Notes or any of them provided that the Issuer shall not be in default, however, if, in the case of principal, premium or any payment under Clause 2.6 of the Trust Deed in respect of a payment shortfall, during the seven days grace period referred to above or, in the case of interest, during the 14 days’ grace period referred to above, it satisfies the Trustee that such sums were not paid in order to comply with any order of any United Kingdom court of competent jurisdiction applicable to such payment provided that such grace period shall automatically start to run again upon such order expiring or being discharged or revoked; or
- (ii) an order is made or a resolution is passed for the winding-up or dissolution of the Issuer (other than a winding-up or dissolution which has been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders).

### **(b) Proceedings for Winding-up**

If the Notes become due and repayable (whether pursuant to paragraph (a) above or Condition 6) and are not paid when so due and repayable, the Trustee may at its discretion institute proceedings for the winding-up of the Issuer, provided, however, that the Trustee may only institute proceedings for the winding-up of the Issuer on or after the date two years and one day after the failure by the Issuer to make payment as described in this paragraph (b), but may take no further or other action to enforce the obligations of the Issuer for payment of any principal or interest (including Arrears of Interest, if any) in respect of the Notes. No payment in respect of the Notes may be made by the Issuer pursuant to paragraph (a) above, nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer, unless the Issuer has given prior written notice to, and received no objection from, the FSA.

### **(c) Enforcement**

Without prejudice to Condition 10(a) or (b) above, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed, the Notes, the Receipts or the Coupons (other than any obligation for the payment of any principal, premium or interest in respect of the Notes, the Receipts or the Coupons including any payment under Clause 2.6 of the Trust Deed in respect of a payment shortfall) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

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

The Trustee shall not be bound to take any of the actions referred to in Condition 10(a), (b) or (c) above to enforce the obligations of the Issuer under the Trust Deed, the Notes, the Receipts or the Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders

or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.

**(e) *Right of Noteholders***

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or to prove in the winding-up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder, Receiptholder or Couponholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. Any such proceedings brought by any Noteholder, Receiptholder or Couponholder shall be brought in the name of the Trustee, subject to such Noteholder, Receiptholder or Couponholder indemnifying the Trustee to its satisfaction.

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

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

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

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

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts or Arrears of Interest on the Notes, (ii) to reduce or cancel the nominal amount of, or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest, Instalment Amount or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount, Special Redemption Price or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (viii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (ix) to modify Condition 3, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

**(c) *Notice to FSA***

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

**12. Entitlement of the Trustee**

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

**13. Indemnification of the Trustee**

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

**14. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

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

**15. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the

Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

#### **16. Notices**

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

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

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

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

#### **18. Governing Law**

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depository for Euroclear and Clearstream, Luxembourg (the “Common Depository”) or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depository, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depository may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

### Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or such clearing system (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such clearing system (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer and, if applicable, Guarantor will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

### Exchange

#### Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “Summary of the Programme — Selling Restrictions”), in whole, but not in part, for the Definitive Notes defined and described below and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

#### Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not in part for Definitive Notes:

- (i) by the relevant Issuer giving notice to the Noteholders, the Issuing and Paying Agent and the Trustee of its intention to effect such exchange, unless principal in respect of any Notes is not paid when due
- (ii) if the relevant Pricing Supplement provides that such Global Note is exchangeable at the request of the holder, by the holder giving notice to the Issuing and Paying Agent of its election for such exchange; and

- (iii) otherwise, if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or any other clearing system (an “Alternative Clearing System”) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so.

### **Permanent Global Certificate**

If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(a) may only be made in part:

- (i) if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or
- (ii) with the consent of the relevant Issuer

provided that, in the case of the first transfer of part of a holding pursuant to (i) above, the Registered Holder has given the Registrar not less than 30 days’ notice at its specified office of the Registered Holder’s intention to effect such transfer.

### **Delivery of Notes**

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Information Memorandum, “Definitive Notes” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### **Exchange Date**

“Exchange Date” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## **Amendment to Conditions**

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Information Memorandum. The following is a summary of certain of those provisions:

### **Payments**

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(viii) and Condition 8(e) will apply to the Definitive Notes only.

### **Prescription**

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and 5 years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

### **Meetings**

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each minimum Specified Denomination of Notes for which such Global Note may be exchanged. (All holders of Registered Notes are entitled to one vote in respect of each Note comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

### **Cancellation**

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

### **Purchase**

Notes represented by a permanent Global Note may only be purchased by the Issuer, (and/or, in the case of an issue of Notes by L&GF, the Guarantor) or any of its subsidiaries if they are purchased together with the rights to receive all future payments of interest and Instalment Amounts (if any) thereon.

### **Issuer's Option**

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented to a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of account holders with a

clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg or any other clearing system (as the case may be).

### **Noteholders' Options**

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

### **Trustee's Powers**

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate and, in the case of Registered Notes only, the Trustee may have regard to any other letter of confirmation, form of record, information and/or certification as the Trustee shall, in its absolute discretion, think fit as evidence that at any particular time or throughout any particular period any particular person should be regarded as having an interest in a particular nominal amount of Registered Notes and if the Trustee does so rely on such evidence, such letter of confirmation, form of record, information and/or certification shall be conclusive and binding on all concerned.

### **Notices**

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

### **Partly Paid Notes**

The provisions relating to Partly Paid Notes are not set out in this Information Memorandum, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, the Issuer may forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds of the issue of each Series or Tranche of Notes will be used to refinance Group borrowings and to fund the business of the Group.

## CAPITALISATION AND INDEBTEDNESS OF L&G

The following table sets out the consolidated capitalisation and indebtedness of L&G which has been extracted without material adjustment from the statutory audited financial statements of Legal & General Group Plc for the year ended 31 December 2004. Unless stated otherwise, any reference to “Group” means L&G and its subsidiaries (which include L&GF).

	<b>31 December 2004</b>
	<i>(£ millions)</i>
<b>Shareholders' funds</b>	
Called up share capital (fully paid) .....	163
Share premium .....	907
Retained profits and reserves .....	2,306
Total shareholders' funds (Note 1) .....	3,376
<b>Indebtedness</b>	
<b>Unsecured</b>	
2.75% Convertible Bond due 2006 .....	521
Medium Term Notes due 2031-2041 .....	597
Undated Subordinated Notes .....	394
Bank Loans due 2005 .....	1
Non recourse financing – Triple X 2025 .....	275
Total indebtedness (Note 2) .....	1,788
<b>Total indebtedness comprised the following:</b>	
For financing other Group operations .....	900
Borrowing within long term operations .....	11
Attributed to the Shareholders Retained Capital within the long term fund .....	602
Non recourse financing – Triple X 2025 .....	275
Total indebtedness .....	1,788

Notes:

- (1) Shareholders' funds of £3.4 billion include £2.2 billion represented by the Shareholders' Retained Capital in the long term fund. Shareholders' funds on an Achieved Profits basis at 31 December 2004 were £6.1 billion.
- (2) As at 31 December 2004, none of the total indebtedness of the Group was secured or guaranteed.
- (3) Legal & General has established an employee share ownership trust (ESOT) which may purchase ordinary shares in Legal & General in the market and hold such shares for delivery to employees under the various employee share schemes. Instead of using shares purchased in the market by the ESOT, Legal & General may issue new shares.  
During 2004, 0.4 million shares were allocated by the ESOT to employees to settle entitlements due under the share schemes for 2004. As at 31 December 2004 the ESOT held 14.1 million shares acquired at a cost of £12.9 million and with a market value as at 31 December 2004 of £15.5 million. The ESOT's investments are included as a deduction from Shareholders' funds rather than as an investment as previously reported (in accordance with UITF 38). The cost of shares acquired by the ESOT is being financed by an interest free loan from Legal & General.  
The ESOT has waived its rights to the dividends payable on the shares it holds.
- (4) Non-sterling currency indebtedness (primarily in U.S. dollars) is translated to sterling at the London mid-market rate of exchange ruling at the close of business on 31 December 2004. The principal rates of exchange used for translation into sterling at the period end were as follows:

	<b>December 2004</b>
U.S. dollar .....	US\$1.92 = £1.00
Euro .....	1.41 = £1.00

- (5) Save as disclosed above, the Group did not have outstanding at 31 December 2004 any other borrowings, loan capital issued or created but unissued, term loans, borrowings or indebtedness in the nature of borrowing whether guaranteed or unguaranteed including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, mortgages, charges.  
Save as disclosed below, the Group did not have outstanding at 31 December 2004 any other contingent liabilities and guarantees which would have a material adverse effect on the Group's financial position:  
Provision for the liabilities arising under contracts with policyholders is based on certain assumptions. The variance of actual experience from that assumed may result in such liabilities differing from the provisions made for them. Liabilities may also arise in

respect of claims relating to the interpretation of such contracts, or the circumstances in which policyholders have entered into them (together in this paragraph "liabilities"). The extent of such liabilities is influenced by a number of factors including the actions and requirements of the FSA, by ombudsman rulings, by industry compensation schemes and by court judgements. The continuing general profile and emphasis being given by the FSA and other bodies to the suitability of the past sales of endowment policies in the context of some mortgage transactions has led to the continuing receipt of claims from holders of endowment policies.

Provision for liabilities continues to be made and is regularly reviewed. However, it is not possible to predict, with certainty, the extent and the timing of the financial impact to which these liabilities may give rise. The relevant members of the Group nevertheless consider that each makes prudent provision for such liabilities, as and when circumstances calling for such provision become clear, and that each has adequate capital and reserves to meet all reasonably foreseeable eventualities.

In 1975 the Society was required by the Institute of London Underwriters (ILU) to execute the ILU form of guarantee in respect of policies issued through the ILU's Policy Signing Office on behalf of NRG Victory Reinsurance Company Ltd (Victory), a company which was then a subsidiary of the Society. In 1990, Nederlandse Reassurantie Groep Holding nv (the assets and liabilities of which have since been assumed by Nederlandse Reassurantie Groep NV under a statutory merger in the Netherlands) acquired Victory and provided an indemnity to the Society against any liability the Society may have as a result of the ILU's requirement, and the ILU agreed that its requirement of the Society would not apply to policies written or renewed after the acquisition. Whether the Society has any liability as a result of the ILU's requirement and, if so, the amount of its potential liability is uncertain. The Society has made no payment or provision in respect of this matter.

Group companies have given indemnities and guarantees, including interest rate guarantees, as a normal part of their operating activities or in relation to capital market transactions.

- (6) As at 31 December 2004, the authorised share capital of Legal & General was £230 million divided into 9,200,000,000 ordinary shares of 2.5 pence and the issued share capital was 6,505,959,483 ordinary shares of 2.5 pence with an aggregate nominal value of £163 million (see Shareholders' funds above).
- (7) On 18 December 2001, the Group issued £525 million senior unsecured convertible bonds which will mature in December 2006, carry a coupon of 2.75 per cent, per annum and currently have a conversion price of 184 pence (adjusted for a rights issue by Legal & General in 2002).
- (8) There has been no material change in the consolidated capitalisation, indebtedness, contingent liabilities and guarantees of the Group since 31 December 2004.

## LEGAL & GENERAL GROUP PLC

### **Introduction**

Legal & General is the holding company of a group of companies engaged in the transaction of life insurance and pensions business, UK general (property and casualty) insurance business and the provision of investment and management services. Legal & General's principal subsidiary, Legal & General Assurance Society Limited, was incorporated in 1836, and Legal & General itself was incorporated in England and Wales as the Group holding company in 1979. The Group is a leading insurance and financial services group based in the United Kingdom, with total worldwide life and pensions premium income gross of reinsurance for the year ended 31 December 2004 of £6,043 million, and total worldwide premium income net of reinsurance for its general insurance business for the year ended 31 December 2004 of £432 million. At 31 December 2004, total worldwide funds under management amounted to £166 billion, of which £162 billion was managed in the United Kingdom. The Group has operating subsidiaries in the United Kingdom, the United States of America, France and The Netherlands.

### **The Business of the Group**

The Group has three areas of activity: Life and Pensions, Investment Management and General Insurance.

#### **Life and Pensions**

The Group markets a wide variety of life assurance and pension products in the United Kingdom. It enjoys a strong presence in life assurance and pensions in the United Kingdom where its principal products include individual life policies, individual pension plans, group life insurance, permanent health insurance and annuities including bulk annuity business. The Group also conducts life insurance business in the United States of America, France and The Netherlands.

#### **Investment Management**

The Group provides investment management services to corporate pension funds, institutional investors, private individuals, via unit trust, ISA and PEP products, and the Group's UK companies.

#### **General Insurance**

The Group's general insurance business, which is principally in the United Kingdom, primarily relates to personal lines. General insurance business is focused upon domestic property but also includes domestic mortgage indemnity, private medical insurance, motor insurance and accident, sickness and unemployment insurance.

*All figures on this page are derived from the audited Financial Information of Legal & General Group Plc for the year ended 31 December 2004.*

The following were members of the Board of Directors of Legal & General as at the date of this Information Memorandum:

Chairman.....	R J Margetts	<i>Other principal directorships</i> Anglo American Plc BOC Group PLC
<b>Executive Directors</b>		
Group Chief Executive .....	D J Prosser	Intercontinental Hotels Group PLC
Group Director (Finance) .....	A W Palmer	Slough Estates PLC
Group Director (Investments).....	T J Breedon	—
Group Director (UK Operations) .....	R A Phipps	—
Group Director (Retail Distribution) .....	C R R Avery	—
Group Director (Product and Corporate) ....	J B Pollock	—
<b>Non-Executive Directors</b>		
Vice-Chairman	D A Walker	Morgan Stanley & Co. International Limited
	F A Heaton	AWG PLC
	B C Hodson	—
	J B Morgans	Plasmon Plc
	Dr R H Schmitz	GlaxoSmithKline Plc Rohm & Hass Co Cabot Corporation
	H E Staunton	ITV PLC
	James Strachan	—

The business address of each of the above is Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

## LEGAL & GENERAL FINANCE PLC

### General

L&GF was incorporated in England and Wales in 1989 and is the UK financial trading subsidiary of, and is directly wholly-owned by, Legal & General. L&GF does not have any subsidiaries. The activities of L&GF encompass most aspects of the treasury operations of the Group, including the raising of funding by means of bank borrowings and commercial paper and medium term note issues.

### Capitalisation and Indebtedness

Set forth below is information regarding the capitalisation and indebtedness of L&GF which has been extracted without material adjustment from the audited financial statements of Legal & General Finance PLC as at 31 December 2004:

	<b>31 December 2004</b>
	<i>(£m)</i>
<b>Shareholders' funds</b>	
Called up share capital (Note 5) .....	—
Profit and loss account.....	0.9
Total shareholders' funds.....	<u>0.9</u>
<b>Indebtedness</b>	
Bank loans and overdraft .....	2
Medium term notes .....	597
Total indebtedness (Note 2).....	<u>599</u>

#### Notes:

- (1) Non-sterling currency indebtedness (primarily in U.S. dollars) is translated to sterling at the London mid-market rate of exchange ruling at the close of business on 31 December 2004.
- (2) Excludes amounts owed to Group undertakings of £391m at 31 December 2004 which are excluded from the above table.
- (3) As at 31 December 2004, none of the total indebtedness of L&GF was secured and the total indebtedness of L&GF was guaranteed by Legal & General.
- (4) Save as disclosed above L&GF did not have outstanding at 31 December 2004 any borrowings, loan capital issued or created but unissued, term loans, borrowings or indebtedness in the nature of borrowing whether guaranteed or unguaranteed including bank overdrafts and liabilities under acceptances or acceptance credits, hire purchase commitments, mortgages, charges or guarantees and other contingent liabilities.
- (5) As at 31 December 2004 the authorised share capital of L&GF was £100,000 divided into 100,000 ordinary shares of £1 and the issued share capital was 50,000 ordinary shares of £1 partly paid as to 25p each with an aggregate nominal value of £12,500.
- (6) Save as disclosed above, there has been no material change in the authorised and issued share capital, indebtedness, contingent liabilities and guarantees of L&GF since 31 December 2004.

### Management

The following are the members of the Board of Directors of L&GF:

M J Bolton.....	Group Actuary
N L Collard .....	Head of Tax
A W Palmer.....	Group Director (Finance)
J D Whorwood .....	Group Treasurer

The business address of each of the above is Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

None of the directors of L&GF perform activities outside the Group which are significant with respect to the Group.

## UNITED KINGDOM TAXATION

The comments below are of a general nature and are based on the Issuers' understanding of current United Kingdom law and practice relating to certain aspects of United Kingdom taxation of interest and are subject to changes therein or thereof, possibly with retrospective effect; they do not deal with other United Kingdom tax consequences which might arise from holding Notes, Receipts or Coupons. They are not exhaustive and do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers, persons connected with an Issuer or certain professional investors, to whom special rules may apply. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Pricing Supplement may affect the United Kingdom tax treatment of that and any other series of Notes. These comments do not purport to constitute legal or tax advice. Any Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or are in any doubt as to their own tax position should consult their professional advisers.

### Interest

- (a) To the extent that it does not comprise a premium or discount, a payment of principal in respect of any Notes will be payable without withholding or deduction for or on account of United Kingdom income tax.
- (b) Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any payments in respect of the accrued discount will not be made subject to any withholding or deduction for or on account of United Kingdom income tax as long as they do not constitute payments in respect of interest. They may, however, be subject to reporting requirements as outlined in paragraph (j) below.
- (c) Where Notes are issued with a redemption premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest and, if so, paragraphs (d) to (i) below (as appropriate) will apply.
- (d) Interest payable on Notes which have a maturity of less than one year and are not issued under arrangements the effect of which is to render such Notes part of a borrowing with a total term of one year or more, can be paid without withholding or deduction for or on account of United Kingdom income tax.
- (e) Interest on the Notes (other than interest falling within paragraph (d) above) may be paid without withholding or deduction for or on account of United Kingdom income tax provided that the Notes are listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988. The London Stock Exchange is a recognised stock exchange for these purposes. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom income tax.
- (f) In all other cases, interest will generally be paid after deduction of income tax at the lower rate (currently 20 per cent.) subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty or as to the availability of certain other reliefs.
- (g) If interest were paid under deduction of United Kingdom income tax (e.g. if the Notes lost their listing), Noteholders who are not resident for tax purposes in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.
- (h) Interest on the Notes has a United Kingdom source and accordingly remains chargeable to United Kingdom tax by direct assessment even if the interest is paid without withholding or deduction. However, interest will not generally be assessed to United Kingdom tax by direct assessment in the

hands of a holder of Notes who is not resident in the United Kingdom, except where such person, in the case of an individual, carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency or, in the case of a body corporate, carries on a trade in the United Kingdom through a permanent establishment, in connection with which the interest is received or to which the Bonds are attributable, in which case (subject to exemptions for interest received by certain categories of agent, such as brokers and investment managers) tax may be levied on the United Kingdom branch, agency or permanent establishment.

- (i) Noteholders should note that the provisions relating to additional amounts referred to in “Terms and Conditions of the Senior Notes — Taxation” and “Terms and Conditions of the Subordinated Notes — Taxation” above would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.
- (j) Noteholders who are individuals may wish to note that the United Kingdom Inland Revenue has power to obtain information (including the name and address of the recipient or beneficial owner of the relevant payment) from any person in the United Kingdom who either pays interest to, or receives interest for the benefit of, an individual. The United Kingdom Inland Revenue also has power to obtain such information from any person in the United Kingdom who either pays amounts payable on the redemption of Notes which may be redeemed at an amount in excess of their issue price to, or receives such amounts for the benefit of, an individual. Information so obtained may, in certain circumstances, be exchanged by the United Kingdom Inland Revenue with the tax authorities of other jurisdictions.

## **SUBSCRIPTION AND SALE**

### **Summary of Distribution Agreement**

Subject to the terms and on the conditions contained in the Distribution Agreement, the Notes will be offered on a continuous basis by either L&G or L&GF to the Permanent Dealers. However, each of L&G and L&GF has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by each of the Issuers through the Dealers, acting as agents of the relevant Issuer. The Distribution Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuers and the Guarantor have agreed to reimburse the Arranger for its expenses incurred in connection with the establishment of the Programme and the Dealers for certain of their activities in connection with the Programme. The commissions in respect of an issue of Notes on a syndicated basis will be stated in the relevant Pricing Supplement.

The Issuers and the Guarantor have agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Distribution Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

### **Selling Restrictions**

#### **United States**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 as amended (the "Securities Act") and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

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

Each Dealer has agreed that, except as permitted by the Distribution Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### **United Kingdom**

Each Dealer has represented, warranted and agreed that:

- (i) in relation to Notes which have a maturity of one year or more and which are to be admitted to the Official List, it has not offered or sold and will not offer or sell any Notes to persons in the United

Kingdom prior to admission of such Notes to listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the “FSMA”), except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the FSMA

- (ii) in relation to Notes which have a maturity of one year or more and which are not to be admitted to the Official List, it has not offered or sold and, prior to the expiry of a period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995
- (iii) in relation to any Notes which have a maturity of less than one year from the date of their issue, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer
- (iv) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor and
- (v) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

## **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the “Securities and Exchange Law”). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, “resident of Japan” means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **The Netherlands**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it may not offer, has not offered and will not offer, directly or indirectly, in the Netherlands, as part of their initial distribution or as part of any re-offering, any Notes (including rights representing an interest in a global Note) other than (i) Notes with a minimum denomination or minimum aggregate purchase price of EUR 50,000 (or the equivalent thereof in another currency) which is fully paid up at issuance, (ii) to persons who trade or invest in securities in the conduct of a profession or business (including banks, securities firms, investment institutions, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), (iii) in the case of a fully underwritten syndicated issue of Notes only, if the Notes qualify as Euro-securities under the Dutch Securities Transactions Supervision Act 1995 (*Wet toezicht effectenverkeer 1995*, the “STSA”) and its implementing regulations (which they will do if at least two syndicate members have their registered offices in different EEA member states, at least 60% of the relevant Notes are offered in one or more countries other

than the country where the Issuer has its registered office, and can only be subscribed for or initially be purchased through a credit institution or another institution which in the conduct of its business provides one or more of the services referred to under 7 and 8 of Annex 1 to Directive 2000/12/EC) and no general advertising or canvassing campaign will be conducted in the Netherlands in respect of the Notes, or (iv) in circumstances where one of the exceptions to or other exemptions from the prohibition contained in article 3(1) of the STSA applies.

In addition, zero coupon Notes in definitive bearer form and other Notes in definitive bearer form on which interest does not become due and payable during their term but only at maturity (savings certificates or *spaarbewijzen* as defined in the Dutch Savings Certificates Act (*Wet inzake spaarbewijzen*, the “SCA”)) may only be transferred and accepted, directly, or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or a member of Euronext Amsterdam N.V. with due observance of the provisions of the SCA and its implementing regulations (which include registration requirements). No such mediation is required, however, in respect of (i) the initial issue of such Notes to the first holders thereof, (ii) the transfer and acceptance by individuals who do not act in the conduct of a profession or business, and (iii) the issue and trading of such Notes if they are physically issued outside the Netherlands and are not immediately thereafter distributed in the Netherlands.

### **General**

These selling restrictions may be modified by the agreement of the Issuers and the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Information Memorandum.

Other than in the United Kingdom, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Information Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute the Information Memorandum or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and neither the Issuer nor, in the case of Notes issued by L&GF, the Guarantor, nor any other Dealer shall have responsibility for the action of such Dealer.

## FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, will be substantially as set out below:

Pricing Supplement dated [●]

### [LEGAL & GENERAL GROUP Plc LEGAL & GENERAL FINANCE PLC]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
[Guaranteed by Legal & General Group Plc]<sup>1</sup>  
under the **£2,000,000,000 Euro Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 30 March 2005 [and the supplemental Information Memorandum dated [●]]. This Pricing Supplement must be read in conjunction with such Information Memorandum [as so supplemented].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

1. [(i)]<sup>1</sup> Issuer: [Legal & General Group Plc/Legal & General Finance PLC]  
[(ii) Guarantor: Legal & General Group Plc]<sup>1</sup>
2. (i) Series Number: [●]  
(ii) Tranche Number: [●]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).*
3. Specified Currency or Currencies: [●]
4. Aggregate Nominal Amount:  
(i) Series: [●]  
(ii) Tranche: [●]
5. [(i)] Issue Price: [●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (*in the case of fungible issues only, if applicable*)]  
[(ii) Net proceeds: [●] (*Required only for listed issues*)]
6. Specified Denominations: [●]<sup>2</sup>  
[●]
7. [(i)] Issue Date: [●]  
[(ii) Interest Commencement Date [●]  
(if different from the Issue Date):
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date filling in the relevant month and year or,*

1 Square bracketed text to appear on Senior Notes issued by L&GF and guaranteed by L&G.

2 Notes (including Notes denominated in sterling) in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA and which have a maturity of less than one year from the date of issue must have a minimum denomination of £100,000 (or its equivalent in other currencies).

*in the case of Undated Subordinated Notes, specify not applicable]*

9. Interest Basis: [[●] per cent. Fixed Rate]  
[[specify reference rate] +/- [●] per cent.  
Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]
11. Change of Interest or Redemption/  
Payment Basis: *[Specify details of any provision for convertibility of  
Notes into another interest or redemption/payment  
basis]*
12. Put/Call Options: [Put][*Not applicable for Subordinated Notes*]  
[Call] [(further particulars specified below)]
13. (i) Status of the Notes: [Senior [Option A/Option B] Dated  
Subordinated/[Option A/Option B] Undated  
Subordinated]  
(ii) Status of the Guarantee: Senior<sup>3</sup>
14. Listing: [Official List of the UK Listing Authority and trading  
on the London Stock Exchange/Other (*specify*)/ None]
15. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. Fixed Rate Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs  
of this paragraph)*
- (i) Rate[(s)] of Interest: [●] per cent, per annum [payable [annually/semi-  
annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year
- (iii) Fixed Coupon Amount[(s)]: [●] per [●] in nominal amount
- (iv) Broken Amount: *[Insert particulars of any initial or final broken interest  
amounts which do not correspond with the Fixed Coupon  
Amount [(s)] and the Interest Payment Date(s) to which  
they relate]*
- (v) Day Count Fraction (Condition  
5(k) of the Senior Conditions  
and Condition 4(j) of the  
Subordinated Conditions): [●]  
*(Day count fraction should be Actual/Actual-ISMA for  
all fixed rate issues other than those denominated in  
U.S. dollars, unless the client requests otherwise)*

<sup>3</sup> Square bracketed text to appear in the case of Notes issued by L&GF and guaranteed by L&G.

- (vi) Determination Date(s)  
(Condition 5(k) of the Senior Conditions and Condition 4(j) of the Subordinated Conditions) [Insert day(s) and month(s) on which interest is normally paid (if more than one, then insert such dates in the alternative)] in each year<sup>4</sup>
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
17. Floating Rate Provisions [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate for Notes denominated in euro)
- (i) Specified Period(s)/Specified Interest Payment Dates: [●]
- (ii) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (iii) Additional Business Centre(s)  
(Condition 5(k) of the Senior Conditions or Condition 4(j) of the Subordinated Conditions): [●]
- (iv) Specified Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (give details)]
- (v) Interest Period Date(s): [Not Applicable/specify dates]
- (vi) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the [Calculation Agent]): [●]
- (vii) Screen Rate Determination  
(Condition 5(b)(iii)(B) of the Senior Conditions or Condition 4(b)(iii)(B) of the Subordinated Conditions):
- Relevant Time: [●]
- Interest Determination Date: [●] [TARGET] Business Days in [specify city] for [specify currency] prior to [the first day in each Interest Accrual Period/each Interest Payment Date]
- Primary Source for Floating Rate: [Specify relevant screen page or “Reference Banks”]
- Reference Banks (if Primary Source is “Reference Banks”): [Specify four]
- Relevant Financial Centre: [The financial centre most closely connected to the Benchmark — specify if not London]
- Benchmark: [LIBOR, LIBID, LIMEAN, EURIBOR or other benchmark]
- Representative Amount: [Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount]

<sup>4</sup> Only to be completed for an issue where Day Count Fraction is Actual/Actual-ISMA.

- Effective Date: *[Specify if quotations are not to be obtained with effect from commencement of Interest Accrual Period]*
  - Specified Duration: *[Specify period for quotation if not duration of Interest Accrual Period]*
  - (viii) ISDA Determination (Condition 5(b)(iii)(A) of the Senior Conditions or Condition (4)(b)(iii)(A) of the Subordinated Conditions):
    - Floating Rate Option:
    - Designated Maturity:
    - Reset Date:
    - ISDA Definitions: (if different from those set out in the Conditions)
  - (ix) Margin(s): [+/-]  per cent. per annum
  - (x) Minimum Rate of Interest:  per cent. per annum
  - (xi) Maximum Rate of Interest:  per cent. per annum
  - (xii) Day Count Fraction (Condition 5(k) of the Senior Conditions or Condition 4(j) of the Subordinated Conditions):
  - (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
18. Zero Coupon Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortisation Yield (Condition 6(b)):  per cent. per annum
  - (ii) Day Count Fraction (Condition 5(k) of the Senior Conditions or Condition 4(j) of the Subordinated Conditions):
  - (iii) Any other formula/basis of determining amount payable:
19. Index Linked Interest Note Provisions [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula: *[Give or annex details]*
  - (ii) Calculation Agent responsible for calculating the interest due:

- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:
- (iv) Specified Period(s)/Specified Interest Payment Dates:
- (v) Business Day Convention: [Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Additional Business Centre(s) (Condition 5(k) of the Senior Conditions and Condition 4(j) of the Subordinated Conditions):
- (vii) Minimum Rate of Interest:  per cent. per annum
- (viii) Maximum Rate of Interest:  per cent. per annum
- (ix) Day Count Fraction (Condition 5(k) of the Senior Conditions or Condition 4(j) of the Subordinated Conditions):
20. Dual Currency Note Provisions  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/Method of calculating Rate of Exchange:  [*Give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable:
- (v) Day Count Fraction (Condition 5(k) of the Senior Conditions or Condition 4(j) of the Subordinated Conditions):
21. AISM Calculation Agent  (*Only applicable to Option B Undated Subordinated Notes*)

## PROVISIONS RELATING TO REDEMPTION

22. Call Option  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s):

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]
- (iii) If redeemable in part:
- (a) Minimum nominal amount to be redeemed: [●]
- (b) Maximum nominal amount to be redeemed: [●]
- (iv) Option Exercise Date(s): [●]
- (v) Description of any other Issuer's option: [●]
- (vi) Notice period (if other than as set out in the Conditions): [●]
23. Capital Disqualification Call [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph. Only relevant for Subordinated Notes)*
- Capital Disqualification Redemption Date: [●]
- Special Redemption Price: [●]
24. Put Option [*Not applicable for Subordinated Notes*] [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [●]
- (iii) Option Exercise Date(s): [●]
- (iv) Description of any other Noteholders' option: [●]
- (v) Notice period (if other than as set out in the Conditions): [●]
25. Final Redemption Amount [Nominal amount/Other (*specify*)/See Appendix]
26. Early Redemption Amount
- (i) Early Redemption Amount(s) payable on redemption for taxation reasons (Condition 6(c)) or an event of default (Condition 10) and/or the method of calculating the same (if required or if different from that set out in the Conditions): [●]
- (ii) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(c)): [Yes/No]

- (iii) Unmatured Coupons to become void upon early redemption (Bearer Notes only) (Condition 7(f)): [Yes/No/Not Applicable]
27. Suspension Redemption Price [●] (*Only applicable to Option B Undated Subordinated Notes*)

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

28. Form of Notes: [Bearer Notes/Registered Notes]  
[Delete as appropriate]
- (i) Temporary or permanent Global Note/Certificate: [temporary Global Note/Certificate exchangeable for a permanent Global Note/Certificate which is exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]  
[temporary Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice]  
[permanent Global Note/Certificate exchangeable for Definitive Notes/Certificates on [●] days' notice/at any time/in the limited circumstances specified in the permanent Global Note/Certificate]
- (ii) Applicable TETRA exemption: [C Rules/D Rules/Not Applicable]
29. Additional Financial Centre(s) (Condition 7(h)) or other special provisions relating to payment dates: [Not Applicable/Give details. *Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates*]
30. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No *If yes, give details*]
31. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/*give details*]
32. Details relating to Instalment Notes: [Not Applicable/*give details*]
- (i) Instalment Amount(s): [●]
- (ii) Instalment Date(s): [●]
- (iii) Minimum Instalment Amount: [●]
- (iv) Maximum Instalment Amount: [●]
33. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]
34. Consolidation provisions: [Not Applicable/The provisions [in Condition [●]] [annexed to this Pricing Supplement] apply]

35. Other terms or special conditions:<sup>5</sup> [Not Applicable/give details]

## DISTRIBUTION

36. (i) If syndicated, names of Managers: [Not Applicable/give names]

(ii) Stabilising Manager (if any): [Not Applicable/give name]

(iii) Dealer's Commission: [●]

37. If non-syndicated, name of Dealer: [Not Applicable/give name]

38. Additional selling restrictions: [Not Applicable/give details]

## OPERATIONAL INFORMATION

39. ISIN Code: [●]

40. Common Code: [●]

41. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

42. Delivery: Delivery [against/free of] payment

43. The Agents appointed in respect of the Notes are: [●]

## GENERAL

44. Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a): [Not Applicable/give details]

45. The aggregate principal amount of Notes issued has been translated into sterling at the rate of [specify currency] 1.00 = £[●], producing a sum of (for Notes not denominated in sterling): [Not Applicable/£[●]]

## [LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the £2,000,000,000 Euro Note Programme of Legal & General Group Plc and Legal & General Finance PLC.]

<sup>5</sup> If full terms and conditions are to be used, please add the following here. "The full text of the Conditions which apply to the Notes [and which will be endorsed on the Notes in definitive form] are set out in [the Annex to this Pricing Supplement], which Conditions replace in their entirety those appearing in the Information Memorandum for the purposes of these Notes and such Conditions will prevail over any other provisions to the contrary." The first set of bracketed words is to be deleted where there is a permanent Global Note instead of Notes in definitive form. The full Conditions should be attached to and form part of the Pricing Supplement.

**[STABILISING**

In connection with this issue, [*insert name of Stabilising Manager*] (the “Stabilising Manager”) or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on the Stabilising Manager or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.]

**MATERIAL ADVERSE CHANGE STATEMENT**

[Except as disclosed in this document, there/There]<sup>6</sup> has been no significant change in the financial or trading position of the Issuer, the Guarantor or of the Group since [*insert date of last audited accounts or interim accounts (if later)*] and no material adverse change in the financial position or prospects of the Issuer, the Guarantor or of the Group since [*insert date of last published annual accounts*].

**RESPONSIBILITY**

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum [and the supplemental Information Memorandum] referred to above, contains all information that is material in the context of the issue of the Notes.

Signed on behalf of the Issuer:

By: \_\_\_\_\_  
Duly authorised

[Signed on behalf of the Guarantor:

By: \_\_\_\_\_  
Duly authorised]

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6 If any such change is disclosed in the Pricing Supplement, it will require approval by the UK Listing Authority in its capacity as competent authority under the Financial Services and Markets Act 2000. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular comprising supplementary listing particulars rather than in a Pricing Supplement.

## GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Notes on the Official List and admission of the Notes to trading on the London Stock Exchange's market for listed securities will be granted on or before 1 April 2005, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.
- (2) Each of L&G and L&GF has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The establishment and the update of the Programme were each authorised by resolutions of the board of directors of L&GF passed on 24 June 2002 and of the board of directors of L&G passed on 25 June 2002.
- (3) Since 31 December 2004, the date to which the latest audited published accounts of L&G and L&GF were made up, there has been no significant change in the financial or trading position of L&G or of the Group or of L&GF and no material adverse change in the financial position or prospects of L&G or of the Group or of L&GF.
- (4) Neither L&G and L&GF nor any of their respective subsidiaries is or has been involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group or of L&G or L&GF, nor is L&G or L&GF aware that any such proceedings are pending or threatened.
- (5) L&G was incorporated in England and Wales on 27 February 1979 under the Companies Acts 1948 to 1976 as a limited liability company and was re-registered as a public limited company under the Companies Acts 1948 to 1980 on 19 March 1982. The registered office of L&G is at Temple Court, 11 Queen Victoria Street, London EC4N 4TP which is also its principal place of business. L&GF was incorporated in England and Wales on 24 January 1989 under the Companies Act 1985 as a public limited company with the number 02338444 and its registered office is at Temple Court, 11 Queen Victoria Street, London EC4N 4TP which is also its principal place of business.
- (6) Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
- (7) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems. The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.
- (8) For so long as Notes may be issued pursuant to this Information Memorandum, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the offices of the Issuers at Temple Court, 11 Queen Victoria Street, London, EC4N 4TP and of the Issuing and Paying Agent at 5 Carmelite Street, London EC4Y 0PA:
  - (i) the Trust Deed (which includes the form of the Global Notes, the definitive Notes, the Certificates, the Coupons, the Receipts and the Talons)
  - (ii) the Distribution Agreement
  - (iii) the Agency Agreement and any AISM Calculation Agency Agreement
  - (iv) the Memorandum and Articles of Association of L&G and of L&GF

- (v) the published annual report and audited accounts of L&G and of L&GF (consolidated in the case of L&G and unconsolidated in the case of L&GF) for the two financial years most recently ended
  - (vi) each Pricing Supplement for Notes that are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities or any other stock exchange
  - (vii) a copy of this Information Memorandum together with any Supplement to this Information Memorandum or further Information Memorandum
  - (viii) a copy of the subscription agreement for Notes issued on a syndicated basis that are listed on the Official List and admitted to trading on the London Stock Exchange's market for listed securities and
  - (ix) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Information Memorandum.
- (9) The accounts of L&G and L&GF for the three years ended 31 December 2004 have been audited by PricewaterhouseCoopers LLP, Chartered Accountants and Registered Auditors, in each case in accordance with Auditing Standards issued by the Auditing Practices Board, and have been reported upon without qualification.
- (10) The report of PricewaterhouseCoopers LLP dated 23 February 2005 in respect of L&G for the year ended 31 December 2004 and the report of PricewaterhouseCoopers LLP dated 23 February 2005 in respect of L&GF for the year ended 31 December 2004 both state that the report, including the opinion, has been prepared for and only for the members of the company to which the report related, as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose, and that PricewaterhouseCoopers LLP did not, in giving their opinion, accept or assume responsibility for any other purpose or to any other person to whom the report is shown or into whose hands the report may come save where expressly agreed by PricewaterhouseCoopers LLP's prior consent in writing. The business address of PricewaterhouseCoopers and of PricewaterhouseCoopers LLP is Southwark Towers, 32 London Bridge Street, London SE1 9SY.
- (11) The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined therein) in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors in connection therewith contains any limit (whether monetary or otherwise) on the liability of the Auditors.

**REGISTERED OFFICE OF THE ISSUERS AND THE GUARANTOR**

Temple Court  
11 Queen Victoria Street  
London EC4N 4TP  
United Kingdom

**DEALERS**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB  
United Kingdom

**Citigroup Global Markets Limited**  
Citigroup Centre  
33 Canada Square  
London E14 5LB  
United Kingdom

**Goldman Sachs International**  
Peterborough Court  
133 Fleet Street  
London EC4A 2BB  
United Kingdom

**J.P. Morgan Securities Ltd.**  
125 London Wall  
London EC2Y 5AJ  
United Kingdom

**Lehman Brothers International (Europe)**  
25 Bank Street  
Canary Wharf  
London E14 5LE  
United Kingdom

**The Royal Bank of Scotland plc**  
135 Bishopsgate  
London EC2M 3UR  
United Kingdom

**UBS Limited**  
100 Liverpool Street  
London EC2M 2RH  
United Kingdom

**ISSUING AND PAYING AGENT, REGISTRAR  
AND CALCULATION AGENT**

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
Fifth Floor  
100 Wood Street  
London EC2V 7EJ  
United Kingdom

**Citibank, N.A.**  
5 Carmelite Street  
London EC4Y 0PA  
United Kingdom

**PAYING AGENT AND TRANSFER AGENT**

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AND THE GUARANTOR**

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AND THE TRUSTEE**

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AND THE GUARANTOR**

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**AUTHORISED ADVISER**

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