

## FOURTEENTH SUPPLEMENTAL TRUST DEED

further modifying and restating the provisions of the Trust Deed dated 12 December 1997 relating to the €20,000,000,000 (originally U.S.\$10,000,000,000) Euro Medium Term Note Programme

Dated 7 June 2024

BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY

as Issuer

and

BT GROUP PLC

as Guarantor

and

THE LAW DEBENTURE TRUST CORPORATION p.l.c.

as Trustee

**THIS FOURTEENTH SUPPLEMENTAL TRUST DEED** is made on 7 June 2024

**BETWEEN:**

- (1) **BRITISH TELECOMMUNICATIONS public limited company**, a company incorporated under the laws of England, whose registered office is at 1 Braham Street, London E1 8EE, England (hereinafter called the **Issuer**);
- (2) **BT GROUP PLC**, a company incorporated under the laws of England and Wales, whose registered office is at 1 Braham Street, London E1 8EE, United Kingdom (hereinafter called the **Guarantor**); and
- (3) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England, whose registered office is at Eighth Floor, 100 Bishopsgate, London EC2N 4AG, England (hereinafter called the **Trustee** which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents).

**WHEREAS:**

- (A) This Fourteenth Supplemental Trust Deed is supplemental to:
  - (i) the Trust Deed dated 12 December 1997 (the **Principal Trust Deed**) made between the Issuer and the Trustee in respect of the U.S.\$10,000,000,000 (now €20,000,000,000) Euro Medium Term Note Programme established by the Issuer (the **Programme**);
  - (ii) the First Supplemental Trust Deed dated 2 July 1999 (the **First Supplemental Trust Deed**) made between the Issuer and the Trustee modifying and restating the provisions of the Principal Trust Deed;
  - (iii) the Second Supplemental Trust Deed dated 28 September 2006 (the **Second Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (iv) the Third Supplemental Trust Deed dated 3 June 2008 (the **Third Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (v) the Fourth Supplemental Trust Deed dated 2 June 2009 (the **Fourth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (vi) the Fifth Supplemental Trust Deed dated 10 June 2011 (the **Fifth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (vii) the Sixth Supplemental Trust Deed dated 18 June 2012 (the **Sixth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (viii) the Seventh Supplemental Trust Deed dated 29 May 2013 (the **Seventh Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;

- (ix) the Eighth Supplemental Trust dated 29 May 2014 (the **Eighth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (x) the Ninth Supplemental Trust Deed dated 29 May 2015 (the **Ninth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (xi) the Tenth Supplemental Trust Deed dated 15 June 2018 (the **Tenth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (xii) the Eleventh Supplemental Trust Deed dated 16 July 2019 (the **Eleventh Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
  - (xiii) the Twelfth Supplemental Trust Deed dated 17 June 2022 (the **Twelfth Supplemental Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed; and
  - (xiv) the Thirteenth Supplemental Trust Deed dated 9 June 2023 (the **Thirteenth Supplemental Trust Deed**, together with the Principal Trust Deed, the First Supplemental Trust Deed, the Second Supplemental Trust Deed, the Third Supplemental Trust Deed, the Fourth Supplemental Trust Deed, the Fifth Supplemental Trust Deed, the Sixth Supplemental Trust Deed, the Seventh Supplemental Trust Deed, the Eighth Supplemental Trust Deed, the Ninth Supplemental Trust Deed, the Tenth Supplemental Trust Deed, the Eleventh Supplemental Trust Deed and the Twelfth Supplemental Trust Deed, the **Subsisting Trust Deeds**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed.
- (B) On 7 June 2024 the Issuer published a modified and updated Prospectus relating to the Programme (the **Prospectus**).
- (C) The Issuer has requested the Trustee to agree to supplement the Principal Trust Deed (as modified and/or restated as described above) to reflect the relevant modifications to the Prospectus referred to in Recital (B) above.
- (D) Pursuant to the modifications to the Prospectus referred to in Recital (B) above, the Issuer has requested the entry of the Guarantor into the Principal Trust Deed (as modified and/or restated as described above and by this Fourteenth Supplemental Trust Deed).

**NOW THIS FOURTEENTH SUPPLEMENTAL TRUST DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED** as follows:

1. Subject as hereinafter provided, all words and expressions defined in the Subsisting Trust Deeds shall unless the context otherwise requires have the same meanings in this Fourteenth Supplemental Trust Deed.
2. Save:
  - (a) in relation to all Series of Notes issued during the period up to and including the day last preceding the date of this Fourteenth Supplemental Trust Deed (the **Existing Notes**) and any Notes issued on or after the date of this Fourteenth Supplemental Trust Deed so as to be consolidated and form a single Series with any Series of Existing Notes; and

- (b) for the purpose (where necessary) of construing the provisions of this Fourteenth Supplemental Trust Deed,

with effect on and from the date of this Fourteenth Supplemental Trust Deed:

- (i) the Principal Trust Deed (as previously modified and/or restated) is further modified in such manner as would result in the Principal Trust Deed as so further modified being in the form set out in the Schedule hereto; and
  - (ii) the provisions of the Subsisting Trust Deeds (insofar as the same still have effect) shall cease to have effect and in lieu thereof the provisions of the Principal Trust Deed as so further modified (and being in the form set out in the Schedule hereto) shall have effect.
- 3. The Subsisting Trust Deeds and this Fourteenth Supplemental Trust Deed shall henceforth be read and construed together as one document.
  - 4. A memorandum of this Fourteenth Supplemental Trust Deed shall be endorsed by the Trustee on the original of the Principal Trust Deed and by the Issuer on its duplicate thereof.
  - 5. This Fourteenth Supplemental Trust Deed may be executed and delivered in any number of counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same deed. Delivery of a counterpart of this Fourteenth Supplemental Trust Deed by email attachment shall be an effective mode of delivery.

**IN WITNESS** whereof this Fourteenth Supplemental Trust Deed has been executed as a deed by the Issuer, the Guarantor and the Trustee and delivered on the date first stated on page 1 above.

**SCHEDULE**  
**FORM OF MODIFIED PRINCIPAL TRUST DEED**

**TRUST DEED**

**12 DECEMBER 1997**  
**AS MODIFIED ON 7 JUNE 2024**

**BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**

**and**

**BT GROUP PLC**

**and**

**THE LAW DEBENTURE TRUST CORPORATION p.l.c.**

**related to the €20,000,000,000 (originally U.S.\$10,000,000,000) Euro Medium Term Note Programme**

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**THIS TRUST DEED** is made on 7 June 2024

**BETWEEN:**

- (1) **BRITISH TELECOMMUNICATIONS public limited company**, a company incorporated under the laws of England, whose registered office is at 1 Braham Street, London E1 8EE, England (hereinafter called the **Issuer**);
- (2) **BT GROUP PLC**, a company incorporated in England and Wales, whose registered office is at 1 Braham Street, London E1 8EE, United Kingdom (hereinafter called the **Guarantor**); and
- (3) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England, whose registered office is at Eighth Floor, 100 Bishopsgate, London EC2N 4AG, England (hereinafter called the **Trustee** which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents).

**WHEREAS:**

- (A) Pursuant to resolutions of the Board of Directors of the Issuer passed on 26 April 1994, 23 October 2001 and 14 June 2018 the Issuer resolved to establish and update a Euro Medium Term Note Programme. Up to a maximum nominal amount from time to time outstanding of €20,000,000,000 (subject to increase as provided in the Programme Agreement (as defined below)) (the **Programme Limit**) may be issued pursuant to the said Programme.
- (B) The Issuer and the Guarantor have agreed that the Guarantor shall guarantee the payments by the Issuer of principal, premium and interest in respect of the Subordinated Notes only on the terms of this Trust Deed.
- (C) The Trustee has agreed to act as trustee of these presents for the benefit of the Noteholders and Couponholders upon and subject to the terms and conditions of these presents.

**NOW THIS TRUST DEED WITNESSES** and it is hereby agreed and declared as follows:

**1. DEFINITIONS**

- 1.1** Terms defined in the Conditions and not otherwise defined herein shall have the same meaning in this Trust Deed. In these presents unless there is anything in the subject or context inconsistent therewith the expressions listed below shall have the following meanings, namely:

**Agency Agreement** means the Agency Agreement dated 12 December 1997 (such Agency Agreement as amended and/or supplemented and/or restated from time to time) pursuant to which the Issuer has appointed the initial Agent and the initial Paying Agents in relation to all or any Series of the Notes and any other agreement for the time being in force appointing further or other Agents or Paying Agents in relation to all or any Series of the Notes, or in connection with their duties, the terms of which have been approved in writing by the Trustee, together with any agreement for the time being in force amending, replacing, novating, modifying or restating with the prior written approval of the Trustee any of the aforesaid agreements;

**Agent** means, in relation to all or any Series of the Notes, Citibank, N.A., London Branch at its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB or, if applicable, any Successor agent in relation thereto;

**Appointee** means any attorney, manager, agent, delegate, nominee, custodian or other person appointed by the Trustee under these presents;

**CGN** means a Temporary Global Note or a Permanent Global Note and in either case in respect of which the applicable Final Terms indicate is not a New Global Note;

**Clearstream, Luxembourg** means Clearstream Banking S.A.;

**Code** means the US Internal Revenue Code of 1986;

**Conditions** means, in relation to the Notes of any Series, the terms and conditions endorsed on or incorporated by reference into the Note or Notes constituting such Series, such terms and conditions being in or substantially in the form set out (in the case of Senior Notes) in Part 1 of Schedule 1 or (in the case of Subordinated Notes) Part 2 of Schedule 1, or, in each case, in such other form, having regard to the terms of the Notes of the relevant Series, as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s) as modified and supplemented by the Final Terms applicable to the Notes of the relevant Series, in each case as from time to time modified in accordance with the provisions of these presents;

**Coupon** means an interest coupon appertaining to a Definitive Note (other than a Zero Coupon Note), such coupon being:

- (a) if appertaining to a Fixed Rate Note, in the form or substantially in the form set out in Part 4A of Schedule 2 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s); or
- (b) if appertaining to a Floating Rate Note, an Index Linked Interest Note or a Reset Rate Note, in the form or substantially in the form set out in Part 4B of Schedule 2 or in such other form, having regard to the terms of issue of the Notes of the relevant Series, as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s); or
- (c) if appertaining to a Definitive Note which is neither a Fixed Rate Note nor a Floating Rate Note nor an Index Linked Interest Note nor a Reset Rate Note, in such form as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s),

and includes, where applicable, the Talon(s) appertaining thereto and any replacements for Coupons and Talons issued pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes;

**Couponholders** means the several persons who are for the time being bearers of the Coupons and includes, where applicable, the Talonholders;

**Dealers** means Barclays Bank PLC and any other entity which the Issuer may appoint as a Dealer and notice of whose appointment has been given to the Agent and the Trustee by the Issuer in accordance with the provisions of the Programme Agreement but excluding any entity whose appointment has been terminated in accordance with the provisions of the Programme Agreement and notice of which termination has been given to the Agent and the Trustee by the Issuer in accordance with the provisions of the Programme Agreement and references to a **relevant Dealer** or **relevant Dealer(s)** mean, in relation to any Tranche or Series of Notes, the Dealer or Dealers with whom the Issuer has agreed the issue of the Notes of such Tranche or Series and **Dealer** means any one of them;



**Deed of Guarantee** means the deed of guarantee dated 27 March 2019 entered into between the Issuer, the Guarantor and the Trustee;

**Deferred Interest** has the meaning set out in Condition 6.1 of the Subordinated Notes;

**Definitive Note** means a definitive Note issued or, as the case may require, to be issued by the Issuer in accordance with the provisions of the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) in exchange for either a Temporary Global Note or a Permanent Global Note (all as indicated in the applicable Final Terms), such definitive Note being in the form or substantially in the form set out in Part 3 of Schedule 2 with such modifications (if any) as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s) and having the Conditions endorsed thereon or, if permitted by the relevant Stock Exchange, incorporating the Conditions by reference (where applicable to this Trust Deed) as indicated in the applicable Final Terms and having the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms endorsed thereon or attached thereto and (except in the case of a Zero Coupon Note) having Coupons and, where appropriate, Talons attached thereto on issue;

**Director** means a person who is for the time being a member of the Board of Directors of the Issuer;

**Euroclear** means Euroclear Bank SA/NV;

**Eurosystem** means the central banking system for the euro;

**Eurosystem-eligible NGN** means a NGN which is intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms;

**Event of Default** means, in respect of the Senior Notes, any of the events described in Condition 9.1 of the Senior Notes (being events upon the happening of which the Senior Notes of any Series to which such Condition relates would, subject only to notice by the Trustee as therein provided, become due and repayable), or in the case of the Subordinated Notes, an event described in Condition 13.1 of the Subordinated Notes entitling the Trustee to institute proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor;

**Extraordinary Resolution** has the meaning set out in paragraph 20 of the Schedule 3;

**FATCA Withholding Tax** means any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or any withholding or deduction otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations, agreements or undertakings thereunder or official interpretations thereof or similar law implementing an intergovernmental approach thereto;

**Final Terms** has the meaning set out in the Programme Agreement;

**Fixed Rate Note** means a Senior Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on such other dates as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms);

**Floating Rate Note** means a Senior Note on which interest is calculated at a floating rate payable one-, two-, three-, six- or twelve-monthly or in respect of such other period or on such date(s) as may be agreed between the Issuer and the relevant Dealer(s) (as indicated in the applicable Final Terms);

**Global Note** means a Temporary Global Note and/or a Permanent Global Note, as applicable;

**Holding Company** means a holding company within the meaning of Section 1159 of the Companies Act 2006;

**indebtedness for borrowed money** means money borrowed and premium and interest in respect thereof, liabilities in respect of any acceptance credit, note or bill discounting facility and liabilities under any note, bond, debenture, loan stock or other security whether issued in whole or in part for cash or other consideration but excluding all such liabilities as aforesaid incurred in relation to the acquisition of goods and services or in the ordinary course of trading;

**Index Linked Interest Note** means a Senior Note in respect of which the amount payable in respect of interest is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms);

**Index Linked Note** means an Index Linked Interest Note and/or an Index Linked Redemption Note, as applicable;

**Index Linked Redemption Note** means a Senior Note in respect of which the amount payable in respect of principal is calculated by reference to an index and/or a formula as the Issuer and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms);

**Interest Commencement Date** means, in the case of interest-bearing Notes, the date specified in the applicable Final Terms from (and including) which such Notes bear interest, which may or may not be the Issue Date;

**Interest Payment Date** means, in relation to any Floating Rate Note or Index Linked Interest Note, either:

- (a) the date which falls the number of months or other period specified as the **Specified Period** in the applicable Final Terms after the preceding Interest Payment Date or the Interest Commencement Date (in the case of the first Interest Payment Date); or
- (b) such date or dates as are indicated in the applicable Final Terms;

**Issue Date** means, in respect of any Note, the date of issue and purchase of such Note pursuant to and in accordance with the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s), being in the case of any Permanent Global Note or Definitive Note represented initially by a Temporary Global Note, the same date as the date of issue of the Temporary Global Note which initially represented such Note;

**Issue Price** means the price, generally expressed as a percentage of the nominal amount of the Notes, at which the Notes will be issued;

**Liability** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or other similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis;

**London Business Day** has the meaning set out in Condition 4.2(f) of the Senior Notes or Condition 5.4 of the Subordinated Notes, as the case may be;

**Maturity Date** means the date on which a Note is expressed to be redeemable;

**month** means calendar month;

**NGN** means a Temporary Global Note or a Permanent Global Note and in either case in respect of which the applicable Final Terms indicate is a New Global Note;

**Non-eligible NGN** means a NGN which is not intended to be held in a manner which would allow Eurosystem eligibility, as stated in the applicable Final Terms;

**Note** means a Senior Note or a Subordinated Note, as the case may be, denominated in such currency or currencies as may be agreed between the Issuer and the relevant Dealer(s) which:

- (a) has such maturity as may be agreed between the Issuer and the relevant Dealer(s) (which may be no maturity), subject to such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant currency; and
- (b) has such denomination as may be agreed between the Issuer and the relevant Dealer(s), subject to such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant currency,

and is issued or to be issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) and which shall initially be represented by, and comprised in, either (a) a Temporary Global Note which may (in accordance with the terms of such Temporary Global Note) be exchanged for either Definitive Notes or a Permanent Global Note which Permanent Global Note may (in accordance with the terms of such Permanent Global Note) in turn be exchanged for Definitive Notes or (b) a permanent Global Note which may (in accordance with the terms of such Permanent Global Note) be exchanged for Definitive Notes (all as indicated in the applicable Final Terms) and includes any replacements for a Note issued pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes, as the case may be;

**Noteholders** means the several persons who are for the time being holders of outstanding Notes save that, in respect of the Notes of any Series, for so long as such Notes or any part thereof are represented by a Global Note held on behalf of Euroclear and/or of Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes of such Series (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be and shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes of these presents other than with respect to the payment of principal or interest on such Notes, the right to which shall be vested, as against the Issuer or, as the case may be, the Guarantor, solely in the bearer of such Global Note in accordance with and subject to its terms and the provisions of these presents (or the Trustee in accordance with these presents) and the expressions **Noteholder**, **holder of Notes** and related expressions shall be construed accordingly;

**notice** means, in respect of a notice to be given to Noteholders, a notice validly given pursuant to Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be;

**Official List** has the meaning set out in Section 103 of the Financial Services and Markets Act 2000;

**outstanding** means, in relation to the Notes, all the Notes other than:

- (a) those Notes which have been redeemed and cancelled pursuant to Condition 6 of the Senior Notes or Condition 8 of the Subordinated Notes, as the case may be, or otherwise pursuant to these presents;
- (b) those Notes in respect of which the date for redemption in accordance with the Conditions has occurred and the redemption moneys wherefor (including all interest payable thereon to the date for such redemption) have been duly paid to the Trustee or to the Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the relevant Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be) and remain available for payment against presentation of those Notes and/or, as the case may be, the relative Coupons;
- (c) those Notes which have been purchased and cancelled in accordance with Condition 6 of the Senior Notes or Condition 8 of the Subordinated Notes, as the case may be;
- (d) those Notes which have become void under Condition 8 of the Senior Notes or Condition 12 of the Subordinated Notes, as the case may be;
- (e) those mutilated or defaced Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes, as the case may be;
- (f) (for the purpose only of ascertaining the amount of the Notes outstanding and without prejudice to their status for any other purpose) those Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes, as the case may be;
- (g) those Notes which have been substituted and cancelled in accordance with Condition 9 of the Subordinated Notes; and
- (h) any Temporary Global Note to the extent that it shall have been exchanged for Definitive Notes or a Permanent Global Note and any Permanent Global Note to the extent that it shall have been exchanged for Definitive Notes, in each case pursuant to its provisions;

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the holders of Notes of any one or more Series, an Extraordinary Resolution in writing or an Extraordinary Resolution by way of electronic consents through the relevant clearing system(s) as envisaged by paragraph 1 of Schedule 3 and any direction or request by the holders of the Notes;
- (j) the determination of how many and which Notes of any Series are for the time being outstanding for the purposes of Clause 7.3, Clause 7.5, Conditions 9 and 14 of the Senior Notes and Conditions 13 and 18 of the Subordinated Notes, and paragraphs 2, 5, 6 and 9 of Schedule 3; and
- (k) any discretion, power or authority (whether contained in these presents or vested by operation of law which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Notes of any Series or any of them; and

- (l) the determination by the Trustee whether (in relation to the Senior Notes) any of the events mentioned in paragraphs (b) to (f) (both inclusive) of Condition 9.1 of the Senior Notes is, in its opinion, materially prejudicial to the interests of the holders of the Notes of any Series,

those Notes of any Series which are for the time being held by any person (including, but not limited to, the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor) for the benefit of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor shall (unless and until ceasing to be so held) be deemed not to remain outstanding. Save for the purposes of the proviso herein, in the case of each NGN, the Trustee shall rely on the records of Euroclear and Clearstream, Luxembourg in relation to any determination of the nominal amount outstanding of each NGN;

**Paying Agents** means in relation to all or any Series of the Notes, the several institutions (including where the context permits the Agent) at their respective specified offices initially appointed as paying agents by the Issuer pursuant to the Agency Agreement and/or, if applicable, any Successor paying agents in relation thereto;

**Permanent Global Note** means a global note in the form or substantially in the form set out in Part 2 of Schedule 2 with such modifications (if any) as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Notes of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) and these presents;

**Programme** means the Euro Medium Term Note Programme for the issue of Notes established by, or otherwise contemplated in, the Programme Agreement;

**Programme Agreement** means the agreement of even date herewith between the Issuer and the Dealers named therein concerning the purchase of Notes to be issued pursuant to the Programme together with any agreement for the time being in force amending, replacing, novating, modifying or restating such agreement;

**Relevant Date** has the meaning set out in Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be;

**repay, redeem and pay** shall each include both the others and **repaid, repayable and repayment, redeemed, redeemable and redemption** and **paid, payable and payment** shall be construed accordingly;

**Reset Rate Note** means a Subordinated Note (as indicated in the applicable Final Terms);

**Senior Note** means a Note specified as such in the applicable Final Terms;

**Series** means a Tranche of the Notes together with any further Tranche or Tranches of the Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices and the expressions **Notes of the relevant Series** and **holders of Notes of the relevant Series** and related expressions shall be construed accordingly;

**specified office** means:

- (a) in relation to any Paying Agent named as such at the end of the relevant Conditions, its office there specified and/or such other office or offices as may from time to time be specified by the Issuer with the approval of the Trustee or, as the case may be, notified by any Paying Agent to the Issuer and the Trustee pursuant to the Agency Agreement and

notified to the Noteholders in accordance with Condition 13 of the Senior Notes and Condition 17 of the Subordinated Notes, as the case may be; and

- (b) in relation to any other Paying Agent, the office or offices specified in the notice of appointment of such Paying Agent and/or such other office or offices as may from time to time be specified by the Issuer with the approval of the Trustee and notified to the Noteholders as aforesaid;

**Stock Exchange** means the London Stock Exchange or any other or further stock exchange(s) on which any Notes may from time to time be listed or admitted to trading, and references in these presents to the **relevant Stock Exchange** shall, in relation to any Notes, be references to the Stock Exchange on which such Notes are, from time to time, or are intended to be, listed or admitted to trading;

**Subordinated Note** means a Note specified as a Dated Subordinated Note or an Undated Subordinated Note in the applicable Final Terms;

**Subsidiary** means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006);

**Successor** means, in relation to the Agent, the other Paying Agents, any successor to any one or more of them in relation to the Notes which shall become such pursuant to the provisions of these presents or the Agency Agreement (as the case may be) and/or such other or further agent and/or other or further paying agents (as the case may be) in relation to the Notes as may (with the prior approval of, and on terms previously approved by, the Trustee in writing) from time to time be appointed as such, and/or, if applicable, such other or further specified offices (in the former case being within the same city as those for which they are substituted) as may from time to time be nominated, in each case by the Issuer and (except in the case of the initial appointments and specified offices made under and specified in the Agency Agreement) notice of whose appointment or, as the case may be, nomination has been given to the Noteholders pursuant to Clause 12(l) in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be;

**Talonholders** means the several persons who are for the time being holders of the Talons;

**Talons** means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, a Definitive Note (other than a Zero Coupon Note), such talons being in the form or substantially in the form set out in Part 5 of Schedule 2 or in such other form as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s) and includes any replacements for Talons issued pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes, as the case may be;

**Temporary Global Note** means a global note in the form or substantially in the form set out in Part 1 of Schedule 2 with such modifications (if any) as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s), together with the copy of the applicable Final Terms annexed thereto, comprising some or all of the Notes of the same Series, issued by the Issuer pursuant to the Programme Agreement or any other agreement between the Issuer and the relevant Dealer(s) and these presents;

**the London Stock Exchange** means the London Stock Exchange plc and any successor thereto;

**these presents** means this Trust Deed and the Schedules and any Trust Deed supplemental hereto and the Schedules (if any) thereto and the Notes, the Coupons, the Talons and the Conditions, all as from time to time modified in accordance with the provisions herein or therein contained;

**Tranche** means all Notes which are identical in all respects (including as to listing);

**Trustee Acts** means the Trustee Act 1925 and the Trustee Act 2000;

**Trust Corporation** means a corporation entitled by rules made under the Public Trustee Act, 1906 or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee;

**Zero Coupon Note** means a Senior Note on which no interest is payable;

words denoting the singular number only shall include the plural number also and *vice versa*;

words denoting one gender only shall include the other genders; and

words denoting persons only shall include firms and corporations and *vice versa*.

- 1.2**
- (a) All references in these presents to principal and/or principal amount and/or interest in respect of the Notes or to any moneys payable by the Issuer or the Guarantor under these presents shall, unless the context otherwise requires, be construed in accordance with Condition 5.6 of the Senior Notes or Condition 7.6 of the Subordinated Notes, as the case may be.
  - (b) All references in these presents to costs or charges or expenses shall include any value added tax or similar tax charged or chargeable in respect thereof.
  - (c) All references in these presents to **dollars, U.S. dollars, United States dollars** or the signs **\$, US\$ or U.S.\$** shall be construed as references to the lawful currency for the time being of the United States of America and to **euro, EUR** or the sign **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.
  - (d) All references in these presents to any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such re-enactment.
  - (e) All references in these presents to guarantees or to an obligation being guaranteed shall be deemed to include respectively references to indemnities or to an indemnity being given in respect thereof.
  - (f) Unless the context otherwise requires words and expressions contained in these presents shall bear the same meanings as in the Companies Act 2006.
  - (g) In this Trust Deed references to Schedules, Clauses, subclauses, paragraphs and subparagraphs shall be construed as references to the Schedules to this Trust Deed and to the Clauses, subclauses, paragraphs and subparagraphs of this Trust Deed respectively.
  - (h) References in these presents to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than England, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of judicial proceeding described or referred to in these presents.

- (i) All references in these presents to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include references to any other clearing system as is approved by the Trustee. In the case of NGNs, such other clearing system must also be authorised to hold the Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations.
- (j) Where in these presents either party is required to give any notice, document or other information or to do any act or thing (unless otherwise expressly stated to the contrary) such notice, document or other information shall be given and such act or thing shall be done as soon as is reasonably practicable.
- (k) All references in these presents to the "records" of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interest in the Notes.
- (l) All references in these presents involving compliance by the Trustee with a test of reasonableness shall be deemed to include a reference to a requirement that such reasonableness shall be determined by reference solely to the interests of the holders of the Notes of the relevant one or more Series as a class.
- (m) All reference in these presents to a written notice, consent or approval being given by the Trustee shall, for the avoidance of doubt, be deemed to include such notice, consent or approval being given by e-mail.
- (n) Unless the context otherwise requires, all references in these presents to interest shall, in the case of Subordinated Notes only, include any Deferred Interest.

- 1.3** Words and expressions defined in these presents or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used herein unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and these presents, these presents shall prevail and, in the event of inconsistency between the Agency Agreement or these presents and the applicable Final Terms, the applicable Final Terms shall prevail.
- 1.4** All references in these presents to the **relevant currency** shall be construed as references to the currency in which payments in respect of the Notes and/or Coupons of the relevant Series are to be made as indicated in the applicable Final Terms.
- 1.5** All references in this Agreement to a Directive include any relevant implementing measure of each Member State of the European Economic Area which has implemented such Directive.
- 1.6** As used herein, in relation to any notes which are to have a "listing" or be "listed" (i) on the London Stock Exchange plc, **listing** and **listed** shall be construed to mean that such notes have been admitted to the Official List and admitted to trading on the London Stock Exchange's main market and (ii) on any other Stock Exchange within the European Economic Area, **listing** and **listed** shall be construed to mean that the Notes have been admitted to trading on a market within that jurisdiction which is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).
- 1.7** All references in these presents to **listing** and **listed** shall include references to **quotation** and **quoted** respectively.
- 1.8** The Clause headings and tables of contents have been included for ease of reference only and shall not affect the construction of these presents.



## **2. ISSUE OF NOTES AND SUBORDINATION**

### **2.1 Amount of the Notes, Final Terms and Legal Opinions**

The Notes will be issued in Series in an aggregate nominal amount from time to time outstanding not exceeding the Programme Limit from time to time and for the purpose of determining such aggregate nominal amount Clause 3(6) of the Programme Agreement shall apply.

By not later than 3.00 p.m. (London time) on the London Business Day preceding each proposed Issue Date, the Issuer shall deliver or cause to be delivered to the Trustee a copy of the applicable Final Terms and shall notify the Trustee or cause the Trustee to be notified in writing as soon as practicable of the relevant Issue Date and the nominal amount of the Notes of the relevant Series represented thereby. Upon the issue of the relevant Note(s), the Notes of the Series to which it or they relate(s) shall become constituted by these presents without further formality.

Before the first issue of Notes occurring after each anniversary of this Trust Deed and on such other occasions as the Trustee so requests (on the basis that the Trustee considers it prudent in view of a change (or proposed change) in applicable law materially affecting the Issuer, these presents or the Agency Agreement or the Trustee has other grounds which shall not include the mere lapse of time), the Issuer will procure that further legal opinions or, where applicable, a further legal opinion (relating, if applicable, to any such change or proposed change) in such form and with such content as the Trustee may require from legal advisers approved by the Trustee are/is delivered to the Trustee. Whenever such a request is made with respect to any Notes to be issued, the receipt of such opinion in a form satisfactory to the Trustee shall be a further condition precedent to the issue of those Notes.

### **2.2 Covenant to repay principal and to pay interest**

As and when the Notes of any Series or any of them become(s) due to be redeemed, or on such date as the same or any part thereof may become due and repayable thereunder in accordance with the Conditions (subject, in the case of Subordinated Notes, to the provisions of Condition 3.1 of the Subordinated Notes and Clause 2.8 below), the Issuer shall unconditionally pay or procure to be paid to or to the order of the Trustee in the relevant currency in immediately available funds the principal amount in respect of the Notes of such Series becoming due for redemption on that date and (except in the case of Zero Coupon Notes) shall (subject to the provisions of the Conditions and Clause 2.8 below) in the meantime and until redemption in full of the Notes of such Series (as well after as before any judgment or other order of any court of competent jurisdiction) unconditionally pay or procure to be paid to or to the order of the Trustee as aforesaid interest on the nominal amount of the Notes outstanding of such Series at rates and/or in amounts calculated from time to time in accordance with or specified in, and on the dates provided for in, the Conditions (subject to Clause 2.4) PROVIDED THAT:

- (a) every payment of principal or interest or other sum due in respect of the Notes made to or to the order of the Agent in the manner provided in the Agency Agreement shall be in satisfaction *pro tanto* of the relevant covenant by the Issuer in this Clause contained in relation to the Notes of such Series (including, in the case of Notes represented by a NGN, whether or not the corresponding entries have been made in the records of Euroclear and Clearstream, Luxembourg) except to the extent that there is a default in the subsequent payment thereof in accordance with the Conditions to the relevant Noteholders or Couponholders (as the case may be) or (in the case of Subordinated Notes) such subsequent payment is not made by reason of Conditions 3 or 6 of the Subordinated Notes;
- (b) in the case of any payment of principal made to the Trustee or the Agent after the due date or on or after accelerated maturity following an Event of Default, interest shall continue to

accrue on the principal amount of the relevant Notes (except in the case of Zero Coupon Notes, to which the provisions of Condition 6.8 of the Senior Notes shall apply) at the rates and/or in the amounts aforesaid up to and including the date (being not later than 30 days after the day on which the whole of such principal amount, together with an amount equal to the interest which has accrued and is to accrue pursuant to this proviso up to and including that date, has been received by the Trustee or the Agent) which the Trustee determines to be the date on and after which payment is to be made in respect thereof as stated in a notice given to the holders of such Notes; and

- (c) in any case where payment of the whole or any part of the principal amount of any Note is improperly withheld or refused upon due presentation thereof (other than in circumstances contemplated by subclause (b) above) interest shall accrue on the principal amount of such Note (except in the case of Zero Coupon Notes, to which the provisions of Condition 6.8 of the Senior Notes shall apply) payment of which has been so withheld or refused at the rates and/or in the amounts aforesaid from the date of such withholding or refusal until the date on which, upon further presentation of the relevant Note, payment of the full amount (including interest as aforesaid) in the relevant currency payable in respect of such Note is made or (if earlier) the day after notice is given to the relevant Noteholder (whether individually or in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be) that the full amount (including interest as aforesaid) in the relevant currency in respect of such Note is available for payment, provided that, upon further presentation thereof being duly made, such payment is made.

The Trustee shall hold the benefit of this covenant on trust for itself and the Couponholders according to its and their respective interests.

### **2.3 Trustee's requirements regarding Agents etc.**

At any time after (i) an Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default shall have occurred or the Notes shall have become repayable and shall not have been repaid, or (ii) an Event of Default has occurred as specified in Condition 13.1 of the Subordinated Notes, the Trustee may:

- (a) by notice in writing to the Issuer, the Agent and the other Paying Agents, require the Agent and the other Paying Agents pursuant to the Agency Agreement, until notified by the Trustee to the contrary, so far as permitted by applicable law:
  - (i) to act thereafter as Agent and other Paying Agents respectively of the Trustee in relation to payments to be made by or on behalf of the Trustee under the terms of these presents *mutatis mutandis* on the terms provided in the Agency Agreement (with consequential amendments as necessary and except that the Trustee's liability under any provisions for the remuneration, indemnification and expenses of the Agent and the other Paying Agents therein contained shall be limited to the amount for the time being held by the Trustee on the terms of these presents in respect of the relevant Notes and Coupons and available for those purposes) and thereafter to hold all Notes, Coupons and Talons and all sums, documents and records held by them in respect of the Notes, Coupons and Talons on behalf of the Trustee; or
  - (ii) to deliver up all Notes, Coupons and Talons and all sums, documents and records held by them in respect of Notes, Coupons and Talons in each case held by them in their capacity as Agent or, as the case may be, other Paying Agents to the Trustee or as the Trustee shall direct in such notice, PROVIDED THAT such notice shall be

deemed not to apply to any document or record which the Agent or relevant other Paying Agent is obliged not to release by any applicable law or regulation; and

- (b) by notice in writing to the Issuer and the Guarantor, and until such notice is withdrawn, require the Issuer and the Guarantor to make all subsequent payments in respect of the Notes and Coupons to or to the order of the Trustee and not to the Agent, and with effect from the issue of any such notice unless and until such notice is withdrawn, proviso (a) to subclause 2.2 above shall cease to have effect.

## **2.4 Rate of interest after Notes due and repayable under Condition 9 of the Senior Notes or Condition 13 of the Subordinated Notes**

If the Floating Rate Notes, Index Linked Interest Notes or Reset Rate Notes of any Series become immediately due and repayable under Condition 9 of the Senior Notes or Condition 13 of the Subordinated Notes, as the case may be, the rate and/or amount of interest payable in respect of them will be calculated at the same intervals as if such Notes had not become due and repayable, the first of which will commence on the expiry of the Interest Period during which the Notes of the relevant Series become so due and repayable *mutatis mutandis* in accordance with the provisions of Condition 4 of the Senior Notes or Condition 5 of the Subordinated Notes, as the case may be, except that the rates of interest need not be published.

## **2.5 Currency of payments**

All payments in respect of, under and in connection with these presents and the Notes of any Series to the relevant Noteholders and Couponholders shall be made in the relevant currency.

## **2.6 Further Notes**

The Issuer shall be at liberty from time to time (but subject always to the provisions of these presents) without the consent of the Noteholders or Couponholders to create and issue further Notes having terms and conditions the same as the Notes of any Series (or the same in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Notes), and so that the same shall be consolidated and form a single Series, with the outstanding Notes of a particular Series.

## **2.7 Separate Series**

The Notes of each Series shall form a separate Series of Notes and accordingly, unless for any purpose the Trustee in its absolute discretion shall otherwise determine, the provisions of this Clause and of Clauses 3 to 24 (both inclusive), 25.2, 29 and 30 and Schedule 3 shall apply *mutatis mutandis* separately and independently to the Notes of each Series and in such Clauses and Schedule the expressions **Notes**, **Noteholders**, **Coupons**, **Couponholders**, **Talons** and **Talonholders** shall be construed accordingly.

## **2.8 Subordination**

- (a) The rights and claims of the Trustee, the Noteholders and the Couponholders against the Issuer are, subject to subclause (b) below, subordinated on a winding-up or administration of the Issuer as provided in Condition 3.1 of the Subordinated Notes.
- (b) The provisions of this Clause 2.8 and Condition 3.1 of the Subordinated Notes apply only to the principal, premium and interest and any other amounts payable in respect of the Subordinated Notes and nothing in this Clause 2.8, Condition 3 or Condition 13 of the Subordinated Notes shall affect or prejudice the payment of the costs, charges, expenses,

liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and, in its personal capacity, the Trustee shall rank as a holder of Senior Obligations of the Issuer.

- (c) Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Notes or Coupons and each Noteholder or Couponholder shall, by virtue of its holding of any Subordinated Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

## **2.9 Discharge**

Subject to Clause 2.3, any payment to be made in respect of the Notes or the Coupons by the Issuer, the Guarantor or the Trustee may be made as provided in the Conditions of the Notes and any payment so made will (subject to Clause 2.3) to such extent be a good discharge to the Issuer, the Guarantor or the Trustee, as the case may be.

## **3. FORM OF NOTES**

- 3.1** The Notes of each Tranche will initially be represented by either (a) a single Temporary Global Note which shall be exchangeable for either Definitive Notes together with, where applicable (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached or a Permanent Global Note in each case in accordance with the provisions set out therein; or (b) a single Permanent Global Note which shall be exchangeable for Definitive Notes together with, where applicable, (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached in accordance with the provisions set out therein. Each Permanent Global Note shall be exchangeable for Definitive Notes together with, where applicable, (except in the case of Zero Coupon Notes) Coupons and, where applicable, Talons attached, all as set out in such Permanent Global Note. All Global Notes shall be prepared, completed and delivered to a common depositary (in the case of a CGN) or a common safekeeper (in the case of a NGN) for Euroclear and Clearstream, Luxembourg in accordance with the provisions of the Programme Agreement or to another appropriate depositary in accordance with any other agreement between the Issuer and the relevant Dealer(s) and, in each case, the Agency Agreement.
- 3.2** The Global Notes, the Definitive Notes, the Coupons and the Talons shall be in bearer form. The Global Notes may be facsimile or photocopies and each shall have annexed thereto a copy of the applicable Final Terms. The Definitive Notes, the Coupons and the Talons shall be serially numbered and, if listed or quoted, shall be security printed in accordance with the requirements (if any) from time to time of the relevant Stock Exchange and the relevant Conditions shall be incorporated by reference (where applicable to this Trust Deed) into such Definitive Notes if permitted by the relevant Stock Exchange (if any) or, if not so permitted, the Definitive Notes shall be endorsed with or have attached thereto the relevant Conditions, and, in either such case, the Definitive Notes shall have endorsed thereon or attached thereto the relevant information supplementing, replacing or modifying the Conditions appearing in the applicable Final Terms. Title to the Global Notes, the Definitive Notes, the Coupons and the Talons shall pass by delivery.
- 3.3** The Global Notes shall be signed manually or in facsimile by a person duly authorised by the Issuer on behalf of the Issuer and shall be authenticated by an authorised officer on behalf of the Agent and shall, in the case of a Eurosystem-eligible NGN or in the case of a Non-eligible NGN in respect of which effectuation is to be applicable, be effectuated by the common safekeeper acting on the instructions of the Issuer and Agent. The Definitive Notes, the Coupons and the Talons shall be signed manually or in facsimile by two of the Directors and the Definitive Notes shall be authenticated by an authorised officer on behalf of the Agent and shall, in the case of a Eurosystem-eligible NGN or in the case of a Non-eligible NGN in respect of which effectuation is to be

applicable, be effectuated by the common safekeeper acting on the instructions of the Issuer and Agent. The Issuer may use the facsimile signature of any person who at the date such signature is affixed is so authorised or, as the case may be, a Director even if at the time of issue of the relevant Global Notes, the Definitive Notes, the Coupons and the Talons he may have ceased for any reason to be so authorised or, as the case may be, a Director. The Global Notes and the Definitive Notes so executed and authenticated, and the, the Coupons and the Talons so executed and subject to authentication of the Definitive Notes, shall be binding and valid obligations of the Issuer. No Global Note, Definitive Note, Coupon or Talon shall be binding or valid until such Global Note, Definitive Note, Coupon or Talon (as the case may be) shall have been executed and (in the case of the Definitive Notes) authenticated as aforesaid.

**3.4** Except as ordered by a court of competent jurisdiction or as required by law the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent shall (subject as set out below) be entitled to deem and treat the bearer of any Note, Coupon or Talon as the absolute owner thereof (whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice to the contrary or any notation of ownership or writing thereon or notice of any previous loss or theft thereof) for the purpose of making payment thereon and for all other purposes. For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be and shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes (and the holder of the relevant Global Note shall be deemed not to be the holder) for all purposes of these presents other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested, as against the Issuer and the Guarantor, solely in the bearer of the Global Note in accordance with and subject to its terms (or the Trustee in accordance with these presents) (and the expressions **Noteholder**, **holder of Notes** and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be. In order to exercise any rights in their capacity as Noteholders, Accountholders must exercise such rights through Euroclear or Clearstream, Luxembourg, either against presentation of the Global Note to or to the order of the Agent and against its endorsement by or on behalf of the Agent to reflect the exercise of such rights or, at the option of the Agent, by the production to the Agent of an undertaking from Euroclear and/or Clearstream, Luxembourg that they will not debit or transfer Notes from the account of that Accountholder until a certain time or date or before the occurrence of an identified condition precedent.

**3.5** Without prejudice to the provisions of Clause 14(z), the Issuer and the Trustee may call for and, except in the case of manifest error, shall be at liberty to accept and place full reliance on as sufficient evidence thereof a certificate or letter of confirmation issued on behalf of Euroclear or Clearstream, Luxembourg or any form of record made by either of them to the effect that at any particular time or throughout any particular period any particular person is, was, or will be, shown in its records as the holder of a particular nominal amount of Notes represented by a Global Note.

#### **4. FEES, DUTIES AND TAXES**

The Issuer will pay any stamp, issue, registration, documentary and other duties, fees and taxes including interest and penalties payable on or in connection with (a) the execution and delivery of these presents (b) the constitution and original issue and delivery of the Notes and the Coupons and (c) any action taken by or on behalf of the Trustee or (where permitted under these presents so to do)

any Noteholder or Couponholder to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, the provisions of these presents.

## **5. COVENANT OF COMPLIANCE**

Each of the Issuer and the Guarantor hereby covenants with the Trustee that it will comply with and perform and observe all the provisions of these presents which are expressed to be binding on it. The Conditions shall be binding on the Issuer, the Guarantor (where applicable), the Noteholders, the Couponholders and the Trustee. The Trustee shall be entitled to enforce the obligations of the Issuer and (where applicable) the Guarantor under the Notes and the Coupons as if the same were set out and contained in this Trust Deed which shall be read and construed as one document with the Notes. The Trustee shall hold the benefit of this covenant upon trust for itself and the Noteholders and the Couponholders according to its and their respective interests. The provisions contained in Schedule 3 shall have effect in the same manner as if herein set forth.

## **6. CANCELLATION OF NOTES AND RECORDS**

**6.1** The Issuer shall procure that all Notes (a) redeemed or (b) purchased for cancellation by or on behalf of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor or (c) which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes, as the case may be or (d) in respect of Subordinated Notes only, substituted pursuant to Condition 9 of the Subordinated Notes (together in each case with all unmatured Coupons attached thereto or delivered therewith) and all Coupons paid in accordance with the Conditions or which, being mutilated or defaced, have been surrendered and replaced pursuant to Condition 10 of the Senior Notes or Condition 14 of the Subordinated Notes, as the case may be and all Talons exchanged in accordance with the relevant Conditions for further Coupons shall forthwith be cancelled by or on behalf of the Issuer and a certificate stating:

- (a) the aggregate nominal amount of Notes which have been redeemed, the aggregate amounts in respect of Coupons which have been paid and the aggregate nominal amount of Notes which have been substituted;
- (b) the serial numbers of such Notes in definitive form;
- (c) the total numbers (where applicable, of each denomination) by maturity date of such Coupons;
- (d) the aggregate amount of interest paid (and the due dates of such payments) on Global Notes;
- (e) the aggregate nominal amount of Notes (if any) which have been purchased for cancellation by or on behalf of the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor and cancelled and the serial numbers of such Notes in definitive form and the total number (where applicable, of each denomination) by maturity date of the Coupons and Talons attached thereto or surrendered therewith;
- (f) the aggregate nominal amounts of Notes and the aggregate amounts in respect of Coupons which have been so surrendered and replaced and the serial numbers of such Notes in definitive form and the total number (where applicable, of each denomination) by maturity date of such Coupons and Talons;
- (g) the total number (where applicable, of each denomination) by maturity date of unmatured Coupons missing from Notes in definitive form bearing interest at a fixed rate which have been redeemed or surrendered and replaced and the serial numbers of the Notes in definitive form to which such missing unmatured Coupons appertained; and

- (h) the total number (where applicable, of each denomination) by maturity date of Talons which have been exchanged for further Coupons

shall be given to the Trustee by or on behalf of the Issuer as soon as possible and in any event within four months after the date of such redemption, substitution, purchase, payment, exchange or replacement (as the case may be). The Trustee may accept such certificate as conclusive evidence of redemption, substitution, purchase, exchange or replacement *pro tanto* of the Notes or payment of interest thereon or exchange of the Talons respectively and of cancellation of the relative Notes and Coupons.

- 6.2 The Issuer shall use all reasonable endeavours to procure (a) that the Agent shall keep a full and complete record of all Notes and Coupons (other than serial numbers of Coupons) and of their redemption, substitution, purchase by or on behalf of the Issuer, cancellation, payment or exchange (as the case may be) and of all replacement notes, coupons or talons issued in substitution for lost, stolen, mutilated, defaced or destroyed Notes or Coupons (b) that the Agent shall in respect of the Coupons of each maturity retain (in the case of Coupons other than Talons) until the expiry of six years from the Relevant Date in respect of such Coupons and (in the case of Talons) indefinitely either all paid or exchanged Coupons of that maturity or a list of the serial numbers of Coupons of that maturity still remaining unpaid or unexchanged and (c) that such records and Coupons (if any) shall be made available to the Trustee at all reasonable times.

## **7. POWER OF TRUSTEE TO INSTITUTE PROCEEDINGS**

- 7.1 At any time after the Senior Notes shall have become due and repayable and shall not have been repaid, the Trustee may, at its discretion and without further notice take such proceedings as it may think fit against the Issuer or, as the case may be, the Guarantor, to enforce repayment thereof together with accrued interest and any other moneys payable pursuant to these presents.
- 7.2 Should the Trustee take legal proceedings against the Issuer and/or the Guarantor to enforce any of the provisions of these presents:
  - (a) proof therein that, as regards any specified Note, the Issuer and/or the Guarantor has made default in paying any principal or interest due in respect of such Note shall (unless the contrary be proved) be sufficient evidence that the Issuer and/or the Guarantor has made the like default as regards all other Notes in respect of which the relevant payment is then due; and
  - (b) proof therein that, as regards any specified Coupon, the Issuer and/or the Guarantor has made default in paying any interest due in respect of such Coupon shall (unless the contrary be proved) be sufficient evidence that the Issuer and/or the Guarantor has made the like default as regards all other Coupons which are then due and payable.
- 7.3 The Trustee shall not be bound to take any such proceedings as are mentioned in Clause 7.1 above unless directed to do so (i) by an Extraordinary Resolution or (ii) in writing by the holders of at least 25 per cent. in nominal amount of the Senior Notes then outstanding and in either case then only if it shall be indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all costs, charges, damages and expenses which it may incur by so doing including the cost of using its management's time and/or other internal resources calculated using its normal hourly rates in force from time to time.
- 7.4 In respect of the Senior Notes, only the Trustee may enforce the provisions of these presents. No Noteholder or Couponholder in respect of the Senior Notes shall be entitled to proceed directly against the Issuer or, as the case may be, the Guarantor, to enforce the performance of any of the

provisions of these presents unless the Trustee, having become bound as aforesaid to take proceedings, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing in which event any such Noteholder or Couponholder, may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself take proceedings to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do.

## **7.5 Proceedings, action and indemnification in relation to Subordinated Notes**

- (a) If an Event of Default occurs, then the Issuer and/or the Guarantor, as the case may be, shall without notice from the Trustee be deemed to be in default under these presents, the Notes and, if applicable, the Coupons and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to subclause (b) below), institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor for such payment and such claim being subordinated as provided in Condition 3.1 of the Subordinated Notes. The Trustee may at its discretion (subject to subclause (b) below) and without further notice, institute such actions, steps or proceedings against the Issuer and/or the Guarantor, as the case may be, as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor, as the case may be, under these presents in respect of the Subordinated Notes or under the Subordinated Notes but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such actions, steps or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (b) The Trustee shall not be bound to take any of the actions referred to in Condition 13.1 or Condition 13.2(a) of the Subordinated Notes or subclause (a) above against the Issuer and/or the Guarantor to enforce the terms of these presents or the Subordinated Notes or any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the holders of the Subordinated Notes or in writing by the holders of at least one-quarter in principal amount of the Subordinated Notes then outstanding, and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) No Noteholder or Couponholder in respect of Subordinated Notes shall be entitled to proceed directly against the Issuer and/or the Guarantor or to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor unless the Trustee, having become so bound to proceed, or being able to prove in such winding-up or claim in such liquidation, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the holder of the Subordinated Notes or Couponholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Clause 7.5 and Condition 13 of the Subordinated Notes.
- (d) No remedy against the Issuer and/or the Guarantor, other than as referred to in Condition 13 of the Subordinated Notes, shall be available to the Trustee (on behalf of the holders of Subordinated Notes or Couponholders) or to the holders of the Subordinated Notes or Couponholders, whether for the recovery of amounts owing in respect of the Subordinated Notes or under these presents (including Clause 29 hereof) or in respect of any breach by the Issuer and/or the Guarantor of any of its/their other obligations under or in respect of the Subordinated Notes or under these presents in respect thereof.



## **8. APPLICATION OF MONEYS RECEIVED BY TRUSTEE**

**8.1** All moneys received by the Trustee in respect of amounts payable under these presents shall be held by the Trustee upon trust to apply the same and shall, unless and to the extent attributable in the opinion of the Trustee to a particular Series of the Notes, be apportioned *pari passu* and rateably between each Series of the Notes, and all moneys received by the Trustee under these presents to the extent attributable in the opinion of the Trustee to a particular Series of the Notes or which are apportioned to such Series as aforesaid (including any moneys which represent principal or interest in respect of the Notes or Coupons which have become void under Condition 8 of the Senior Notes or Condition 12 of the Subordinated Notes, as the case may be) will be held by the Trustee upon trust to apply them:

- (a) FIRST in payment of all costs, charges and expenses incurred and payments made by the Trustee and/or any Appointee under the provisions of these presents and all remuneration payable to the Trustee and/or any Appointee;
- (b) SECONDLY in or towards payment *pari passu* and rateably of all arrears of interest remaining unpaid in respect of the Notes of that Series and all principal moneys due in respect of the Notes of that Series; and
- (c) THIRDLY in or towards payment *pari passu* and rateably of all principal and interest then due and unpaid in respect of the Notes of each other Series; and
- (d) FOURTHLY in payment of the balance (if any) to the Issuer or, if any moneys were received from the Guarantor and to the extent of such moneys, the Guarantor.

**8.2** Without prejudice to the provisions of this Clause 8, if the Trustee shall hold any moneys which represent principal or interest in respect of Notes or Coupons which have become void under Condition 8 of the Senior Notes or Condition 12 of the Subordinated Notes, as the case may be, or interest which the Issuer is no longer obliged to pay pursuant to Condition 8 of the Senior Notes or Condition 12 of the Subordinated Notes, as the case may be, the Trustee shall (subject to payment or provision for the payment or satisfaction of the said costs, charges, expenses and liabilities including the remuneration of the Trustee) pay the same to the Issuer.

## **9. NOTICE OF PAYMENTS**

The Trustee shall give notice to the Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, of the day fixed for any payment to them under Clause 8. Such payment may be made in accordance with Condition 5 of the Senior Notes or Condition 7 of the Subordinated Notes, as the case may be, and any payment so made shall be a good discharge to the Trustee.

## **10. ACCUMULATION AND INVESTMENT**

**10.1** No provision of these presents shall (a) confer on the Trustee any right to exercise any investment discretion in relation to the assets subject to the trust constituted by these presents and, to the extent permitted by law, Section 3 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by these presents and (b) require the Trustee to do anything which may cause the Trustee to be considered a sponsor of a covered fund under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act and any regulations promulgated thereunder.

**10.2** The Trustee may deposit moneys in respect of the Notes in its name in an account at such bank or other financial institution as the Trustee may, in its absolute discretion, think fit. If that bank or

financial institution is the Trustee or a subsidiary, holding or associated company of the Trustee, the Trustee need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer.

**10.3** The parties acknowledge and agree that in the event that any deposits in respect of the Notes are held by a bank or a financial institution in the name of the Trustee and the interest rate in respect of certain currencies is a negative value such that the application thereof would result in amounts being debited from funds held by such bank or financial institution (**negative interest**), the Trustee shall not be liable to make up any shortfall or be liable for any loss.

**10.4** The Trustee may at its discretion accumulate such deposits and the resulting interest and other income derived thereon. The accumulated deposits shall be applied under Clause 8. All interest and other income deriving from such deposits shall be applied first in payment or satisfaction of all amounts then due and unpaid under Clause 13 to the Trustee and/or any Appointee and otherwise held for the benefit of and paid to the Noteholders or the holders of the related Coupons, as the case may be.

## **11. PARTIAL PAYMENTS**

Upon any payment under Clause 8 (other than payment in full against surrender of a Note or Coupon) the Note or Coupon in respect of which such partial payment is made shall be produced to the Trustee or the Paying Agent by or through whom such payment is made and (except in the case of a NGN) the Trustee shall or shall cause such Paying Agent to enface thereon a memorandum of the amount and the date of payment.

## **12. COVENANTS BY THE ISSUER**

So long as any of the Notes remains outstanding the Issuer shall:

- (a) at all times carry on and conduct its affairs in a proper and efficient manner;
- (b) give to the Trustee such information as it shall reasonably require and in such form as it shall reasonably require (including but without prejudice to the generality of the foregoing the procurement by the Issuer of all such certificates and other documents called for by the Trustee pursuant to Clause 14(c)) for the purpose of the discharge of the duties, trusts, powers, authorities and discretions vested in it under these presents or by operation of law, provided that the Issuer is not prevented from disclosing such information as a matter of law or contract or pursuant to a general duty of confidentiality;
- (c) cause to be prepared and certified in respect of each financial year, accounts in such form as will comply with any requirements for the time being of the laws of England;
- (d) at all times keep proper books of account and upon the occurrence of an Event of Default or or if the Trustee has reasonable grounds for believing that any such event has occurred or is about to occur allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- (e) send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer and the Guarantor) a copy in English of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document issued or sent to its shareholders (in their capacity as such) together with any of the foregoing, and every document issued or sent to holders of securities other than its

shareholders (including the Noteholders) as soon as practicable after the issue or publication thereof;

- (f) upon becoming aware of the same forthwith give notice in writing to the Trustee of the occurrence of any Event of Default or (in the case of Senior Notes only) any Put Event or Change of Control or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default or (in the case of the Subordinated Notes only) any Compulsory Deferred Interest Payment Event (only if, at the time of such Compulsory Deferred Interest Payment Event any Deferred Interest is outstanding), Special Event, Change of Control, Change of Control Event or any of the events specified in Condition 3.1(a) or (b) of the Subordinated Notes;
- (g) send to the Trustee (a) within 14 days after demand by the Trustee therefor and (b) (without the necessity for any such demand) after the publication of its audited accounts in respect of each financial year commencing with the year ending 31 March 1998 and in any event not later than 210 days after the end of each such year a certificate of the Issuer signed by two Directors to the effect that, to the best of their information, knowledge and belief, having made such enquiries as they reasonably consider appropriate, as at a date not more than seven days before delivering such certificate (the **relevant date**) there did not exist and had not existed since the relevant date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or (in the case of Senior Notes only) any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default (or if such exists or existed specifying the same) and that during the period from and including the relevant date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant date of such certificate each of the Issuer and the Guarantor has complied in all material respects with all its obligations contained in these presents or (if such is not the case) specifying the respects in which it has not complied;
- (h) at all times execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to these presents;
- (i) at all times maintain Paying Agents in accordance with the Conditions;
- (j) in the event of the unconditional payment to the Agent of any sum due in respect of the Notes or any of them or any of the Coupons being made after the due date for payment thereof forthwith give or procure to be given notice to the relevant Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, that such payment has been made;
- (k) in the case of listed Notes, use all reasonable endeavours to maintain the listing of the Notes on the Stock Exchange on which they are listed on issue or, if it is unable to do so having used all reasonable endeavours, use all reasonable endeavours to obtain and maintain a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may decide and shall also use all reasonable endeavours to procure that there will at all times be furnished to any such stock exchange or securities market such information as such stock exchange or securities market may require to be furnished in accordance with its requirements and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets enter into a trust deed supplemental hereto to effect such consequential amendments to these presents as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;

- (l) give notice to the Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, of any appointment, resignation or removal of any Paying Agent (other than the appointment of the initial Paying Agents) after having obtained the approval of the Trustee thereto or change of any Paying Agent's specified office and (except as provided by the Agency Agreement or the Conditions) at least 30 days prior to such event taking effect; PROVIDED ALWAYS THAT so long as any of the Notes remains outstanding in the case of the termination of the appointment of the Agent, no such termination shall take effect until a new Agent has been appointed on terms approved by the Trustee;
- (m) obtain the prior written approval of the Trustee to, and promptly give to the Trustee a copy of, the form of every notice given to the Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (the **FSMA**) of a communication within the meaning of Section 21 of the FSMA);
- (n) if payments of principal, interest and other amounts in respect of the Notes become subject generally to the taxing jurisdiction of any territory or any political sub-division thereof or any authority therein or thereof having power to tax other than or in addition to the United Kingdom or any such political sub-division thereof or any such authority therein or thereof, (unless the Trustee otherwise agrees) notify the Trustee of such event and enter forthwith upon becoming aware thereof into a trust deed supplemental hereto, giving to the Trustee from the Issuer, or as the case may be, the Guarantor an undertaking or covenant in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be, with the substitution for (or, as the case may be, the addition to) the references therein to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax of references to that other or additional territory or any political sub-division thereof or any authority therein or thereof having power to tax to whose taxing jurisdiction the Issuer, or as the case may be, the Guarantor, shall have become subject as aforesaid provided that such undertakings and covenants shall include such exceptions as reflect exceptions under the law of that jurisdiction and as are similar in scope and effect to the exceptions set out under Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be, such trust deed also to modify Condition 6.2 of the Senior Notes or Condition 8.2 (including the definitions of Tax Deductibility Event and Tax Law Change) of the Subordinated Notes, as the case may be, so that such Condition (and if applicable, such definitions) shall make reference to the other or additional territory, any political sub-division thereof and any authority therein or thereof having power to tax;
- (o) in all material respects comply with and perform all its obligations under the Agency Agreement and use all reasonable endeavours to procure that the Paying Agents comply with and perform all their respective obligations thereunder and not make any amendment or modification to such Agreement without the prior written approval of the Trustee;
- (p) in order to enable the Trustee to ascertain the principal amount of Notes of each series for the time being outstanding for any of the purposes referred to in the proviso to the definition of **outstanding** contained in Clause 1, deliver to the Trustee upon being so requested in writing by the Trustee a certificate in writing signed by two Directors setting out the total number and aggregate nominal amount of Notes of each Series which:
  - (i) up to and including the date of such certificate have been purchased by the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor and cancelled; and

- (ii) are at the date of such certificate held by any person (including but not limited to the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor) for the benefit of the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor;
- (q) in the event that it proposes to transfer its business or a substantial part thereof to a successor in business or, as the case may be, a Holding Company of the Issuer or a Subsidiary of such Holding Company incorporated in the United Kingdom, as contemplated by Condition 14 of the Senior Notes or Condition 18 of the Subordinated Notes, as the case may be, it shall at the same time as such transfer, or prior thereto, enter into and procure that such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company shall enter into a trust deed supplemental to this Trust Deed containing a guarantee of the Issuer's obligations under these presents in the form or substantially in the form set out in Schedule 4 (or with such modifications thereto as the Issuer and the Trustee may agree) and such consequential modifications to these presents as the Trustee shall reasonably require in the interests of the Noteholders and the Issuer shall comply and procure that such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company shall comply with the requirements of the Trustee as to the provisions concerning the ability of such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company to give such a guarantee contained in its memorandum and articles of association, a special resolution of the members of such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company resolving that it give such a guarantee, the consent of the minority shareholders (if any) of such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company, certification as to solvency of such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company and absence of any Event of Default, supplemental Agency Agreements, legal opinions and notice to the Noteholders and such other requirements relating solely to the validity and enforceability of such guarantee as the Trustee may reasonably require in the interests of the Noteholders (for the avoidance of any doubt, it being agreed that the Trustee shall not have regard to the financial condition, profits or prospects of such successor in business or, as the case may be, Holding Company of the Issuer or Subsidiary of such Holding Company);
- (r) make a written request to Euroclear and/or Clearstream, Luxembourg (as the case may be) for the issue of any certificate or other document requested by the Trustee under Clause 14(o) as soon as reasonably practicable after such request;
- (s) if, in accordance with the provisions of the Conditions, interest in respect of Notes denominated in U.S. dollars becomes payable at the specified office of any Paying Agent in the United States of America promptly give notice thereof to the Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be;
- (t) promptly provide the Trustee with copies of all supplements to, and/or amendments to, and/or restatements of, the Programme Agreement;
- (u) use all reasonable endeavours to procure that Euroclear and/or Clearstream, Luxembourg, as the case may be, issue(s) any record, certificate or other document requested by the Trustee under Clause 14(z) as soon as practicable after such a request;
- (v) provide to the Trustee, upon being requested to do so in writing by the Trustee, information about the Issuer or the Guarantor that it is reasonably able to provide so as to enable the

Trustee to determine whether and in what amount the Trustee is obliged to make any FATCA Withholding Tax; and

- (w) give notice to the Trustee of any proposed early redemption of the Subordinated Notes in accordance with Condition 8 of the Subordinated Notes and any proposed substitution or variation in accordance with Condition 9 of the Subordinated Notes at least five Business Days (or such shorter time as the Trustee may reasonably agree) prior to giving notice of such redemption, substitution or variation to the holders of Subordinated Notes pursuant to Condition 17 of the Subordinated Notes and provide the Trustee with satisfactory evidence that (where applicable) all conditions to such redemption, substitution or variation have been or will be satisfied (including such certificates and opinions as required by Condition 10 of the Subordinated Notes).

### **13. REMUNERATION AND EXPENSES OF THE TRUSTEE**

**13.1** So long as any of the Notes remains outstanding, the Issuer shall pay to the Trustee remuneration for its services as trustee fees at such rate and on such date or dates as may from time to time be agreed between the Issuer and the Trustee. Such remuneration shall accrue from day to day and be payable (in priority to payments to the Noteholders and Couponholders) down to the date when all the Notes having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Agent or the Trustee PROVIDED THAT if upon due presentation of any Note or Coupon or any cheque in respect of such redemption moneys or interest payment of the moneys due in respect thereof is improperly withheld or refused, remuneration will commence again to accrue from the date of such withholding or refusal. The Issuer shall in addition pay to the Trustee an amount equal to the amount of any value added tax or similar tax chargeable in respect of its remuneration under these presents.

**13.2** In the event of the Trustee giving a notice under Condition 9.1 of the Senior Notes or, in the case of the Subordinated Notes only, the occurrence of an Event of Default as specified in Condition 13.1 of the Subordinated Notes, or the Notes having become due and repayable and not having been repaid, the Issuer agrees that the Trustee shall be paid additional remuneration as shall be separately agreed between the Trustee and the Issuer or otherwise shall be calculated at its normal hourly rates in force from time to time. In the event of the Trustee considering it expedient or necessary to, or being requested by the Issuer or the Guarantor to undertake duties which the Trustee and the Issuer or the Guarantor (as applicable) agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents the Issuer shall pay to the Trustee such additional remuneration as shall be agreed between them (and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time).

**13.3** In the event of the Trustee and the Issuer failing to agree:

- (a) (in a case to which subclause 13.1 applies) upon the amount of the remuneration; or
- (b) (in a case to which subclause 13.2 applies) upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee under these presents, or upon such additional remuneration,

such matters shall be determined by an investment bank or other person (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such investment bank or other person being borne equally by the Issuer and the Trustee) and the determination of any such investment bank or other person shall be final and binding upon the Trustee and the Issuer.

- 13.4** The Issuer shall also pay or discharge all costs, charges, liabilities and expenses incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, these presents, including but not limited to legal and travelling expenses and any stamp and other taxes or duties paid by the Trustee in connection with any legal proceedings brought or contemplated by the Trustee against the Issuer and/or the Guarantor for enforcing any obligation under these presents.
- 13.5** All costs, charges, liabilities and expenses incurred and payments made by the Trustee in the lawful exercise of the powers conferred upon it by these presents and all remuneration payable to the Trustee shall be payable by the Issuer on demand and in the case of payments actually made by the Trustee prior to such demand shall carry interest at the rate of 3 per cent. per annum over the base rate from time to time of National Westminster Bank PLC for such time as such amount remains unpaid (as evidenced by the Trustee's written records), and in all other cases shall carry interest at such rate from the date 30 days after the date of the same being demanded or, if later, the date on which payment is actually made by the Trustee.
- 13.6** The Trustee shall be entitled in its absolute discretion to determine in respect of which Series of Notes any costs, charges, expenses or liabilities incurred under these presents have been incurred or to allocate any such costs, charges, expenses or liabilities between the Notes of more than one Series.
- 13.7** Unless otherwise specifically stated in any discharge of these presents the provisions of this Clause and Clause 14(j) shall continue in full force and effect notwithstanding such discharge or any resignation or removal of the Trustee.

#### **14. PROVISIONS SUPPLEMENTAL TO THE TRUSTEE ACTS**

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Trustee in relation to the trusts constituted by these presents. Where there are any inconsistencies between the Trustee Acts and the provisions of these presents, the provisions of these presents shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of these presents shall constitute a restriction or exclusion for the purposes of that Act. The Trustee shall have all the powers conferred upon trustees by the Trustee Acts and by way of supplement thereto it is expressly declared as follows:

- (a) The Trustee may in relation to these presents act on the advice or opinion of or any information (whether addressed to the Trustee or not) obtained from any lawyer, valuer, accountant, surveyor, auctioneer, banker, broker or other expert whether obtained by the Issuer, the Trustee or otherwise and provided it shall have exercised due care in the selection of any such lawyer, valuer, accountant, banker, broker or other expert shall not be responsible for any Liability occasioned by so acting.
- (b) Any such advice, opinion or information may be sent or obtained by letter or email and the Trustee shall not be liable for acting on any advice, opinion or information purporting to be conveyed by any such letter or email although the same shall contain some error or shall not be authentic provided the same is not manifest.
- (c) The Trustee may call for and shall be at liberty to accept as sufficient evidence of any fact or matter or the expediency of any transaction or thing a certificate signed by two Directors (in this Clause, of the Issuer or the Guarantor, as the case may be) and in connection with a transfer of the business of the Issuer or a substantial part thereof to a Subsidiary of the Issuer, as contemplated by Clause 12(q), the Trustee may call for and shall be at liberty to accept the documents referred to in Clause 12(q) reflecting its requirements as mentioned therein, and the Trustee shall not be bound in any such case to call for further evidence or be

responsible for any Liability that may be occasioned by the Trustee or any other person acting on any such certificate or document.

- (d) The Trustee shall be at liberty to hold or to place these presents and any other documents relating to the Notes in any part of the world with any banker or banking company or company whose business includes undertaking the safe custody of documents or lawyer or firm of lawyers considered by the Trustee to be of good repute and the Trustee shall not be responsible for or required to insure against any Liability incurred in connection with any such holding or deposit and may pay all sums required to be paid on account of or in respect of any such deposit.
- (e) The Trustee shall not be responsible for the receipt or application of the proceeds of the issue of any of the Notes by the Issuer, the exchange of any Global Note for another Global Note or Definitive Notes or the delivery of any Global Note or Definitive Notes to the person(s) entitled to it or them.
- (f) The Trustee shall not be bound to give notice to any person of the execution of any documents comprised or referred to in these presents or to take any steps to ascertain whether any Event of Default or (in the case of the Senior Notes only) any Put Event or Change of Control or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default or (in the case of the Subordinated Notes only) any Compulsory Deferred Interest Payment Event (only if, at the time of such Compulsory Deferred Interest Payment Event, any Deferred Interest is outstanding), Special Event, Change of Control or Change of Control Event has happened and, until it shall have received express written notice to the contrary, the Trustee shall be entitled to assume that no such Event of Default or (in the case of the Senior Notes only) any Put Event or Change of Control or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default or (in the case of the Subordinated Notes only) any Compulsory Deferred Interest Payment Event, Special Event, Change of Control or Change of Control Event has happened and that each of the Issuer and the Guarantor is observing and performing all the obligations on its part contained in these presents.
- (g) Save as expressly otherwise provided in these presents, the Trustee shall have absolute and uncontrolled discretion as to the exercise or non-exercise of its trusts, powers, authorities and discretions under these presents (the exercise or non-exercise of which as between the Trustee and the Noteholders and Couponholders shall be conclusive and binding on the Noteholders and Couponholders) and shall not be responsible for any Liability which may result from their exercise or non-exercise and in particular the Trustee shall not be bound to act at the request or direction of all or some of the Noteholders of all or any Series or otherwise under any provision of these presents or to take at such request or direction or otherwise any other action under any provision of these presents without prejudice to the generality of subclauses 7.3 or 7.5(b) unless it shall first be indemnified, secured and/or pre-funded to its satisfaction against all Liabilities to which it may render itself liable or which it may incur by so doing.
- (h) The Trustee shall not be liable to any person by reason of having acted upon any resolution in writing or any Extraordinary Resolution or other resolution purporting to have been passed at any meeting of the Noteholders of all or any Series in respect whereof minutes have been made and signed or any direction or request of Noteholders or any Extraordinary Resolution passed by way of electronic consents received through the relevant clearing system(s) in accordance with these presents or any direction or request of the holders of the Notes of all or any Series even though subsequent to its acting it may be found that there



was some defect in the constitution of the meeting or the passing of the resolution, (in the case of an Extraordinary Resolution in writing or a direction or request) it was not signed by the requisite number of Noteholders or (in the case of an Extraordinary Resolution passed by electronic consents received through the relevant clearing system(s)) it was not approved by the requisite number of Noteholders or that for any reason the resolution was not valid or binding upon such Noteholders and the relative Couponholders.

- (i) The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any Note or Coupon purporting to be such and subsequently found to be forged or not authentic.
- (j) Without prejudice to the right of indemnity by law given to trustees, the Trustee and every Appointee is hereby indemnified by the Issuer against all Liabilities and expenses incurred by them in the execution or purported execution of the powers and trusts of these presents or of any powers, authorities or discretions vested in them pursuant to these presents and against all actions, proceedings, costs, claims and demands in respect of any matter or thing done or omitted in any way relating to these presents and failing due payment by the Issuer the Trustee may in priority to any payment to the Noteholders or Couponholders retain and pay out of any moneys in its hands upon the trusts of these presents the amount of any such Liabilities and expenses and also the remuneration of the Trustee as hereinbefore provided.
- (k) Any consent or approval given by the Trustee for the purposes of these presents may be given on such terms and subject to such conditions (if any) as the Trustee thinks fit and notwithstanding anything to the contrary contained in these presents or the Conditions may be given retrospectively. The Trustee may give any consent or approval, exercise any power, authority or discretion or take any similar action (whether or not such consent, approval, power, authority, discretion or action is specifically referred to in these presents) if it is satisfied that the interests of the Noteholders of all or any Series will not be materially prejudiced thereby. For the avoidance of doubt, the Trustee shall not have any duty to the Noteholders in relation to such matters other than that which is contained in the preceding sentence.
- (l) The Trustee shall not (unless and to the extent ordered so to do by a court of competent jurisdiction) be required to disclose to any Noteholder or Couponholder any information. (including without limitation, information of a confidential, financial or price sensitive nature) made available to the Trustee by the Issuer, the Guarantor or any other person in connection with these presents and no Noteholder or Couponholder shall be entitled to take any action to obtain from the Trustee any such information.
- (m) Where it is necessary or desirable for any purpose in connection with these presents to convert any sum from one currency to another it shall (unless otherwise provided by these presents or required by law) be converted at such rate or rates, in accordance with such method and as at such date for the determination of such rate of exchange, as may be agreed by the Trustee in consultation with the Issuer as relevant and any rate, method and date so agreed shall be binding on the Issuer, the Guarantor, the Noteholders and the Couponholders.
- (n) The Trustee may certify that any of the conditions, events and acts set out in paragraphs (b) to (f) (both inclusive) of Condition 9.1 of the Senior Notes (each of which conditions events and acts shall, unless in any case the Trustee in its absolute discretion shall otherwise determine for all the purpose of these presents be deemed to include the circumstances resulting therein and the consequences resulting therefrom) is, in its opinion, materially prejudicial to the interests of the holders of Senior Notes and any such certificate shall, in the

absence of manifest error, be conclusive and binding upon the Issuer, the Guarantor, the holders of Senior Notes and the Couponholders.

- (o) The Trustee may call for any certificate or other document to be issued by Euroclear or Clearstream, Luxembourg as to the principal amount of Notes represented by a Global Note standing to the account of any person. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's Creation Online system) in accordance with its usual procedures and in which the holder of a particular principal amount of Notes is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg and subsequently found to be forged or not authentic.
- (p) The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to the Notes or for checking or commenting upon the content of any such legal opinion and shall not be responsible for any Liability incurred thereby.
- (q) Subject to the requirements, if any, of the relevant Stock Exchange, any corporation into which the Trustee shall be merged or with which it shall be consolidated or any company resulting from any such merger or consolidation shall be a party hereto and shall be the Trustee under these presents without executing or filing any paper or document or any further act on the part of the parties thereto.
- (r) The Trustee shall not be bound to take any steps to enforce the performance of any provisions of this Trust Deed, the Notes or the Coupons or to appoint an independent financial advisor pursuant to the Conditions of the Notes unless it shall be indemnified and/or secured and/or pre-funded by the relevant Noteholders and/or Couponholders to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it in connection with such enforcement or appointment, including the cost of its managements' time and/or other internal resources, calculated using its normal hourly rates in force from time to time.
- (s) No provision of these presents shall require the Trustee to do anything which may (i) be illegal or contrary to applicable law or regulation; or (ii) cause it to expend or risk its own funds or otherwise incur any Liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if it shall have grounds for believing that repayment of such funds or adequate indemnity against such risk or Liability is not assured to it.
- (t) Unless notified to the contrary, the Trustee shall be entitled to assume without enquiry (other than requesting a certificate pursuant to subclause 12(p)) that no Notes of any Series are held by, for the benefit of, or on behalf of, the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor.
- (u) The Trustee shall have no responsibility whatsoever to the Issuer, any Noteholder or Couponholder or any other person for the maintenance of or failure to maintain any rating of any of the Notes by any rating agency. The Trustee is entitled to request and rely upon information, reports, confirmations or affirmations provided privately or issued publicly by any rating agency whether or not addressed to the Trustee.

- (v) Any certificate or report of the independent auditors of the Issuer or any other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these presents may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of such auditors or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.
- (w) The Trustee shall not be responsible for, or for investigating any matter which is the subject of, any recital, statement, representation, warranty or covenant of any person contained in these presents, or any other agreement or document relating to the transactions contemplated in these presents or under such other agreement or document.
- (x) The Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto and shall not be liable for any failure to obtain any licence, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of these presents or any other document relating or expressed to be supplemental thereto.
- (y) The Trustee as between itself and the Noteholders and Couponholders may determine all questions and doubts arising in relation to any of the provisions of these presents. Every such determination, whether or not relating in whole or in part to the acts or proceedings of the Trustee, shall be conclusive and shall bind the Trustee and the Noteholders and Couponholders.
- (z) The Trustee may call for and shall rely on any records, certificate or other document of or to be issued by Euroclear or Clearstream, Luxembourg in relation to any determination of the principal amount of Notes represented by a NGN. Any such records, certificate or other document shall be conclusive and binding for all purposes. The Trustees shall not be liable to any person by reason of having accepted as valid or not having rejected any such records, certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg, and subsequently found to be forged or not authentic.
- (aa) When determining whether an indemnity or any security is satisfactory to it, the Trustee shall be entitled to evaluate its risk in given circumstances by considering the worst-case scenario and, for this purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere and the risk however remote, of any award of damages against it in England or elsewhere.
- (bb) The Trustee shall be entitled to require that any indemnity, security or pre-funding given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.
- (cc) The Trustee shall be entitled to deduct any applicable FATCA Withholding Tax and shall have no obligation to gross-up any payment hereunder or pay any additional amount as a result of such applicable FATCA Withholding Tax.

## **15. TRUSTEE'S LIABILITY**

- 15.1** Nothing in these presents contained shall in any case in which the Trustee has failed to show the degree of care and diligence required of it as trustee having regard to the provisions of these presents conferring on it any powers, authorities or discretions exempt the Trustee from or indemnify it against any liability for gross negligence, wilful misconduct or fraud.
- 15.2** Under no circumstances shall the Trustee be liable to, or be required to indemnify, the Issuer, the Guarantor or any third party for (i) indirect, punitive, special or consequential losses or indirect, punitive, special or consequential damages of any kind whatsoever or (ii) loss of profit, goodwill, reputation, opportunity or anticipated saving, in each case to the extent any such losses arise in connection with this Trust Deed notwithstanding that such losses were or may have been foreseeable or that the Trustee was advised or was aware of the possibility of such losses and regardless of whether the claim to any such loss or damage under (i) or (ii) above is made in negligence, breach of duty, breach of contract or otherwise.

## **16. DELEGATION OF TRUSTEE'S POWERS**

The Trustee may whenever the Trustee thinks fit delegate by power of attorney or otherwise to any person or persons or fluctuating body of persons (whether being a joint trustee of these presents or not) all or any of the trusts, powers and authorities vested in the Trustee by these presents and such delegation may be made upon such terms and subject to such conditions including power to sub-delegate and subject to such regulations as the Trustee may in the interests of the Noteholders think fit and provided the Trustee shall have exercised due care in the selection of any such delegate the Trustee shall not be bound to supervise the proceedings or be in any way responsible for any loss incurred by reason of any misconduct or default on the part of any such delegate or sub-delegate. The Trustee shall within a reasonable time prior to any such delegation or any renewal, extension or termination thereof give notice thereof to the Issuer.

## **17. EMPLOYMENT OF AGENT/CUSTODIAN/NOMINEE BY TRUSTEE**

- 17.1** The Trustee may in the conduct of the trusts of these presents instead of acting personally employ and pay an agent whether being a lawyer or other professional person to transact or concur in transacting any business and to do or concur in doing all acts required to be done in connection with the trusts of these presents and provided the Trustee shall have exercised due care in the selection of any such agent the Trustee shall not in any way be responsible for any loss incurred by reason of any misconduct or default on the part of any such agent appointed by it under these presents or be bound to supervise the proceedings or acts of any such agent.
- 17.2** The Trustee may appoint and pay any person to act as a custodian or nominee on any terms in relation to such assets of the trusts constituted by these presents as the Trustee may determine, including for the purpose of depositing with a custodian these presents or any document relating to the trusts constituted by these presents and the Trustee shall not be responsible for any Liability incurred by reason of the misconduct, omission or default on the part of any person appointed by it hereunder or be bound to supervise the proceedings or acts of such person; the Trustee is not obliged to appoint a custodian if the Trustee invests in securities payable to bearer.
- 17.3** Any trustee of these presents being a lawyer, accountant, broker or other person engaged in any profession or business shall be entitled to charge and be paid all usual professional and other charges for business transacted and acts done by him or his firm in connection with the trusts of these presents and also his reasonable charges in addition to disbursements for all other work and business done and all time spent by him or his firm in connection with matters arising in connection with these presents.

**18. TRUSTEE CONTRACTING WITH THE ISSUER OR A SUBSIDIARY OF THE ISSUER OR THE GUARANTOR**

Neither the Trustee nor any director or officer of a corporation acting as a trustee under these presents shall by reason of its or his fiduciary position be in any way precluded from entering into or being interested in any contract or financial or other transaction or arrangement with the Issuer, the Guarantor or any person or body corporate associated with the Issuer or the Guarantor including without prejudice to the generality of this provision any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities to or the purchase, placing or underwriting of or subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with the Notes or any other notes, bonds, stocks, shares, debenture stock, debentures or other securities of the Issuer, the Guarantor or any person or body corporate associated as aforesaid or from accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Issuer, the Guarantor or any such person or body corporate so associated or any other office of profit under the Issuer, the Guarantor or any such person or body corporate so associated and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other benefit received thereby or in connection therewith.

**19. WAIVER; AUTHORISATION; DETERMINATION**

The Trustee may, without prejudice to its rights in respect of any subsequent breach, Event of Default, or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default, from time to time and at any time but only if and in so far as in its opinion the interests of the Noteholders shall not be materially prejudiced thereby, on such terms and subject to such conditions as to it shall seem fit and proper, waive or authorise any breach, continuing breach or proposed breach by the Issuer or the Guarantor of any of the covenants or provisions contained in these presents or determine that any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or the issue of a certificate as provided in Condition 9.1 of the Senior Notes would constitute an Event of Default shall not be treated as such for the purposes of these presents PROVIDED ALWAYS THAT the Trustee shall not exercise any powers conferred on it by this Clause 19 in contravention of any express direction given by Extraordinary Resolution or under Condition 9.1 of the Senior Notes or Condition 13.1 of the Subordinated Notes, as the case may be, but so that no such direction shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, if, but only if, the Trustee shall so require, shall be notified by the Issuer to the Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, as soon as practicable thereafter.

**20. MODIFICATION**

- 20.1** The Trustee may without the consent of the Noteholders or Couponholders at any time and from time to time concur with the Issuer in making any modification (i) to these presents (including but not limited to the proviso to paragraph 5 of Schedule 3 or any provision of these presents referred to in that proviso) which in the opinion of the Trustee it may be proper to make PROVIDED THAT the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders (but such power does not extend to any provision entitling the holders of the Subordinated Notes to institute proceedings for the winding-up of the Issuer which is more extensive than those set out in Condition 13.2 of the Subordinated Notes) or (ii) to these presents if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding upon the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified to the Noteholders in accordance with

Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, as soon as practicable thereafter.

In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.3(c) of the Senior Notes and Condition 5.2(c) of the Subordinated Notes, as the case may be without the consent of the Noteholders or Couponholders.

- 20.2** In the case of Subordinated Notes, the agreement or approval of the holders of Subordinated Notes shall not be required in the case of any variation to the Conditions and/or this Trust Deed and/or the Agency Agreement required to be made in connection with the substitution or variation of the Subordinated Notes pursuant to Condition 9 of the Subordinated Notes.

**21. HOLDER OF DEFINITIVE NOTE ASSUMED TO BE COUPONHOLDER AND TALONHOLDER**

Wherever in these presents the Trustee is required or entitled to exercise a power, trust, authority or discretion under these presents, except as ordered by a court of competent jurisdiction or as required by applicable law, the Trustee shall, notwithstanding that it may have express notice to the contrary, assume that each Noteholder is the holder of all Coupons and Talons appertaining to each Definitive Note of which he is the holder.

**22. NO NOTICE TO COUPONHOLDERS**

- 22.1** None of the Trustee, the Issuer or the Guarantor shall be required to give any notice to the Couponholders for any purpose under these presents and the Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be.
- 22.2** The Issuer, the Guarantor, the Trustee and the Paying Agents may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Note and the holder of any Coupon as the absolute owner of such Note or Coupon, as the case may be, for all purposes (whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, any notice of loss or theft thereof or any writing thereon), and the Issuer, the Guarantor, the Trustee and the Paying Agents shall not be affected by any notice to the contrary. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable in respect of such Note or Coupon, as the case may be.

**23. SUBSTITUTION**

- 23.1** The Trustee shall have power, without the consent of the Noteholders or Couponholders, at any time to agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Clause) as the principal debtor under these presents of a successor in business or a Holding Company of the Issuer or a Subsidiary of such Holding Company (such substituted company being in each case hereinafter called the **Substituted Company**) (in the case of the Subordinated Notes, on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of the Subordinated Notes) PROVIDED THAT:

- (a) a trust deed is executed or some other form of undertaking is given by the Substituted Company in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of these presents with any consequential amendments which the Trustee may deem appropriate as fully as if the Substituted Company had been named in these presents and on

the Notes and the Coupons as the principal debtor in place of the Issuer (or of any previous substitute under this Clause);

- (b) (without prejudice to the generality of paragraph (a) hereof) where the Substituted Company is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than the United Kingdom, undertakings or covenants shall be given in terms corresponding to the provisions of Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be, with the substitution for the references to the United Kingdom of references to the territory in which the Substituted Company is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject (provided that such undertakings or covenants shall include such exceptions as reflect exceptions under the law of that jurisdiction and as are similar in scope and effect to the exceptions set out in Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes) and Condition 6.2 of the Senior Notes and Condition 8.2 of the Subordinated Notes, including the definitions of Tax Deductibility Event and Tax Law Change in Condition 8.2 of the Subordinated Notes, as the case may be, shall be modified accordingly;
- (c) (except where the Substituted Company is the successor in business of the Issuer) an unconditional and irrevocable guarantee is given by the Issuer to the Trustee, in the form set out in Schedule 4 (or with such modifications thereto as the Issuer and Trustee may agree) of the payment of all moneys payable by the Substituted Company under these presents;
- (d) the directors of the Substituted Company or any authorised representative thereof shall certify that the Substituted Company is solvent at the time at which the said substitution is proposed to be effected (in which event the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Company or to compare the same with those of the Issuer); and
- (e) without prejudice to the rights of reliance of the Trustee under the immediately preceding paragraph (d), the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders.

**23.2** The Trustee shall, without the consent of the Noteholders or Couponholders, at any time agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Clause) as the principal debtor under these presents of a successor in business or a Holding Company of the Issuer or a Subsidiary of such Holding Company (such substituted company being in each case hereinafter called the **Substituted Company**) (in the case of the Subordinated Notes, on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of the Subordinated Notes) if:

- (a) a trust deed is executed or some other form of undertaking is given by the Substituted Company in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of these presents with any consequential amendments which the Trustee may deem appropriate as fully as if the Substituted Company had been named in these presents and on the Notes and the Coupons as the principal debtor in place of the Issuer (or of any previous substitute under this Clause);
- (b) (without prejudice to the generality of paragraph (a) hereof) where the Substituted Company is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than the United Kingdom, undertakings or covenants shall be given in terms corresponding to the provisions of Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be, with the substitution for the references to the United Kingdom of references to the territory in which the Substituted Company is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject (provided that such undertakings or covenants shall include such exceptions as reflect exceptions under the law

of that jurisdiction and as are similar in scope and effect to the exceptions set out in Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes) and Condition 6.2 of the Senior Notes or Condition 8.2 (including the definition of Tax Deductibility Event and Tax Law Change) of the Subordinated Notes, as the case may be, shall be modified accordingly;

- (c) (except where the Substituted Company is the successor in business of the Issuer) an unconditional and irrevocable guarantee is given by the Issuer to the Trustee, in a form and manner satisfactory to the Trustee, of the payment of all moneys payable by the Substituted Company under these presents;
- (d) two directors of the Issuer certify to the Trustee that, in their opinion, the substitution will not be materially prejudicial to the interests of the Noteholders and will not have any adverse effect on the payment in a timely manner of all moneys payable under these presents;
- (e) the Trustee receives confirmations from each rating agency which has, at the request of the Issuer, rated the Notes that the substitution will not adversely affect the then current rating of the Notes;
- (f) (an) opinion(s) of independent legal advisors of recognised standing in a form reasonably satisfactory to the Trustee is/are provided to the Trustee as to the validity and enforceability and binding nature under English law and any other relevant jurisdiction of the Substituted Company's obligations under the trust deed or other undertaking given under (a) above and (where applicable) of the Issuer's obligations under its guarantee under (c) above and as to other customary matters and subject to customary assumptions and reservations; and
- (g) the directors of the Substituted Company or any authorised representative thereof shall certify that the Substituted Company is solvent at the time at which the said substitution is proposed to be effected (in which event the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Company or to compare the same with those of the Issuer);

**23.3** Any such trust deed or undertaking as provided in subclause 23.1 and 23.2 above shall, if so expressed, operate to release the Issuer or any such previous substitute as aforesaid from any or all of its obligations under these presents. Not later than 14 days after the execution of any such documents as aforesaid and after compliance with the said requirements of the Trustee, the Issuer shall give notice thereof in a form previously approved by the Trustee to the Noteholders in the manner provided in Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be. Upon the execution of such documents and compliance with the said requirements, the Substituted Company shall be deemed to be named in these presents as the principal debtor in place of the Issuer (or in place of any previous substitute under this Clause) under these presents and these presents shall be deemed to be amended in such manner as shall be necessary to give effect to the above provisions and, without prejudice to the generality of the foregoing, references in these presents to the Issuer shall, where the context so requires, be deemed to be or include references to the Substituted Company.

**23.4** In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political



sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be, and/or any undertaking given in addition to, or in substitution for, Condition 7 of the Senior Notes or Condition 11 of the Subordinated Notes, as the case may be, pursuant to these presents.

## **24. CURRENCY INDEMNITY**

The Issuer shall indemnify the Trustee, the Noteholders and the Couponholders and keep them indemnified against:

- (a) any loss or damage incurred by any of them arising from the non-payment by the Issuer or, as the case may be, the Guarantor, of any amount due to the Trustee or the Noteholders or Couponholders under these presents by reason of any variation in the rates of exchange between those used for the purposes of calculating the amount due under a judgment or order in respect thereof and those prevailing at the date of actual payment by the Issuer or, as the case may be, the Guarantor; and
- (b) any deficiency arising or resulting from any variation in rates of exchange between (i) the date as of which the local currency equivalent of the amounts due or contingently due under these presents (other than this Clause) is calculated for the purposes of any bankruptcy, insolvency or liquidation of the Issuer or, as the case may be, the Guarantor and (ii) the final date for ascertaining the amount of claims in such bankruptcy, insolvency or liquidation. The amount of such deficiency shall be deemed not to be reduced by any variation in rates of exchange occurring between the said final date and the date of any distribution of assets in connection with any such bankruptcy, insolvency or liquidation.

The above indemnities shall constitute obligations of the Issuer separate and independent from its obligations under the other provisions of these presents and shall apply irrespective of any indulgence granted by the Trustee or the Noteholders or the Couponholders from time to time and shall continue in full force and effect notwithstanding the judgment or filing of any proof or proofs in any bankruptcy, insolvency or liquidation of the Issuer or, as the case may be, the Guarantor for a liquidated sum or sums in respect of amounts due under these presents (other than this Clause). Any such deficiency as aforesaid shall be deemed to constitute a loss suffered by the Noteholders and Couponholders and no proof or evidence of any actual loss shall be required by the Issuer or, as the case may be, the Guarantor or either of their respective liquidators.

## **25. NEW TRUSTEE; SEPARATE AND CO-TRUSTEES**

- 25.1** The power to appoint a new trustee of these presents shall be vested in the Issuer but no person shall be appointed who shall not previously have been approved by an Extraordinary Resolution. One or more persons may hold office as trustee or trustees of these presents but such trustee or trustees shall be or include a Trust Corporation. Whenever there shall be more than two trustees of these presents the majority of such trustees shall be competent to execute and exercise all the duties, powers, trusts, authorities and discretions vested in the Trustee by these presents PROVIDED THAT a Trust Corporation shall be included in such majority.
- 25.2** Notwithstanding the provisions of subclause 25.1 of this Clause, the Trustee may, upon giving prior notice to the Issuer (but without the consent of the Issuer or the Noteholders), appoint any person established or resident in any jurisdiction (whether a Trust Corporation or not) to act either as a separate trustee or as a co-trustee jointly with the Trustee (a) if the Trustee considers such appointment to be in the interests of the Noteholders or (b) for the purposes of conforming to any

legal requirements, restrictions or conditions in any jurisdiction in which any particular act or acts is or are to be performed or (c) for the purposes of obtaining a judgment in any jurisdiction or the enforcement in any jurisdiction of either a judgment already obtained or any of the provisions of these presents against the Issuer or, as the case may be, the Guarantor. The Issuer hereby irrevocably appoints the Trustee to be its attorney in its name and on its behalf to execute any such instrument of appointment. Such a person shall (subject always to the provisions of these presents) have such trusts, powers, authorities and discretions (not exceeding those conferred on the Trustee by these presents) and such duties and obligations as shall be conferred or imposed by the instrument of appointment. The Trustee shall have power in like manner to remove any such person. Such reasonable remuneration as the Trustee may pay to any such person, together with any attributable costs, charges and expenses properly incurred by it in performing its function as such separate trustee or co-trustee shall for the purposes of these presents be treated as costs, charges and expenses incurred by the Trustee.

- 25.3** Any appointment of a new trustee of these presents shall as soon as practicable thereafter be notified by the Issuer to the Agent and the Noteholders.

**26. TRUSTEE'S RETIREMENT AND REMOVAL**

A trustee of these presents may retire at any time on giving not less than three months' prior written notice to the Issuer without assigning any reason and without being responsible for any costs occasioned by such retirement. The Noteholders shall have the power exercisable by Extraordinary Resolution to remove any trustee or trustees for the time being of these presents. The Issuer undertakes that in the event of the only trustee hereof which is a Trust Corporation giving notice under this Clause or being removed by Extraordinary Resolution they will use all reasonable endeavours to procure a new trustee of these presents being a Trust Corporation to be appointed. The retirement or removal of any such trustee shall not become effective until a successor trustee being a Trust Corporation is appointed.

**27. TRUSTEE'S POWERS TO BE ADDITIONAL**

The powers conferred upon the Trustee by these presents shall be in addition to any powers which may from time to time be vested in the Trustee by the general law or as a holder of any of the Notes or Coupons.

**28. NOTICES**

Any notice or demand to the Issuer, the Guarantor or the Trustee required to be given, made or served for any purposes under these presents shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), by email or by delivering it by hand as follows:

to the Issuer and the Guarantor:

1 Braham Street  
London E1 8EE  
England

(Attention: Group Treasury Director)  
Email: derivatives@bt.com

to the Trustee:

Eighth Floor  
100 Bishopsgate  
London

EC2N 4AG

(Attention: the Manager, Commercial Trusts)

Email: [trust.support@lawdeb.com](mailto:trust.support@lawdeb.com)

or to such other address or email address as shall have been notified (in accordance with this Clause) to the other party hereto and:

- (i) any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served upon receipt; or
- (ii) any notice or demand sent by email as aforesaid shall be deemed to have been given, made or served when received as evidenced by written confirmation of receipt from the intended recipient (for the avoidance of doubt an automatically generated “received” or “read” receipt will not constitute written confirmation), provided that any email which is received (or deemed to take effect in accordance with the foregoing) after 5:00 p.m. on a business day or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place.

The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand sent by email.

## **29. GUARANTEE**

### **29.1 Guarantee**

Notwithstanding the provisions of the Deed of Guarantee, and subject to Clauses 29.2 and 30 and Condition 4 of the Subordinated Notes, the Guarantor guarantees the due and punctual payment of the principal of (and premium, if any, on) and interest on the Subordinated Notes (including any additional amounts payable in accordance with the terms of the Subordinated Notes and this Trust Deed) when and as the same shall become due and payable (whether at the relevant Maturity Date (if any), by declaration of acceleration, call for redemption, request for redemption or otherwise), in accordance with the terms of the Subordinated Notes, the Conditions and this Trust Deed. In case of the failure of the Issuer punctually to make any such payment of principal (or premium, if any) or interest (including any additional amounts as referred to above), the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the relevant Maturity Date (if any) or by declaration of acceleration, call for redemption, request for redemption, repayment at the option of the Noteholder of the relevant Series of Subordinated Notes or otherwise, and as if such payment were made by the Issuer.

For the avoidance of doubt, the obligations of the Issuer in respect of the Subordinated Notes and this Trust Deed are guaranteed on the terms of this Clause 29 and Condition 4 of the Subordinated Notes only.

### **29.2 Subordination**

Notwithstanding the guarantee of the Guarantor given in Clause 29.1, the rights and claims of the Trustee, the holders of Subordinated Notes and Couponholders relating thereto against the Guarantor under the Guarantee are subordinated on a winding-up or administration of the Guarantor as provided in Condition 4.3.

### **29.3 Guarantor as Principal Debtor**

The Guarantor hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of any Subordinated Note, or this Trust Deed, the absence of any action to enforce the same, any waiver or consent by a holder of the Subordinated Notes, a holder of Coupons relating to Subordinated Notes or by the Trustee, the Agent or any other Paying Agent with respect to any provisions thereof or of this Trust Deed, any release of any other guarantor, the recovery of any judgment against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of the Guarantor. The Guarantor hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, protest or notice with respect to the Subordinated Notes or the indebtedness evidenced thereby and all demands whatsoever, and covenants that its guarantee will not be discharged except by complete performance of all of the obligations of the Guarantor contained in this Trust Deed and the Subordinated Notes. If the Trustee, any holder of Subordinated Notes or any holder of Coupons relating to Subordinated Notes is required by any court or otherwise to return (and does so return) to the Issuer or to the Guarantor, or any custodian, receiver, liquidator, trustee, sequestrator or other similar official acting in relation to the Issuer or the Guarantor, any amount paid to the Trustee or such holder of Subordinated Notes or Coupons relating to a Subordinated Note, this guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Guarantor further agrees, to the fullest extent that it lawfully may do so, that, as between it, on the one hand, and the holders of Subordinated Notes, holders of Coupons relating to Subordinated Notes and the Trustee, on the other hand, the maturity of the obligations guaranteed hereby may be accelerated as provided in the Conditions of the Subordinated Notes for the purposes of this guarantee notwithstanding any stay, injunction or other prohibition extant under any applicable US Federal, US State or United Kingdom bankruptcy, insolvency, reorganisation or other similar law preventing such acceleration in respect of the obligations guaranteed thereby.

### **29.4 Subrogation**

The Guarantor shall be subrogated to all rights of the holders of Subordinated Notes and Coupons in respect thereof against the Issuer in respect of any amounts paid to the holders of Subordinated Notes and Coupons in respect thereof by the Guarantor pursuant to the provisions of this Trust Deed; provided, however, that the Guarantor shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of (and premium, if any, on) and interest on the Subordinated Notes (including any additional amounts as referred to above) issued hereunder shall have been paid in full.

### **29.5 Trustee Costs**

All costs, charges, liabilities and expenses incurred and payments made by the Trustee in the lawful exercise of its powers under this Clause 29 shall be payable by the Guarantor on demand. Such costs, charges, liabilities and expenses shall carry interest at the rate and on the terms set out in this Trust Deed.

The provisions of Clause 29.2 and Condition 4.3 of the Subordinated Notes apply only to the principal, premium and interest and any other amounts payable in respect of the Subordinated Notes and nothing in Clause 29.2, Condition 4.3 or Condition 13 of the Subordinated Notes shall affect or prejudice the payment of the costs, charges, expenses or liabilities of the Trustee under this Clause 29.5 or the rights and remedies of the Trustee in respect thereof and, in its personal capacity, the Trustee shall rank as a holder of Senior Obligations of the Guarantor.

**30. TERMINATION OF THE GUARANTEE**

Following the delivery to the Trustee of a certificate signed by two directors of the Issuer or the Guarantor requesting the termination of the Guarantee in respect of any Subordinated Notes and certifying that no Event of Default in respect of any Subordinated Notes is continuing, the Issuer, the Guarantor and the Trustee shall, without the requirement for any consent or sanction of the holders of any Subordinated Notes, enter into a deed supplemental to this Trust Deed at the cost of the Issuer in such form as the Trustee may reasonably require pursuant to which the Guarantor's obligations as the guarantor under this Trust Deed shall be discharged and the Guarantor shall cease to be a guarantor under this Trust Deed.

The Issuer undertakes promptly to notify the holders of any Subordinated Notes in accordance with Condition 17 of the Subordinated Notes of any such cessation.

**31. COUNTERPARTS**

This Trust Deed and any Trust Deed supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Trust Deed or any Trust Deed supplemental hereto may enter into the same by executing and delivering a counterpart.

**32. RIGHTS OF THIRD PARTIES**

A person who is not a party to this Trust Deed or any trust deed supplemental hereto has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed or any trust deed Supplemental hereto, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

**33. GOVERNING LAW**

These presents, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

**IN WITNESS** whereof this Trust Deed has been executed by the Issuer, the Guarantor and the Trustee and entered into the day and year first above written.

## SCHEDULE 1 TERMS AND CONDITIONS OF THE NOTES

### PART 1 TERMS AND CONDITIONS OF THE SENIOR NOTES

This Note is one of a Series (as defined below) of Notes issued by British Telecommunications public limited company (the **Issuer**) constituted by a Trust Deed dated 12 December 1997 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as Trustee).

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

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement dated 12 December 1997 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent and where the Agent is acting as calculation agent in respect of any Notes, shall include any successor calculation agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Eighth Floor, 100 Bishopsgate, London EC2N 4AG and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer being 1 Braham Street, London E1 8EE and are expected to be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Note bearing interest on a fixed rate basis (**Fixed Rate Note**), a Note bearing interest on a floating rate basis (**Floating Rate Note**), a Note issued on a non-interest bearing basis (**Zero Coupon Note**), or a combination of any of the foregoing, depending upon the interest basis specified in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

## 2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

## 3. NEGATIVE PLEDGE

If Negative Pledge is specified in the applicable Final Terms, then so long as any of the Notes is outstanding (as defined in the Trust Deed), the Issuer shall not, and shall cause the Subsidiaries not to, directly or indirectly, create, assume or incur or permit to be created, assumed or incurred, any Lien on or with respect to any of the assets of the Issuer or any of the Subsidiaries whether now or hereafter owned, to secure any present

or future Capital Markets Indebtedness issued or guaranteed by the Issuer or any other Person without at the same time according to the Notes, to the satisfaction of the Trustee, the same security or such other arrangement (whether or not comprising security) as the Trustee shall, in its absolute discretion, deem not materially less beneficial to the Noteholders, or as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Save as provided below, in these Conditions:

**Capital Markets Indebtedness** means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities which are, or which the Issuer has publicly declared that it intends to have, quoted, listed, dealt in or traded on a stock exchange or other recognised securities market;

**Lien** means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or otherwise), or preference, priority or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing);

**Person** means any individual, corporation, partnership, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof; and

**Subsidiary** means, for the purpose of this Condition 3 only, (i) a corporation more than 50 per cent. of the outstanding voting shares of which are owned, directly or indirectly, by the Issuer, or by one or more other Subsidiaries of the Issuer, or by the Issuer and one or more other Subsidiaries of the Issuer; (ii) any general partnership, joint venture or similar entity, at least 50 per cent. of the outstanding partnership or similar interest of which is owned, directly or indirectly, by the Issuer, or by one or more other Subsidiaries of the Issuer, or by the Issuer and one or more other Subsidiaries of the Issuer; and (iii) any limited partnership of which the Issuer or any other Subsidiary of the Issuer is a general partner.

## **4. INTEREST**

### **4.1 Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

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

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Unless specified otherwise in the applicable Final Terms, the **Following Business Day Convention** will apply to the payment of all Fixed Rate Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4.2(a) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the **Modified Following Business Day Convention** is specified in the applicable Final Terms for any Fixed Rate Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4.2(a) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.



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

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

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

In the Conditions:

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

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

## 4.2 Interest on Floating Rate Notes

### (a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

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

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

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

**(b) Rate of Interest**

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined as provided below:

(1) where the Reference Rate is specified in the applicable Final Terms as being a Reference Rate other than the Sterling Overnight Index Average (**SONIA**), the Rate of Interest for each Interest Period will be either:

(A) the rate or offered quotation (if there is only one rate or offered quotation on the Relevant Screen Page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) (as specified in the applicable Final Terms) as at the Specified Time on the Interest Determination Date in question plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms). If, in the case of (B) above, five or more of such rates or offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate or offered quotation, one only of such rates or offered quotations) and the lowest (or, if there is more than one such lowest rate or offered quotation, one only of such rates or offered quotations) shall be disregarded by the Agent (or such other Calculation Agent specified in the applicable Final Terms) for the purpose of determining the arithmetic mean (rounded as provided above) of such rates or offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such rate or offered quotation appears or, in the case of (B) above, fewer than three of such rates or offered quotations appear, in each case as at the Specified Time, the Issuer shall request the principal London office of each of the Reference Banks to provide the Issuer with its rate or offered quotation (expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) for deposits in the Specified Currency for that Interest Period, at approximately the Specified Time, on the Interest Determination Date in question and any such rates or offered quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms). If two or more of the Reference Banks provide such rates or offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such rates or offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms).

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer with such rates or offered quotations as provided in the preceding paragraph (and any rates or offered quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)), the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent (or such other Calculation Agent specified in the applicable Final Terms) determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or quotations, as communicated by the Reference Banks or any two or more of them to the Issuer (and any such rates or quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)), at which such banks were offered, at approximately the Specified Time, on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the relevant inter-bank market or principal financial centre of the country of the Specified Currency, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer with such rates or offered quotations (and any rates or offered quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)), the rate or quotation offered for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the rates or offered quotations for deposits in the Specified Currency for a period equal to that which would have been

used for the Reference Rate, which, at approximately the Specified Time, on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer who shall inform the Agent (or such other Calculation Agent specified in the applicable Final Terms) such bank is quoting to leading banks in the relevant inter-bank market or principal financial centre of the country of the Specified Currency, plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be that determined as at the Interest Determination Date for the last preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

- (2) (A) where the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being Compounded Daily Rate, the Rate of Interest for each Interest Period will be Compounded Daily SONIA for the Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin, if any, all determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on each relevant Interest Determination Date.

**Compounded Daily SONIA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on the Interest Determination Date in accordance with the following formula and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{\text{Relevant SONIA}_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

**d** is the number of calendar days in:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**D** is the number specified as such in the applicable Final Terms (or, if no such number is specified, 365);

**d<sub>o</sub>** is the number of London Banking Days in:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

**i** is a series of whole numbers from one to **d<sub>o</sub>**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period,

to and including, the last London Banking Day in such Interest Period or Observation Period, as the case may be;

**London Banking Day** means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

$n_i$  for any London Banking Day  $i$ , means the number of calendar days from, and including, such London Banking Day  $i$  up to but excluding the following London Banking Day;

**Observation Look-Back Period** is as specified in the applicable Final Terms;

**Observation Period** means the period from, and including, the date falling  $p$  London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to but excluding, the date falling  $p$  London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling  $p$  London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

$p$  means the number of London Banking Days specified as the Observation Look-Back Period in the applicable Final Terms and which shall not be specified in the applicable Final Terms as less than five without the prior agreement of the Agent (or such other Calculation Agent specified in the applicable Final Terms);

**Relevant SONIA $i$**  means:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, SONIA $i$ -pLBD; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, SONIA $i$ LBD;

**SONIA $i$ LBD** means, in respect of any London Banking Day  $i$  the SONIA reference rate for such London Banking Day  $i$ ;

**SONIA $i$ -pLBD** means, in respect of any London Banking Day  $i$  falling in the relevant Interest Period, the SONIA reference rate for the London Banking Day falling  $p$  London Banking Days prior to the relevant London Banking Day  $i$ ; and

**SONIA reference rate** means, in respect of any London Banking Day, a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day.

If, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, the Agent (or such other Calculation Agent specified in the applicable Final Terms) determines that the SONIA reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then unless the Agent (or such other Calculation Agent specified in the applicable Final Terms) has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread or Benchmark Amendments) pursuant to Condition 4.3, if applicable, the SONIA reference rate in respect of such London Banking Day shall be:

- (x) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at the close of business on the relevant London Banking Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or
- (y) if the Bank Rate under paragraph (x) above is not available at the relevant time, either (A) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of

which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (x) above,

and, in each case, references to “SONIA reference rate” in Condition 4.2(b)(2)(A) above shall be construed accordingly.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4.2(b)(2)(A), and without prejudice to Condition 4.3, the Rate of Interest shall be:

- (i) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or
- (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms).

(B) where the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being Compounded Index Rate, the Rate of Interest for each Interest Period will be Compounded Daily SONIA for the Interest Period, plus or minus (as indicated in the applicable Final Terms) the Margin, if any, all determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on each relevant Interest Determination Date.

**Compounded Daily SONIA** means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed on the Relevant Screen Page specified in the applicable Final Terms or, if no such page is so specified or if such page is unavailable at the relevant time, as otherwise published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date (the **SONIA Compounded Index**), and in accordance with the following formula:

$$\left( \frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

$d$  is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index<sub>x</sub> is determined to (but excluding) the day in relation to which SONIA Compounded Index<sub>y</sub> is determined;

**SONIA Compounded Index<sub>x</sub>** means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Period;

**SONIA Compounded Index<sub>y</sub>** means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the Interest Payment Date for such Interest Period, or such other date as when the relevant payment of interest falls to be due (but which by definition or the operation of the relevant provisions is excluded from such Interest Period);

**London Banking Day** means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and

**Relevant Number** is as specified in the applicable Final Terms (or, if no such number is specified, five).

If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA rate for the applicable Interest Period for which SONIA Compounded Index is not available shall be Compounded Daily SONIA determined in accordance with Condition 4.2(b)(2)(A) above as if Compounded Index Rate is not specified as being applicable in the applicable Final Terms. For these purposes, the Calculation Method shall be deemed to be Compounded Daily Rate, and for these purposes: (i) the Observation Method shall be deemed to be Shift and (ii) the Observation Lookback Period shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made.

(C) if the Notes become due and payable otherwise than on an Interest Payment Date, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the due date on which such Notes become due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(3) Other definitions:

**Banking Day** means, in respect of any place, any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that place or, as the case may be, as indicated in the applicable Final Terms;

**Interest Determination Date** means the day or Banking Day, as the case may be, as of which any rate is to be determined as specified in the applicable Final Terms, or if none is specified, the day or Banking Day on which it is customary to determine such rate;

**Reference Banks** means, in the case where the Reference Rate is EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, or otherwise such banks as may be specified in the applicable Final Terms as the Reference Banks;

**Reference Rate** means EURIBOR or SONIA as specified in the Final Terms;

**Relevant Screen Page** means such page, whatever its designation, on which the Reference Rate that is for the time being displayed on the Reuters Monitor Money Rates Service or Dow Jones Market Limited or other such service, as specified in the applicable Final Terms; and

**Specified Time** means the time as of which any rate is to be determined as specified in the applicable Final Terms, or if none is specified, the time at which it is customary to determine such rate.

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

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

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

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

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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



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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

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

**(e) Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period or Specified Period in the applicable Final Terms, the Rate of Interest for such Interest Period or Specified Period shall be calculated by

the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity (as defined below) were the period of time for which rates are available next shorter than the length of the relevant Interest Period or Specified Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period or Specified Period, provided however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall determine such rate at such time and by reference to such sources as the Issuer shall determine as appropriate for such purposes. For the purposes of this paragraph, the expression **Designated Maturity** means the period of time designated in the Reference Rate.

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

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period or Specified Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and the London Stock Exchange on which the relevant Floating Rate Notes are for the time being admitted to trading and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period or Specified Period. Any such amendment will promptly be notified to the London Stock Exchange on which the relevant Floating Rate Notes are for the time being admitted to trading and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

**(g) Determination or Calculation by Calculation Agent**

If for any reason at any relevant time the Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above as the case may be, and in each case in accordance with paragraph (d) and/or (e) above, the Issuer shall appoint a calculation agent (which shall be an investment bank or other suitable financial services entity of international repute, and any fees, costs and expenses in relation thereto shall be met by the Issuer) to determine such Rate of Interest at such rate as, in the calculation agent's absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the calculation agent shall calculate the Interest Amount(s) in such manner as the calculation agent shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

**(h) Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent or such other Calculation Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent or such other Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**4.3 Benchmark Discontinuation**

Notwithstanding the provisions in Condition 4.2 above, if the Issuer, in consultation with the Agent, determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4.3 shall apply.

**(a) Successor Rate or Alternative Rate**

If there is a Successor Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4.3(b))

subsequently be used by the Agent (or such other Calculation Agent specified in the applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.3).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4.3(b)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.3).

**(b) Adjustment Spread**

If a Successor Rate or Alternative Rate is determined in accordance with Condition 4.3(a), the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the relevant Successor Rate or the Alternative Rate (as the case may be for each subsequent determination of a relevant Rate of Interest (or the relevant component part) thereof) by reference to such Successor Rate or Alternative Rate (as applicable)).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders of such Adjustment Spread and the Agent (or such other Calculation Agent specified in the applicable Final Terms) shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

**(c) Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.3 and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to the Issuer having to give notice thereof to the Trustee and the Noteholders in accordance with Condition 13, without any requirement for the consent or approval of Noteholders or the Couponholders, modify these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Prior to any such Benchmark Amendments taking effect, the Issuer shall provide a certificate signed by two Directors to the Trustee confirming, in the Issuer's reasonable opinion (following consultation with the Independent Adviser), (i) that a Benchmark Event has occurred, (ii) the Successor Rate or Alternative Rate (as applicable), (iii) where applicable, any Adjustment Spread and (iv) where applicable, the terms of any Benchmark Amendments in each case determined in accordance with this Condition 4 that such Benchmark Amendments are necessary to give effect to any application of this Condition 4 and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders, the Couponholders or any other person for so acting or relying on such certificate, irrespective of whether any modification to give effect to a Benchmark Amendment is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate (as applicable), any Adjustment Spread (where applicable) and any Benchmark Amendments, without prejudice to the Trustee's ability to rely on such certificate (as aforesaid), will be binding on the Issuer, the Trustee, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the other Paying Agents, the Noteholders and the Couponholders.

The Trustee shall, at the direction and expense of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors (as aforesaid), be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed

and, if required, the Agency Agreement), provided that the Trustee shall not be required to effect any Benchmark Amendments if the same would, in the Trustee's sole opinion, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. For the avoidance of doubt, no Noteholder or Couponholder consent shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or the Trustee (if required).

In connection with any such modifications in accordance with this Condition 4.3(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any Benchmark Amendments determined under this Condition 4.3(c) shall be notified promptly by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

**(d) Independent Adviser**

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 4.3, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4.3 shall act in good faith, in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.3 or otherwise in connection with the Notes.

If the Issuer is in any doubt as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

**(e) Survival of Original Reference Rate Provisions**

Without prejudice to the obligations of the Issuer under this Condition 4.3, the Original Reference Rate and the fallback provisions provided for in Condition 4.2 and the applicable Final Terms will continue to apply unless and until a Benchmark Event has occurred and only then once the Agent (or such other Calculation Agent specified in the applicable Final Terms) has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with the relevant provisions of this Condition 4.3.

**(f) Definitions**

In this Condition 4.3:

**Adjustment Spread** means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines is recognised or acknowledged as being in customary market usage in international debt capital markets

transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or

- (iii) if no such determination has been made, the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable);

**Alternative Rate** means an alternative rate to the Original Reference Rate which the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in accordance with this Condition 4.3 has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities, with a commensurate interest period and in the same Specified Currency as the Notes or, if no such rate exists, the rate which is most comparable (among other factors, on the basis of interest period and Specified Currency) to the Original Reference Rate;

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or ceasing permanently to be calculated, administered and published;
- (ii) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to the specified date referred to in (a) above;
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (iv) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six months prior to the specified date referred to in (a) above;
- (v) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (b) the date falling six months prior to the specified date referred to in (a) above;
- (vi) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is or will, on or before a specified date, be no longer representative and (b) the date falling six months prior to the specified date referred to in (a) above; or
- (vii) it has or will prior to the next Interest Determination Date become unlawful for the Agent, any Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate;

**Calculation Agent** means such person appointed by the Issuer as calculation agent in relation to the Notes and, if not the Agent, as specified in the applicable Final Terms and shall include any successor calculation agent appointed in respect of such Notes;

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser of recognised standing with appropriate expertise in the debt capital markets appointed by the Issuer at its own expense;

**Original Reference Rate** means the Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in

respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

#### **4.4 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

#### **4.5 Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes**

If Step Up Rating Change and/or Step Down Rating Change is specified in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (a) The Rate of Interest payable on the Notes will be subject to adjustment in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.
- (b) Subject to paragraphs (d) and (g) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be increased by the Step Up Margin specified in the applicable Final Terms.
- (c) Subject to paragraphs (d) and (g) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (d) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period/Specified Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be neither increased nor decreased as a result of either such event.
- (e) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from the Rating Agencies. If, notwithstanding such reasonable efforts, any Rating Agency fails or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a substitute rating agency that shall be a Statistical Rating Agency, and references in this Condition to Moody's, Standard & Poor's or Fitch, as the case may be, or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.



- (f) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest payable on the Notes pursuant to this Condition to be notified to the Trustee and the Principal Paying Agent and notice thereof to be published in accordance with Condition 13 as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.
- (g) Only the first Step Up Rating Change (if any) and the first Step Down Rating Change (if any) shall give rise to an adjustment to the Rate of Interest payable on the Notes.

In these Conditions:

**Fitch** means Fitch Ratings Ltd or any other entity that is part of the group to which Fitch Ratings Ltd or its successor belongs;

**Moody's** means Moody's Investors Service Ltd. or any other entity that is part of the group to which Moody's Investors Service Ltd. or its successor belongs;

**Rating Agency** means any of Fitch, Moody's or Standard & Poor's and **Rating Agencies** means all of them;

**Standard & Poor's** means S&P Global Ratings, acting through S&P Global Ratings UK Limited or any entity that is part of the group to which S&P Global Ratings UK Limited or its successor belongs;

**Statistical Rating Agency** means a rating agency approved by the Trustee, such approval not to be unreasonably withheld;

**Step Down Rating Change** means the public announcement by all of the Rating Agencies, after a Step Up Rating Change, that the credit rating of the Issuer's senior unsecured long-term debt is at least Baa3 in the case of Moody's and is at least BBB in the case of Standard & Poor's and Fitch. For the avoidance of doubt, any further increase in the credit rating of the Issuer's senior unsecured long-term debt above Baa3 in the case of Moody's or above BBB in the case of Standard & Poor's or Fitch shall not constitute a Step Down Rating Change; and

**Step Up Rating Change** means the first public announcement by any or all of the Rating Agencies of a decrease in the credit rating of the Issuer's senior unsecured long-term debt to below Baa3 in the case of Moody's or below BBB in the case of Standard & Poor's or Fitch. For the avoidance of doubt, any further decrease in the credit rating of the Issuer's senior unsecured long-term debt from below Baa3 in the case of Moody's or from below BBB in the case of Standard & Poor's or Fitch shall not constitute a Step Up Rating Change.

## 5. PAYMENTS

### 5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

## 5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

## 5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States.

Except in the case of a New Global Note, a record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

In the case of a New Global Note, the Issuer shall procure that details of payment of principal and interest (if any) in respect of any Global Note, shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by such Global Note will be reduced accordingly. Payments under the New Global Note will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.



## 5.4 General provisions applicable to payments

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

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

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

## 5.5 Payment Day

Unless specified otherwise in the applicable Final Terms, if the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

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

## 5.6 Interpretation of principal and interest

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

- (a) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and

- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **6. REDEMPTION AND PURCHASE**

### **6.1 Redemption at maturity**

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

### **6.2 Redemption for tax reasons**

Subject to Condition 6.6, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 10 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee 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 conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **6.3 Redemption at the option of the Issuer (Issuer Maturity Par Call)**

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

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

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date (that is, if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, prior to the Par Call Period Commencement Date specified in the applicable Final Terms) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the relevant Optional Redemption Date. If the applicable Final Terms specify the Notes are redeemable in part, such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

If Make-Whole Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Agent (or such other Calculation Agent specified in the applicable Final Terms) equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the sum (rounding the resulting figure, if necessary, to the nearest sub-unit of the Specified Currency (half of any such sub-unit being rounded upwards)) of the present values as at the date of redemption of (A) the principal amount outstanding of the Notes to be redeemed, discounted from the Maturity Date or, if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, from the Par Call Period Commencement Date specified in the applicable Final Terms, to the date of redemption and (B) the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis or semi-annual basis (as the case may be, on the relevant day count basis and if "30/360" is specified in the applicable Final Terms, the number of days in the relevant period from (and including) the most recent Interest Payment Date (or if none, the Interest Commencement Date) to (but excluding) the date of redemption (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360 or, in the case of an incomplete month, the number of days elapsed) at a rate equal to the higher of (x) the Reference Bond Rate, plus the Redemption Margin; and (y) zero per cent.

In this Condition 6.4:

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bond** shall be as set out in the applicable Final Terms (or if it is no longer outstanding, as at the Reference Date, the then current on-the-run government securities having an actual or interpolated maturity comparable with the remaining term of the Notes (or if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, the remaining term to the Par Call Period Commencement Date specified in the applicable Final Terms) that would be utilised in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes (or if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, the remaining term to the Par Call Period Commencement Date specified in the applicable Final Terms), as determined by the Issuer in consultation with the Reference Government Bond Dealers);

**Reference Bond Rate** means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent (or such other Calculation Agent specified in the applicable Final Terms) receives from the Issuer fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Date** will be set out in the relevant notice of redemption;

**Reference Government Bond Dealer** means each of the five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), of the bid and offered yields (converted, if necessary, to an annualised yield rounded up to four decimal places) for the Reference Bond at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Issuer by such Reference Government Bond Dealer (and any such quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)); and

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note (or if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, to the Par Call Period Commencement Date specified in the applicable Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6.4.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.4 by the Agent (or such other Calculation Agent specified in the applicable Final Terms), shall (in the absence of negligence, wilful default or bad faith) be binding on the Issuer, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

## **6.5 Redemption at the option of the Noteholders (Investor Put)**

- (a) If General Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving notice to the Issuer in accordance with Condition 13 within the period of not less than 10 nor more than 60 days before the Optional Redemption Date or such other period as specified in the applicable Final Terms (the **Notice Period**) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together (if appropriate) with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Notice Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the Notice Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.5(a) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.5(a).

- (b) If Change of Control Investor Put is specified in the applicable Final Terms, the holder of each Note will have the option (a **Put Option**) (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6.2, 6.3 or 6.4) to require

the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at the Optional Redemption Amount together with interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event (as defined below) has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period of 45 days or such other period as specified in the applicable Final Terms (the **Put Period**) after a Put Event Notice is given, such Note and a duly completed and signed Put Notice (as defined in Condition 6.5(a)) in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the **Optional Redemption Date**), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 10) at any time after such payment, but before the expiry of the period of ten years from the date on which such Coupon would have become due, but not thereafter.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Put Option the holder of this Note must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered or, in the case of a Note held through Euroclear and/or Clearstream, Luxembourg, notice received. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. For the purposes of these Conditions, receipts issued pursuant to this Condition 6.5(b) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the Notes in respect of which the Put Option has been validly exercised in accordance with the provisions of this Condition 6.5(b) on the Optional Redemption Date unless previously redeemed (or purchased) and cancelled.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4(b) shall be irrevocable except where, prior to the Optional Redemption Date, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice given pursuant to this Condition 6.5(b).

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.5(b), the Issuer may, on giving not less than 10 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Optional

Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody's, Fitch or Standard & Poor's are changed from those which are described in paragraph (i) of the definition of "Put Event" below, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, in good faith, and notify the Trustee of the rating designations of Moody's, Fitch or Standard & Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or Standard & Poor's and this Condition 6.5(b) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Put Event, Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event below, and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event, Change of Control or other such event has occurred.

In this Condition:

a **Put Event** will be deemed to occur if a Change of Control has occurred and:

- (i) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any Rating Agency (as defined below):
  - (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a **Non-Investment Grade Rating**) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (B) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Ba1 to Ba2 being one notch) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
  - (C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) will apply; and

- (ii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (A) and (B) above or not to award a credit rating of at least investment grade as described in paragraph (i) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement;

a **Change of Control** will be deemed to have occurred if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become

interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or

- (ii) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

**Change of Control Period** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **Negative Rating Event** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period; and

**Substitute Rating Agency** means any rating agency substituted for any of the Rating Agencies by the Issuer from time to time with the prior written approval of the Trustee; and

**Relevant Potential Change of Control Announcement** means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

## 6.6 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (b) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

**AY** means the Accrual Yield expressed as a decimal; and

<sup>y</sup> is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the

Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date for the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 365).

## **6.7 Purchases**

Each of the Issuer, BT Group plc and any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, BT Group plc or any of their Subsidiaries surrendered to any Paying Agent for cancellation.

## **6.8 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

## **6.9 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

## **7. TAXATION**

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

- (a) presented for payment by or on behalf of a holder who (i) could avoid such withholding or deduction 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, or (ii) is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same



for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or

- (c) where such withholding or deduction is required pursuant to an agreement described in section 1471(b) of the Code, or is otherwise imposed pursuant to sections 1471 through 1474 of the Code and any regulations, agreements or undertakings thereunder or official interpretations thereof or similar law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Code** means the United States Internal Revenue Code of 1986, as amended;
- (ii) **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and
- (iii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

## 8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

## 9. EVENTS OF DEFAULT AND ENFORCEMENT

### 9.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur:

- (a) default is made for a period of 28 days or more in the payment in the Specified Currency of any interest, or for a period of 14 days or more in the payment in the Specified Currency of principal, due in respect of the Notes; or
- (b) there is a failure in the performance of any obligation under the Notes or the Trust Deed other than an obligation to make payment of principal or interest thereunder:
  - (i) which in the opinion of the Trustee is incapable of remedy; or
  - (ii) which, being in the opinion of the Trustee capable of remedy, continues for more than 90 days after written notification requiring such failure to be remedied shall have been given to the Issuer by the Trustee; or
- (c) except for the purpose of a reconstruction or an amalgamation the terms of which have previously been approved in writing by the Trustee or for the purposes of a consolidation or merger or conveyance, transfer or lease permitted by Condition 14, an order is made (and not discharged or stayed within a period of 90 days) or an effective resolution is passed for winding-up the Issuer or an administration order is made in relation to the Issuer; or
- (d) an administrative or other receiver is appointed of the whole or substantially the whole of the assets of the Issuer and is not removed, paid out or discharged within 90 days or, following such 90 day period, the appointment is not being disputed in good faith; or
- (e) the Issuer is unable to pay its debts or makes a general assignment for the benefit of its creditors; or

- (f) any loan or other indebtedness for borrowed money (as defined in the Trust Deed) of the Issuer (if applicable, translated into sterling), amounting in aggregate to not less than the higher of £25,000,000 and one per cent. of the Adjusted Share Capital and Reserves (as defined below), becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect thereof on the due date for such payment (as extended by any applicable grace period as originally provided) or the security for any such loan or other indebtedness for borrowed money becomes enforceable and steps are taken to enforce the same or default is made by the Issuer in making any payment due (if applicable, translated into sterling), amounting in aggregate to not less than the higher of £25,000,000 and one per cent. of the Adjusted Share Capital and Reserves, under any guarantee or indemnity given by it in respect of any loan or other indebtedness for borrowed money,

the Trustee may at its discretion, and if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of (b), (c), (d), (e) and (f) above only if it certifies that such event is, in its opinion, materially prejudicial to the interests of Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable each at their Early Redemption Amount (as described in Condition 6.6), plus accrued interest, if any (calculated as provided in the Trust Deed).

For the purposes of this Condition 9, **Adjusted Share Capital and Reserves** means at any time the aggregate of:

- (a) the amount paid up or credited as paid up on the share capital of the Issuer; and
- (b) the total of the capital, revaluation and revenue reserves of the Issuer and its Subsidiaries (as defined in the Trust Deed) taken as a whole (the **Group**), including any share premium account, capital redemption reserve and credit balance on the profit and loss account, sums set aside for taxation and amounts attributable to minority interests but deducting any debit balance on the profit and loss account and the cost of any shares of the Issuer held in an employee share ownership trust or otherwise held by a member of the Group,

all as shown in the then latest audited consolidated balance sheet of the Group 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 the Issuer 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 comprising the Group. A certificate of the Issuer signed by two Directors (as defined in the Trust Deed) of the Issuer as to the amount of the Adjusted Share Capital and Reserves as at any specified date may, in the absence of manifest error, be relied upon by the Trustee and, if so relied upon, shall be conclusive and binding on the Issuer, the Noteholders and the Couponholders.

## 9.2 Enforcement

The Trustee may at any time, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer, except that if the Trustee, having become bound so to proceed, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself take proceedings to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do.

## 10. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

## 11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified in the applicable Final Terms.

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

- (a) there will at all times be an Agent; and
- (b) so long as the Notes are admitted to trading on the main market of the London Stock Exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the London Stock Exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 10 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## 12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

## 13. NOTICES

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

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

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

#### **14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by, or on behalf of, the holders of not less than 75 per cent. of the nominal amount of the Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. In the case of Notes represented by a Global Note, the Trust Deed provides that consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held.

A meeting of Noteholders may be held electronically rather than at a physical location or a combination of both in accordance with the procedures set out in the Trust Deed.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments without the consent of the Noteholders or Couponholders. Any such modification shall (unless the Trustee agrees otherwise) be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

If so requested by the Issuer, the Trustee shall, without the consent of the Noteholders, agree to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such

Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) certification to the Trustee by two Directors of the Issuer that, in the opinion of the Issuer, the substitution will not be materially prejudicial to the interests of the Noteholders and will not have any adverse effect on the payment in a timely manner of all moneys payable under the Conditions and the Trust Deed, (c) confirmations being received by the Trustee from each rating agency which has, at the request of the Issuer, rated the Notes that the substitution will not adversely affect the then current rating of the Notes, (d) an opinion of independent legal advisers of recognised standing being provided to the Trustee as further described in the Trust Deed and (e) certain other conditions set out in the Trust Deed being complied with.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

#### **15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

#### **16. FURTHER ISSUES**

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

#### **17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **18. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

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

- (a) Subject to Condition 18(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or Coupons (a **Dispute**) and accordingly, each of the Issuer, the Trustee and any Noteholders and the Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purpose of this Condition 18, the Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## PART 2

### TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

This Note is one of a Series (as defined below) of Notes issued by British Telecommunications public limited company (the **Issuer**). Notwithstanding the provisions of the Deed of Guarantee dated 27 March 2019 between the Issuer, BT Group plc (the **Guarantor**) and The Law Debenture Trust Corporation p.l.c., the obligations of the Issuer in respect of the Notes and the Trust Deed are guaranteed (such guarantee, the **Guarantee**) by the Guarantor as described below and in the Trust Deed. The Notes are constituted by a Trust Deed dated 12 December 1997 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as Trustee).

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

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement dated 12 December 1997 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent and where the Agent is acting as calculation agent in respect of any Notes, shall include any successor calculation agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

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

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Eighth Floor, 100 Bishopsgate, London EC2N 4AG and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer being 1 Braham Street, London E1 8EE and are expected to be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

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

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

## 1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Definitive Notes are issued with Coupons attached.

The Notes will be Reset Rate Notes.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

## 2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference or priority among themselves and with any Parity Securities of the Issuer. The rights and claims of the Noteholders and the Couponholders are subordinated as described in Condition 3.

## 3. SUBORDINATION

### 3.1 General

In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, (A)(x) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 18; and (B) in each case the terms of which do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or



- (b) an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Issuer in respect of each Note and (if applicable) Coupon (in lieu of any other payment by the Issuer) such amounts, if any, as would have been payable to the relevant holder thereof if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such holder were the holder of one of a class of preference shares in the capital of the Issuer (**Notional Preference Shares of the Issuer**) having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of the ordinary share capital of the Issuer and any other obligations of the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary shares, but ranking junior to the claims of holders of all Senior Obligations of the Issuer (as defined below) (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such holder were entitled to receive in respect of each Notional Preference Share of the Issuer on a return of assets in such winding-up or such administration, as the case may be, were an amount equal to the principal amount of the relevant Note and any accrued and unpaid interest in respect thereof (including any accrued but unpaid Deferred Interest (as defined below)) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up). For the purpose of construing the provisions of the Guarantee and the Guarantor's payment obligations in respect thereof, the latter amounts shall be treated as due and payable by the Issuer on the date such order is made or such resolution is passed or notice is given, as the case may be and, consequently, a claim under the Guarantee in respect of such amount may be made on, or at any time after, such date.

In these Conditions, **Senior Obligations of the Issuer** means all obligations of the Issuer, issued directly or indirectly by it, other than Parity Securities of the Issuer (as defined in Condition 6.3) and the ordinary share capital of the Issuer.

### 3.2 Set-off

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Coupons and each Noteholder or Couponholder shall, by virtue of its holding of any Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

## 4. GUARANTEE

### 4.1 Guarantee

The payment of the principal, premium and interest in respect of the Notes and (if applicable) the Coupons has been guaranteed by the Guarantor pursuant to the Guarantee.

The Guarantee may be terminated by the Guarantor or the Issuer at any time as described in the Trust Deed and Condition 21.

### 4.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank *pari passu* and without any preference or priority among themselves and with any Parity Securities of the Guarantor (as defined below). The rights and claims of the Noteholders and the Couponholders in respect of the Guarantee against the Guarantor are subordinated as described in Condition 4.3.

### 4.3 Subordination of the Guarantee

In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Guarantor (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Guarantor, (A) the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or by an

Extraordinary Resolution (as defined in the Trust Deed); and (B) in each case the terms of which do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or

- (b) an administrator of the Guarantor being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Guarantor under the Guarantee in respect of each Note and (if applicable) Coupon (in lieu of any other payment by the Guarantor) such amounts, if any, as would have been payable to the relevant holder thereof if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such holder were the holder of one of a class of preference shares in the capital of the Guarantor (**Notional Preference Shares of the Guarantor**) having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of the ordinary share capital of the Guarantor and any other obligations of the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary shares, but ranking junior to the claims of holders of all Senior Obligations of the Guarantor (as defined below) (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such holder were entitled to receive in respect of each Notional Preference Share of the Guarantor on a return of assets in such winding-up or such administration, as the case may be, were an amount equal to the principal amount of the relevant Note and any accrued and unpaid interest in respect thereof (including any accrued but unpaid Deferred Interest (as defined below)) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up).

In these Conditions, **Senior Obligations of the Guarantor** means all obligations of the Guarantor issued directly or indirectly by it (including, without limitation, any obligation of the Guarantor under any guarantee which ranks or is expressed to rank *pari passu* with the most senior present or future preferred stock or preference shares of the Guarantor and with any present or future guarantee entered into by the Guarantor in respect of any of the most senior present or future preferred stock or preference stock of any Subsidiary (as defined in Condition 6.3) of the Guarantor) other than Parity Securities of the Guarantor and the ordinary share capital of the Guarantor.

#### 4.4 Set-off

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Notes, the Coupons or the Guarantee and each Noteholder or Couponholder shall, by virtue of its holding of any Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

### 5. INTEREST

#### 5.1 Interest Rate

Each Note bears interest (unless a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 5.2):

- (a) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date, at the Initial Rate of Interest as specified in the applicable Final Terms;
- (b) for the First Reset Period, at the First Reset Rate of Interest; and
- (c) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Condition 6) be payable, in each case, in arrear on the Interest Payment Dates specified in the applicable Final Terms.

The amount of interest payable shall be determined in accordance with Condition 5.3.

Unless specified otherwise in the applicable Final Terms, the **Following Business Day Convention** will apply to the payment of all Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5.8 below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the **Modified Following Business Day Convention** is specified in the applicable Final Terms for any Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5.8 below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.

## **5.2 Benchmark Discontinuation**

This Condition 5.2 applies unless Benchmark Discontinuation is specified in the applicable Final Terms to be “Not Applicable”. If the Issuer, in consultation with the Agent, determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 5.2 shall apply.

### **(a) Successor Rate or Alternative Rate**

If there is a Successor Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 5.2(b)) subsequently be used by the Agent (or such other Calculation Agent specified in the applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.2).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 5.2(b)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.2).

### **(b) Adjustment Spread**

If a Successor Rate or Alternative Rate is determined in accordance with Condition 5.2(a), the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the relevant Successor Rate or the Alternative Rate (as the case may be for each subsequent determination of a relevant Rate of Interest (or the relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable)).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders of such Adjustment Spread and the Agent (or such other Calculation Agent specified in the applicable Final Terms) shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

### **(c) Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.2 and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to the Issuer having to give notice thereof to the Trustee and the Noteholders in accordance with Condition 17, without any requirement for the consent or approval of Noteholders or the Couponholders, modify these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Prior to any such Benchmark Amendments taking effect, the Issuer shall provide a certificate signed by two Directors to the Trustee confirming, in the Issuer's reasonable opinion (following consultation with the Independent Adviser), (i) that a Benchmark Event has occurred, (ii) the Successor Rate or Alternative Rate (as applicable), (iii) where applicable, any Adjustment Spread and (iv) where applicable, the terms of any Benchmark Amendments in each case determined in accordance with this Condition 5.2 that such Benchmark Amendments are necessary to give effect to any application of this Condition 5.2 and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders, the Couponholders or any other person for so acting or relying on such certificate, irrespective of whether any modification to give effect to a Benchmark Amendment is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate (as applicable), any Adjustment Spread (where applicable) and any Benchmark Amendments, without prejudice to the Trustee's ability to rely on such certificate (as aforesaid), will be binding on the Issuer, the Trustee, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the other Paying Agents, the Noteholders and the Couponholders.

The Trustee shall, at the direction and expense of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors (as aforesaid), be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and, if required, the Agency Agreement), provided that the Trustee shall not be required to effect any Benchmark Amendments if the same would, in the Trustee's sole opinion, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. For the avoidance of doubt, no Noteholder or Couponholder consent shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or the Trustee (if required).

In connection with any such modifications in accordance with this Condition 5.2(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any Benchmark Amendments determined under this Condition 5.2(c) shall be notified promptly by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

Notwithstanding any other provision of this Condition 5.2, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a reduction in or loss of the “equity credit” (or such other nomenclature that a Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Notes from a Rating Agency or shortening in the length of time the Notes are assigned a particular level of “equity credit” by the relevant Rating Agency.

**(d) Independent Adviser**

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 5.2, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 5.2 shall act in good faith, in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5.2 or otherwise in connection with the Notes.

If the Issuer is in any doubt as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

**(e) Survival of Original Reference Rate Provisions**

Without prejudice to the obligations of the Issuer under this Condition 5.2, the Original Reference Rate will continue to apply unless and until a Benchmark Event has occurred and only then (i) until the end of the then current Reset Period; and (ii) once the Agent (or such other Calculation Agent specified in the applicable Final Terms) has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with the relevant provisions of this Condition 5.2 to determine the First Reset Rate of Interest or the relevant Subsequent Reset Rate of Interest, as the case may be (or the relevant component part thereof), for future payments of interest on the Notes from the end of the then current Reset Period (and subject thereafter to the operation of this Condition 5.2).

**(f) Definitions**

In this Condition 5.2:

**Adjustment Spread** means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or
- (iii) if no such determination has been made, the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable);

**Alternative Rate** means an alternative rate to the Original Reference Rate which the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in accordance with this Condition 5.2 has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities, with a commensurate interest period and in the same

Specified Currency as the Notes or, if no such rate exists, the rate which is most comparable (among other factors, on the basis of interest period and Specified Currency) to the Original Reference Rate;

**Benchmark Event** means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or ceasing permanently to be calculated, administered and published;
- (ii) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to the specified date referred to in (a) above;
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (iv) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six months prior to the specified date referred to in (a) above;
- (v) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (b) the date falling six months prior to the specified date referred to in (a) above;
- (vi) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is or will, on or before a specified date, be no longer representative and (b) the date falling six months prior to the specified date referred to in (a) above; or
- (vii) it has or will prior to the next Interest Determination Date become unlawful for the Agent, any Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate;

**Calculation Agent** means such person appointed by the Issuer as calculation agent in relation to the Notes and, if not the Agent, as specified in the applicable Final Terms and shall include any successor calculation agent appointed in respect of such Notes;

**Independent Adviser** means an independent financial institution of international repute or other independent financial adviser of recognised standing with appropriate expertise in the debt capital markets appointed by the Issuer at its own expense;

**Original Reference Rate** means the Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate);

**Relevant Nominating Body** means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the



administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

**Successor Rate** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

### 5.3 Determination of Rate of Interest and calculation of Interest Amounts

- (a) Save in the case where Condition 5.1(b) applies, the Agent (or such other Calculation Agent specified in the applicable Final Terms) will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.
- (b) If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) applies in the case of Notes represented by a Global Note, then (unless the Initial Rate of Interest has been increased in accordance with Condition 5.7) the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.
- (c) Subject to Condition 5.3(b), in all other cases (and including where the Initial Rate of Interest has been increased in accordance with Condition 5.7), the Agent (or such other Calculation Agent specified in the applicable Final Terms) will calculate the amount of interest (the **Interest Amount**) payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:
  - (i) in the case of Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
  - (ii) in the case of Notes in definitive form, the Calculation Amount,

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

The Reset Rate shall be determined as provided above in respect of each Reset Period, provided that if the Reset Rate is determined to be less than zero per cent. such Reset Rate shall be deemed to be zero per cent.

### 5.4 Notification of Rate of Interest and Interest Amounts

Where Condition 5.3(c) applies, the Agent (or such other Calculation Agent specified in the applicable Final Terms) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and (if the Agent is not the Calculation Agent) the Agent as soon as soon as possible after their determination. The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to any stock exchange on which the Notes are for the time being listed or admitted to trading where the rules of such stock exchange so require and the Agent will cause notice thereof to be published in accordance with Condition 17 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

### 5.5 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent or such other

Calculation Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent or such other Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

## **5.6 Accrual of interest**

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption under Condition 8 or substitution pursuant to Condition 9, unless payment of principal is improperly withheld or refused. In such event, interest (including on any Deferred Interest Payment, as defined below) will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

## **5.7 Step-up after a Change of Control Event**

Notwithstanding any other provision of this Condition 5, if the Issuer does not elect to redeem the Notes in accordance with Condition 8.5 following the occurrence of a Change of Control Event (as defined in Condition 8.5), the then prevailing Rate of Interest, and each subsequent Rate of Interest otherwise determined in accordance with the provisions of this Condition 5 (including, for the avoidance of doubt, in accordance with the provisions of Condition 5.2), on the Notes shall be increased by the Change of Control Step-Up Margin specified in the applicable Final Terms with effect from (and including) the date on which the Change of Control Event occurred.

Without prejudice to the Issuer's right to redeem the Notes in accordance with Condition 8.5 following the occurrence of any Change of Control Event, this Condition 5.7 shall only apply in relation to the first Change of Control Event to occur while any of the Notes remain outstanding.

## **5.8 Definitions**

Any terms not defined below or elsewhere in these Conditions shall be as set out in the applicable Final Terms;

**Benchmark Gilt** means, in respect of a Reset Period, the then current on-the run United Kingdom government security having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer (on the advice of an investment bank or financial adviser of international repute) may determine to be appropriate, at the time of selection and in accordance with customary financial practice, in the pricing of new issuances of corporate debt securities denominated in sterling with a similar tenor to such Reset Period;

**Benchmark Gilt Quotation** means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic average, as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), of the bid and offered yields (converted, if necessary, to an annualised yield rounded up to four decimal places) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank on a dealing basis for settlement on the next following Benchmark Gilts dealing day in London at the request of, or on behalf of, the Issuer;

**Benchmark Gilt Rate** means, with respect to any Reset Period, the arithmetic average of the Benchmark Gilt Quotations, expressed as a percentage (rounded, if necessary, to the third decimal place (0.0005 per cent. being rounded upwards)) determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), on the basis of the Benchmark Gilt Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Agent (or such other Calculation Agent specified in the Final Terms) at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period. If at least four quotations are provided, the Benchmark Gilt Rate will be the arithmetic average of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the arithmetic average of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Rate in respect of the immediately preceding



Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, the percentage rate specified in the applicable Final Terms as the First Reset Period Fallback;

**Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency; or (ii) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem, or any successor system (the **TARGET System**) is open (a **TARGET Business Day**);

**Day Count Fraction** means, in respect of the calculation of an amount of interest:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

- (h) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

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

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

**First Reset Period** means the period from (and including) the First Reset Date to (but excluding) the first (or only) Subsequent Reset Date, or, if no such Subsequent Reset Date is specified in the applicable Final Terms, the Maturity Date;

**First Reset Rate of Interest** means the rate of interest being determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on the relevant Reset Determination Date specified in the applicable Final Terms as the sum of the relevant Reset Rate plus the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the First Reset Period);

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

**Mid-Swap Quotations** means the arithmetic average of the bid and offered rates for the Fixed Leg (calculated on a 30/360 day count basis if the Specified Currency is euro) of a fixed for floating interest rate swap transaction in the Specified Currency which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market and (iii) has a floating leg based on the Floating Leg;

**Mid-Swap Rate** means in respect of a Reset Period (i) the applicable semi-annual or annual mid-swap rate for swap transactions in the Specified Currency with a maturity equal to that of the relevant Swap Rate Period as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such a rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate;

**Rate of Interest** means the Initial Rate of Interest, the First Reset Rate of Interest and/or each Subsequent Reset Rate of Interest, as the case may be;

**Relevant (Reset) Time** shall mean 11.00 a.m. (in the principal financial centre of the Specified Currency) or such other time as specified in the applicable Final Terms;

**Relevant Screen Page** has the meaning specified in the applicable Final Terms or such other page, section or other part as may replace it on the relevant information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or yields (as the case may be) comparable to the Reset Rate;

**Reset Date** means the First Reset Date and/or each Subsequent Reset Date, as the case may be;

**Reset Determination Date** means, in respect of a Reset Period, each date specified in the applicable Final Terms or, if none is so specified: (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, or (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period;

**Reset Period** means the First Reset Period and/or each Subsequent Reset Period, as the case may be;

**Reset Rate** means (a) if Mid-Swap Rate is specified in the applicable Final Terms, the relevant Mid-Swap Rate, (b) if Benchmark Gilt Rate is specified in the applicable Final Terms, the relevant Benchmark Gilt Rate, or (c) if Reset Reference Bond Rate is specified in the applicable Final Terms, the relevant Reset Reference Bond Rate;

**Reset Reference Bank Rate** means the percentage rate determined on the basis of (a) if Mid-Swap Rate is specified in the applicable Final Terms, the Mid-Swap Quotations provided by the Reset Reference Banks to the Issuer (and any such quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms) at or around 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date; (b) if Reset Reference Bond Rate is specified in the applicable Final Terms, the Reset Reference Bond Quotations provided by the Reset Reference Banks to the Calculation Agent at or around the Relevant (Reset) Time on such Reset Determination Date, and, in each case, rounded, if necessary, to the third decimal place (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the arithmetic average of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the arithmetic average of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the relevant Mid-Swap Rate or Reset Reference Bond Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, the percentage rate specified in the applicable Final Terms as the “First Reset Period Fallback”;

**Reset Reference Banks** means (i) in the case of the calculation of a Reset Reference Bank Rate where Mid-Swap Rate is specified in the applicable Final Terms, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer or (iii) in the case of Reset Reference Bond Rate, the principal office in the principal financial centre of the Specified Currency of five major banks which are primary government securities dealers or market makers in pricing corporate bond issues in the Specified Currency;

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

**Reset Reference Bond Rate** means, in respect of a Reset Period:

- (i) the arithmetic average (expressed as a percentage rate per annum and rounded, if necessary, to the third decimal place (0.0005 per cent. being rounded upwards)) of the bid and offered yields of the relevant Reset Reference Bond, as determined by the Calculation Agent by reference to the Relevant Screen Page at the Relevant (Reset) Time on such Reset Determination Date; or
- (ii) if such rate does not appear on the Relevant Screen Page at such Relevant (Reset) Time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

**Reset Reference Bond Quotation** means, in relation to a Reset Reference Bank and a Reset Determination Date, if Reset Reference Bond Rate is specified as the Reset Rate in the applicable Final Terms, the arithmetic average of the bid and offered yields for the relevant Reset Reference Bond provided by such Reset Reference Bank to the Issuer (and such bid and offered yields for the relevant Reset Reference Bond shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)) at approximately the Relevant (Reset) Time on such Reset Determination Date;

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

**Subsequent Margin** means, in respect of a Subsequent Reset Period, the relevant margin (expressed as a percentage) specified in the applicable Final Terms as applying to such Subsequent Reset Period;

**Subsequent Reset Period** means the period from (and including) the first (or only) Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) or, if there is no such succeeding Subsequent Reset Date, the Maturity Date, and if applicable, each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or, if there is no such Subsequent Reset Date, the Maturity Date; and

**Subsequent Reset Rate of Interest** means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

## **6. DEFERRAL OF INTEREST**

### **6.1 Deferral of Interest Payments**

The Issuer may, at its discretion, elect to defer in whole or in part, payment of any Interest Amount (any such deferred Interest Amount, a **Deferred Interest Payment**) which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date) by giving notice (a **Deferral Notice**) of such election to the Noteholders in accordance with Condition 17 and to the Trustee and the Agent not more than 30 nor less than seven Business Days prior to the relevant Interest Payment Date. Subject to Condition 6.3, if the Issuer elects to defer (in whole or in part) payment of any Interest Amount on an Interest Payment Date in accordance with this Condition 6.1, then neither it nor the Guarantor will have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest shall not constitute a default or any other breach by the Issuer or the Guarantor of its obligations under the Notes or the Guarantee or for any other purpose.

Any Deferred Interest Payment shall itself bear interest (such further interest being an **Additional Interest Amount** and, together with the Deferred Interest Payment, being **Deferred Interest**), at the Rate of Interest prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined below) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 6.3, in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Deferred Interest (or part thereof) shall not constitute a default or any other breach by the Issuer or the Guarantor of its obligations under the Notes or the Guarantee or for any other purpose, unless such payment is required in accordance with Condition 6.3.

### **6.2 Optional payment of Deferred Interest**

Deferred Interest may be paid at the option of the Issuer in whole or in part at any time (the **Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Noteholders in accordance with Condition 17, the Trustee and Agent not more than 30 nor less than seven Business Days prior to the relevant Deferred Interest Settlement Date informing them of its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date.

### **6.3 Mandatory payment of Deferred Interest**

Notwithstanding the preceding provisions of this Condition 6 relating to the ability of the Issuer to defer Interest Amounts, the Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (a) the date which is 10 Business Days following the occurrence of a Compulsory Deferred Interest Payment Event;
- (b) the next scheduled Interest Payment Date if the Issuer pays interest on the Notes on such date;
- (c) the date on which the Notes are redeemed or repaid in accordance with Condition 3, Condition 4, any paragraph of Condition 8 or Condition 13;

- (d) the date on which the Notes are substituted for, or where the terms of the Notes are varied so that they become, Qualifying Notes in accordance with Condition 9; and
- (e) (if specified in the applicable Final Terms) the date which is five years from the Interest Payment Date on which the first Deferred Interest Payment occurred.

Each of the following is a **Compulsory Deferred Interest Payment Event**:

- (a) (subject as provided below) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor declares or pays any distribution or dividend (other than a dividend declared by the Issuer or the Guarantor, as the case may be, before the earliest Deferral Notice in respect of the then-outstanding Deferred Interest was given in accordance with Condition 6.1) or makes any other payment on the ordinary share capital of the Issuer or the Guarantor or any Parity Securities of the Issuer or any Parity Securities of the Guarantor (other than, for the avoidance of doubt, the payment or making of a dividend or distribution by any Subsidiary of the Issuer and/or the Guarantor on any of its share capital or other securities which do not benefit from a guarantee or support agreement of the type referred to in the definition of either Parity Securities of the Issuer or Parity Securities of the Guarantor) except where (A) such distribution or dividend or other payment was required to be made in respect of any stock option plan of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor; (B) such distribution, dividend or other payment was required to be declared, paid or made under the terms of such Parity Securities of the Issuer or Parity Securities of the Guarantor or by mandatory operation of law; or (C) such distribution, dividend or other payment is made (or to be made) only to the Issuer, the Guarantor and/or any Subsidiary of the Issuer or the Guarantor;
- (b) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor redeems, purchases, cancels, reduces or otherwise acquires any ordinary shares of the Issuer, any ordinary shares of the Guarantor, any Parity Securities of the Issuer or any Parity Securities of the Guarantor, except where (A) such redemption, purchase, cancellation, reduction or other acquisition was required to be made in respect of any stock option plan or employee share scheme of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor; (B) such redemption, purchase, cancellation, reduction or other acquisition is effected as a public cash tender offer or public exchange offer in respect of Parity Securities of the Issuer or Parity Securities of the Guarantor at a purchase price per security which is below its par value; (C) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor is obliged under the terms and conditions of such Parity Securities of the Issuer or Parity Securities of the Guarantor or by mandatory operation of law to make such redemption, purchase, cancellation, reduction or other acquisition; or (D) any payment in respect of such redemption, purchase, cancellation, reduction or acquisition is made (or to be made) only to the Issuer, the Guarantor and/or any Subsidiary of the Issuer or the Guarantor,

and provided that following termination of the Guarantee pursuant to Condition 21 and the Trust Deed, (i) references in this definition to “the Guarantor” shall be deemed to be references to “BT Group plc”; and (ii) references in this definition to “Parity Securities of the Guarantor” shall be deemed to be references to “Parity Securities of BT Group plc”.

A Compulsory Deferred Interest Payment Event shall not occur pursuant to paragraph (a) above in respect of any *pro rata* payment of deferred interest on a Parity Security of the Issuer and/or any Parity Security of the Guarantor which is made simultaneously with a *pro rata* payment of any Deferred Interest provided that such *pro rata* payment on a Parity Security of the Issuer and/or a Parity Security of the Guarantor is not proportionately more than the *pro rata* settlement of any such Deferred Interest.

In these Conditions:

**Parity Securities of BT Group plc** means (if any) the most junior class of preference share capital in BT Group plc and any other obligations of (i) BT Group plc, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such preference shares and/or which would have ranked *pari passu* with the Guarantee had the Guarantee not been terminated in accordance with Condition 21 and the Trust Deed; or (ii) any Subsidiary of BT Group plc (other than the Notes) having the benefit of a guarantee or support agreement from BT Group plc which ranks and/or is expressed to rank *pari passu* with such preference shares or which would have ranked *pari passu* with the Guarantee had the Guarantee not been terminated in accordance with Condition 21 and the Trust Deed;

**Parity Securities of the Guarantor** means (if any) the most junior class of preference share capital in the Guarantor and any other obligations of (i) the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Guarantee or such preference shares or (ii) any Subsidiary of the Guarantor (other than the Notes) having the benefit of a guarantee or support agreement from the Guarantor which ranks or is expressed to rank *pari passu* with the Guarantee or such preference shares;

**Parity Securities of the Issuer** means (if any) the most junior class of preference share capital in the Issuer and any other obligations of (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Notes or such preference shares or (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Notes or such preference shares; and

**Subsidiary** means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and **Subsidiaries** shall be construed accordingly.

## **7. PAYMENTS**

### **7.1 Method of payment**

Subject as provided below:

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

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11.

### **7.2 Presentation of definitive Notes and Coupons**

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Upon the date on which any Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

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

### **7.3 Payments in respect of Global Notes**

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States.

Except in the case of a New Global Note, a record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made

on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

In the case of a New Global Note, the Issuer shall procure that details of payment of principal and interest (if any) in respect of any Global Note, shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by such Global Note will be reduced accordingly. Payments under the New Global Note will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

#### **7.4 General provisions applicable to payments**

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

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

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

#### **7.5 Payment Day**

Unless specified otherwise in the applicable Final Terms, if the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (B) in relation to any sum payable in euro, a day on which the TARGET System is open.

#### **7.6 Interpretation of principal and interest**

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



- (a) any additional amounts which may be payable with respect to principal under Condition 11 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes (being the Early Redemption Amount (Tax), Early Redemption Amount (Change of Control), Early Redemption Amount (Rating), Early Redemption Amount (Accounting) and Early Redemption Amount (Event of Default), as applicable);
- (d) the Optional Redemption Amount(s) (if any) of the Notes (being the Par Call Optional Redemption Amount, the Make-Whole Amount and/or the Clean-up Call Optional Redemption Amount, as applicable); and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest will, unless the context otherwise requires, include Deferred Interest. Any reference in the Conditions to interest (including in relation to any Deferred Interest) in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest (including in respect of any Deferred Interest) under Condition 11 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **8. REDEMPTION AND PURCHASE**

### **8.1 Final redemption**

- (a) *Notes with a specified maturity date*

Unless previously redeemed or purchased and cancelled or (pursuant to Condition 9) substituted as provided in these Conditions, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms, together with any accrued and unpaid interest up to (but excluding) the Maturity Date (including any accrued but unpaid Deferred Interest) in the relevant Specified Currency on the Maturity Date.

- (b) *Notes with no specified maturity date*

Notes with no specified maturity date are undated obligations of the Issuer and have no fixed maturity date, but may be redeemed early at the option of the Issuer under certain circumstances set out below.

### **8.2 Redemption for tax reasons**

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem at any time all, but not some only, of the Notes at the Early Redemption Amount (Tax), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

a **Tax Deductibility Event** shall be deemed to have occurred if as a result of a Tax Law Change other than an Excluded Change:

- (a) in respect of, or as a result of, the Issuer's obligation to pay an Interest Amount on the next following Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of the expense recognised by the Issuer for accounting purposes as attributable to such Interest Amount in computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced or materially delayed (a **disallowance**); or
- (b) in respect of the Issuer's obligation to pay any Interest Amount on the next following Interest Payment Date, the Issuer would not to any material extent be entitled to have any loss attributable to, or resulting from, such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date of the last Tranche of the Notes or any similar system or systems having like effect as may from time to time exist) otherwise than as a result of a disallowance in (a),

and, in each case, the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to the Issuer (provided measures reasonably available to the Issuer shall not include allocating a disallowance provided in (a) above to any other company or security);

**Excluded Change** means a Tax Law Change resulting in a disallowance within (a) where the Tax Law Change arises as a result of the enactment of provisions in the Finance (No. 2) Bill 2023 which are intended to implement the model rules published by the Organisation for Economic Co-operation and Development as "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS", save in circumstances where the disallowance within (a) results from changes to the Finance (No. 2) Bill 2023 after the Issue Date;

**Tax Law Change** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having the power to tax, including any treaty or convention to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations or any such treaty or convention, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after the Issue Date of the last Tranche of the Notes; and

a **Withholding Tax Event** shall be deemed to occur if as a result of a Tax Law Change, in making any payments on the Notes, the Coupons or the Guarantee, the Issuer or the Guarantor, as the case may be, has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Notes or the Coupons and the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing in connection with the Notes or the Guarantee, as the case may be, by taking reasonable measures available to it.

### 8.3 Redemption at the option of the Issuer (Issuer Par Call)

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, on any Par Call Optional Redemption Date specified in the applicable Final Terms at the Final Redemption Amount specified in the applicable Final Terms, unless a Par Call Optional Redemption Amount is specified in the applicable Final Terms in which case at such Par Call Optional Redemption Amount, together (if appropriate) with interest accrued to (but excluding) the date of redemption and any accrued but unpaid Deferred Interest.

### 8.4 Redemption at the option of the Issuer (Issuer Call (Make-Whole))

If Issuer Call (Make-Whole) is specified in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Make-Whole Optional Redemption Date at an amount equal to the Make-Whole Amount, together (if appropriate)

with interest accrued to (but excluding) the relevant Make-Whole Optional Redemption Date and any accrued but unpaid Deferred Interest. If the applicable Final Terms specify the Notes are redeemable in part, such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In this Condition 8.4:

**Make-Whole Amount** shall be an amount calculated by the Agent (or such other Calculation Agent specified in the applicable Final Terms) equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the sum (rounding the resulting figure, if necessary, to the nearest sub-unit of the Specified Currency (half of any such sub-unit being rounded upwards)) of the present values as at the date of redemption of (A) the principal amount outstanding of the Notes to be redeemed, discounted from the next Par Call Optional Redemption Date specified in the applicable Final Terms to the date of redemption and (B) the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption and exclusive of any accrued but unpaid Deferred Interest to the date of redemption) discounted to the date of redemption on an annual basis or semi-annual basis (as the case may be, on the relevant day count basis and if “30/360” is specified in the applicable Final Terms, the number of days in the relevant period from (and including) the most recent Interest Payment Date (or if none, the Interest Commencement Date) to (but excluding) the date of redemption (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360 or, in the case of an incomplete month, the number of days elapsed) at a rate equal to the higher of (x) the Reference Bond Rate, plus the Redemption Margin; and (y) zero per cent.

**Redemption Margin** shall be as set out in the applicable Final Terms;

**Reference Bond** shall be as set out in the applicable Final Terms (or if it is no longer outstanding, as at the Reference Date, the then current on-the-run government securities having an actual or interpolated maturity comparable with a term of the Notes to the next Par Call Optional Redemption Date specified in the applicable Final Terms that would be utilised in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the term of the Notes to such next Par Call Optional Redemption Date, as determined by the Issuer in consultation with the Reference Government Bond Dealers);

**Reference Bond Rate** means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent (or such other Calculation Agent specified in the applicable Final Terms) receives from the Issuer fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

**Reference Date** will be set out in the relevant notice of redemption;

**Reference Government Bond Dealer** means each of the five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

**Reference Government Bond Dealer Quotations** means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), of the bid and offered yields (converted, if necessary, to an annualised yield rounded up to four decimal places) for the Reference Bond at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Issuer by such Reference Government Bond Dealer (and any such quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)); and

**Remaining Term Interest** means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note to the next Par Call Optional Redemption Date specified in the applicable Final Terms determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 8.4.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8.4 by the Agent (or such other Calculation Agent specified in the applicable Final Terms), shall (in the absence of negligence, wilful default or bad faith) be binding on the Issuer, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 17 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 17 at least five days prior to the Selection Date.

## 8.5 Redemption following a Change of Control

If immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes at any time at the Early Redemption Amount (Change of Control), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

The Trustee is under no obligation to ascertain whether a Change of Control Event, Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event below, and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Event, Change of Control or other such event has occurred.

In these Conditions:

a **Change of Control Event** shall be deemed to occur if a Change of Control has occurred and:

- (a) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Issuer's senior unsecured obligations (the **Senior Unsecured Obligations**) carry from any Rating Agency:
  - (i) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a **Non-Investment Grade Rating**) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
  - (ii) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Ba1 to Ba2 being one notch) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
  - (iii) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that if at the time of the occurrence of the Change of Control the Senior Unsecured Obligations carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (i) will apply; and

- (b) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (i) and (ii) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in

writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

If the rating designations employed by any of Moody's, Fitch or Standard & Poor's are changed from those which are described in paragraph (a) of the definition of Change of Control Event above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, in good faith, and notify the Trustee of the rating designations of Moody's, Fitch or Standard & Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or Standard & Poor's and the definition of Change of Control Event shall be construed accordingly.

a **Change of Control** will be deemed to have occurred if:

- (a) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or
- (b) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

**Change of Control Period** means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Senior Unsecured Obligations are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

**Fitch** means Fitch Ratings Ltd or any other entity that is part of the group to which Fitch Ratings Ltd or its successor belongs;

**Moody's** means Moody's Investors Service Ltd. or any other entity that is part of the group to which Moody's Investors Service Ltd. or its successor belongs;

a **Negative Rating Event** shall be deemed to have occurred if at such time as there is no rating assigned to the Senior Unsecured Obligations by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of any of the Senior Unsecured Obligations, or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

**Rating Agency** means any of Fitch, Moody's or Standard & Poor's and Rating Agencies means all of them;

**Relevant Potential Change of Control Announcement** means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

**Standard & Poor's** means S&P Global Ratings, acting through S&P Global Ratings UK Limited or any entity that is part of the group to which S&P Global Ratings UK Limited or its successor belongs; and

**Substitute Rating Agency** means any rating agency substituted for any of the Rating Agencies by the Issuer from time to time.

## 8.6 Redemption following a Rating Capital Event

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes at any time at the Early Redemption Amount (Rating), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

a **Rating Capital Event** shall be deemed to occur if the Issuer and/or Guarantor has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency then providing a solicited rating of the Issuer and/or the Guarantor or the Notes at the invitation of, or with the consent of, the Issuer and/or the Guarantor and in accordance with which the Notes are assigned an "equity credit", either directly or via a publication by such Rating Agency that, as a result of a change in its hybrid capital methodology or the interpretation thereof which becomes effective on or after the Issue Date of the last Tranche of Notes (or, if later, effective after the date when the "equity credit" is assigned to the Notes by such Rating Agency for the first time), and as a result of which, but not otherwise, the Notes will no longer be eligible (or if the Notes have been partially or fully refinanced since the Issue Date of the first Tranche of the Notes and are no longer eligible for "equity credit" from such Rating Agency in part or in full as a result, any or all of the Notes would no longer have been eligible as a result of such change had they not been refinanced) for the same, or higher amount of, "equity credit" (or such other nomenclature as the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Notes at the Issue Date of the last Tranche of the Notes or, if later, at the time when the relevant Rating Agency first publishes its confirmation of the "equity credit" attributed by it to the Notes or if the period of time during which the relevant Rating Agency attributed to the Notes a particular category of "equity credit" at the Issue Date of the last Tranche of Notes (or if a particular category of "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date of the last Tranche of the Notes, at the date on which a particular category of "equity credit" is assigned by such Rating Agency for the first time) is shortened.

## 8.7 Redemption following an Accounting Event

If an Accounting Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes at any time at the Early Redemption Amount (Accounting), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

an **Accounting Event** shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles or methodology (or in each case the application thereof) which have been officially adopted by the International Accounting Standards Board (or any other body responsible for International Financial Reporting Standards (**IFRS**)) or any other accounting standards that may replace IFRS or that the Issuer may adopt in the future for the preparation of the audited annual or the semi-annual consolidated financial statements of the Issuer in accordance with United Kingdom company law) after the Issue Date of the last Tranche of the Notes (such date of adoption being the **Accounting Event Adoption Date**), the Notes may no longer be recorded as a "financial liability" if "financial liability" is specified in the applicable Final Terms or "equity" if "equity" is specified in the applicable Final Terms, as the case may be, in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS or that the Issuer may adopt in the future for the preparation of the audited annual or the semi-annual consolidated financial statements of the Issuer in accordance with United Kingdom law. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date.

## 8.8 Clean-up redemption at the option of the Issuer

If Clean-up Call is specified in the applicable Final Terms and a Clean-up Call Event has occurred, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes on, or at any time after, the Clean-up Call Optional Redemption Date specified in the applicable Final Terms. Any such redemption of the Notes shall be at their Clean-up Call Optional Redemption Amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

**Clean-up Call Event** means the Clean-up Call Threshold Percentage specified in the applicable Final Terms or more of the aggregate nominal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 20 will be deemed to have been originally issued) have been redeemed and/or purchased by the Issuer (except, if applicable, for the Notes redeemed at the Make-Whole Amount).

## **8.9 Early Redemption Amounts**

For the purpose of Condition 8.2, 8.5, 8.6 and 8.7 above and Condition 13, each Note will be redeemed at its Early Redemption Amount specified in the applicable Final Terms (being the Early Redemption Amount (Tax), Early Redemption Amount (Change of Control), Early Redemption Amount (Rating), Early Redemption Amount (Accounting) and Early Redemption Amount (Event of Default), as applicable), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

## **8.10 Purchases**

Each of the Issuer, the Guarantor and any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor or any of their respective Subsidiaries surrendered to any Paying Agent for cancellation.

## **8.11 Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.10 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

# **9. SUBSTITUTION OR VARIATION**

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or a Withholding Tax Event (each, or any combination of the foregoing, a **Special Event**) has occurred and is continuing, then the Issuer may, subject to Condition 10 (without any requirement for the consent or approval of the Noteholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 9 and Condition 10 have been complied with, and having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and specify the date for substitution or variation, as the case may be), at any time either (i) substitute all, but not some only, of the Notes for, or (ii) vary the terms of the Notes with the effect that they remain or become, as the case may be, Qualifying Notes, and the Trustee shall (subject to the following provisions of this Condition 9 and subject to the receipt by it of the certificate of the Directors of the Issuer referred to in Condition 10 below) agree to such substitution or variation but without further responsibility or liability on the part of the Trustee.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Notes in accordance with this Condition 9.

In connection therewith, any accrued but unpaid Deferred Interest will be satisfied in full in accordance with the provisions of Condition 6.3.

The Trustee shall, without any requirement for the consent or approval of the Holders, execute any documents necessary to effect the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as the case may be, become, Qualifying Notes, provided that the Trustee shall not be obliged to execute any such documents if, in the Trustee's opinion, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party in any way. If the Trustee does not execute any necessary documents as provided above, the Issuer may redeem the Notes as provided in Condition 8.

In connection with any substitution or variation in accordance with this Condition 9, the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event with respect to the Notes or the Qualifying Notes.

In these Conditions:

**Official List** means the Official List of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (as amended or superseded);

**Qualifying Notes** means securities that contain terms not materially less favourable to Noteholders than the terms of the Notes (as reasonably determined by the Issuer (in consultation with an independent investment bank, independent financial adviser or counsel of international standing)) and provided that:

- (a) they shall be issued by (i) the Issuer with a guarantee of the Guarantor (which shall be permitted to include termination rights on substantially the same terms as the existing Guarantee) to the extent the Guarantee has not been terminated at such time, (ii) the Guarantor or (iii) a wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer and, to the extent the Guarantee has not been terminated at such time, the Guarantor (which shall be permitted to include termination rights on substantially the same terms as the existing Guarantee); and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a winding-up or administration (in circumstances where the administrator has given notice of its intention to declare and distribute a dividend) of the Issuer with the Notes; and
- (c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Notes and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under these Conditions to any accrued interest which has accrued to Noteholders and Couponholders and not been paid; and
- (f) they shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Notes, save where (without prejudice to the requirement that the terms are not materially less favourable to Noteholders than the terms of the Notes as described above) any modifications to such terms are required to be made to avoid the occurrence or effect of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or, as the case may be, a Withholding Tax Event; and
- (h) they shall be (i) listed on the Official List and admitted to trading on the London Stock Exchange's Main Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer; and



- (i) they shall, immediately after such substitution or variation, be assigned at least the same solicited credit rating(s) from each Rating Agency as the credit rating assigned to the Notes at the invitation of or with the consent of the Issuer immediately prior to such substitution or variation; and
- (j) they shall not provide for the mandatory deferral or cancellation of payments of interest and/or principal; and

**Recognised Stock Exchange** means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

#### **10. PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL EVENT, CLEAN-UP CALL EVENT, SUBSTITUTION AND VARIATION**

Prior to the publication of any notice of redemption pursuant to Condition 8 (other than redemption pursuant to Condition 8.3 or Condition 8.4) or any notice of substitution or variation pursuant to Condition 9, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures and (ii) in the case of redemption pursuant to Condition 8.2 only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom experienced in such matters to the effect that the relevant requirement or circumstance giving rise to such right of redemption applies. In relation to a substitution or variation pursuant to Condition 9, such certificate referred to in (i) above shall also include further certifications that the terms of the Qualifying Notes are not materially less favourable to Noteholders than the terms of the Notes, that such determination was reached by the Issuer, acting reasonably, in consultation with an independent investment bank, independent financial adviser or counsel of international standing and that the criteria specified in paragraphs (a) to (j) of the definition of Qualifying Notes will be satisfied by the Qualifying Notes upon issue. The Trustee shall be entitled to accept such certificate without liability to any person and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent to redemption, substitution or variation set out in the relevant Conditions, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Any redemption of the Notes in accordance with Condition 8 or any substitution or variation of the Notes in accordance with Condition 9 shall be conditional on all accrued but unpaid Deferred Interest being paid in full in accordance with the provisions of Condition 6 on or prior to the date of such redemption, substitution or, as the case may be, variation, together with any accrued and unpaid interest up to (but excluding) such redemption, substitution or, as the case may be, variation date.

The Trustee is under no obligation to ascertain whether any Special Event, Change of Control Event, Change of Control or Clean-up Call Event or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control Event, Change of Control or Clean-up Call Event has occurred and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event, Change of Control Event, Change of Control, Clean-up Call Event or such other event has occurred.

#### **11. TAXATION**

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

- (a) presented for payment by or on behalf of a holder who (i) could avoid such withholding or deduction 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, or (ii) is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.5).

Notwithstanding any other provision of these Conditions or the Trust Deed, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **FATCA Withholding**). None of the Issuer, the Guarantor or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

- (i) **Code** means the United States Internal Revenue Code of 1986, as amended;
- (ii) **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and
- (iii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 17.

## 12. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 11) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

## 13. EVENT OF DEFAULT AND ENFORCEMENT

### 13.1 Event of Default

If a default is made by the Issuer or the Guarantor for a period of 28 days or more in the payment in the Specified Currency of any interest (including any Deferred Interest payable under Condition 6.3), or for a period of 14 days or more in the payment in the Specified Currency of principal, due in respect of the Notes (an **Event of Default**) then the Issuer and/or the Guarantor, as the case may be, shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Notes and, if applicable, the Coupons and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 13.2(b)) institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor for such payment (such amount, the **Early Redemption Amount (Event of Default)**).

## **13.2 Enforcement**

- (a) The Trustee may at its discretion (subject to Condition 13.2(b)) and without further notice institute such actions, steps or proceedings against the Issuer and/or the Guarantor, as the case may be, as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor, as the case may be, under the Trust Deed or the Notes but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such actions, steps or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (b) The Trustee shall not be bound to take any of the actions referred to in Condition 13.1 or Condition 13.2(a) above against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed or the Notes or any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the Noteholders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Guarantor or to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 13.
- (d) No remedy against the Issuer and/or the Guarantor, other than as referred to in this Condition 13, shall be available to the Trustee (on behalf of the Noteholders or Couponholders) or to the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed (including the Guarantee) or in respect of any breach by the Issuer and/or the Guarantor of any of its/their other obligations under or in respect of the Notes or the Trust Deed.

## **14. REPLACEMENT OF NOTES, COUPONS AND TALONS**

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

## **15. PAYING AGENTS**

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified in the applicable Final Terms.

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

- (a) there will at all times be an Agent and a Calculation Agent; and
- (b) so long as the Notes are admitted to trading on the main market of the London Stock Exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the London Stock Exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 10 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 17.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

## **16. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 12.

## **17. NOTICES**

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

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

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

## **18. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including the provisions regarding subordination referred to in Condition 2, Condition 3 and/or Condition 4, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes or the Coupons or the provisions concerning the quorum required at a meeting or the majority required to pass an Extraordinary Resolution), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the

time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The agreement or approval of Noteholders or Couponholders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 5.2, or of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 9 in connection with the substitution or variation of the terms of the Notes so that they remain or become Qualifying Notes, to which the Trustee has agreed pursuant to the relevant provisions of Condition 9.

The Trust Deed provides that a resolution in writing signed by, or on behalf of, the holders of not less than 75 per cent. of the nominal amount of the Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. In the case of Notes represented by a Global Note, the Trust Deed provides that consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held.

A meeting of Noteholders may be held electronically rather than at a physical location or a combination of both in accordance with the procedures set out in the Trust Deed.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments or any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 9 in connection with the substitution or variation of the terms of the Notes so that they remain or become Qualifying Notes, without the consent of the Noteholders or Couponholders. Any such modification or variation shall (unless the Trustee agrees otherwise) be binding on the Noteholders and the Couponholders and any such modification or variation shall be notified to the Noteholders in accordance with Condition 17 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 11 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 11 pursuant to the Trust Deed.

If so requested by the Issuer, the Trustee shall, without the consent of the Noteholders, agree to the substitution, on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) certification to the Trustee by two Directors of the Issuer that, in the opinion of the Issuer, the substitution will not be materially prejudicial to the interests of the Noteholders and will not have any adverse effect on the payment in a timely manner of all moneys payable under the Conditions and the Trust Deed, (c) confirmations being received by the Trustee from each rating agency which has, at the request of the Issuer, rated the Notes that the substitution will not adversely affect the then current rating of the Notes, (d) an opinion of independent legal advisers of recognised

standing being provided to the Trustee as further described in the Trust Deed and (e) certain other conditions set out in the Trust Deed being complied with.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

#### **19. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

#### **20. FURTHER ISSUES**

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

#### **21. TERMINATION OF THE GUARANTEE**

Notwithstanding any provision of these Conditions, the Trust Deed contains provisions which, for so long as BT Group plc remains the Guarantor, permit a termination of the Guarantee at the sole discretion of the Issuer or the Guarantor where:

- (a) the Issuer or the Guarantor has issued a certificate to the Trustee signed by two Directors of the Issuer or the Guarantor certifying that no Event of Default is continuing; and
- (b) a deed supplemental to the Trust Deed has been entered into discharging the Guarantor's obligations as the guarantor under the Guarantee.

The Guarantor has undertaken in the Trust Deed to promptly notify Holders in accordance with Condition 17 of any such termination of the Guarantee.

#### **22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **23. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

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

- (a) Subject to Condition 23(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or Coupons (a **Dispute**) and accordingly, each of the Issuer, the Guarantor, the Trustee and any Noteholders and the Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purpose of this Condition 23, each of the Issuer and the Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

## SCHEDULE 2

### FORMS OF GLOBAL AND DEFINITIVE NOTES, COUPONS AND TALONS

#### PART 1

##### FORM OF TEMPORARY GLOBAL NOTE

**[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.]<sup>1</sup>**

##### **BRITISH TELECOMMUNICATIONS public limited company**

*(incorporated with limited liability under the Companies Acts 1948 to 1981)*

##### **TEMPORARY GLOBAL NOTE**

This Note is a Temporary Global Note in respect of a duly authorised issue of Notes (the **Notes**) of the Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Notes (the **Final Terms**), a copy of which is attached hereto, of British Telecommunications public limited company (the **Issuer**). References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Part 1 (if the Notes are Senior Notes) or Part 2 (if the Notes are Subordinated Notes) of Schedule 1 to the Trust Deed (as defined below) as modified and supplemented by the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Note. This Global Note is issued subject to, and with the benefit of, the Conditions, a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 12 December 1997 and made between the Issuer, BT Group plc (the **Guarantor**) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes and the Agency Agreement (as defined in the Conditions).

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Agent or any of the other paying agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes, but in each case subject to the requirements as to certification provided herein.

If the Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of each such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes, a statement issued by a relevant Clearing System (which statement shall be made available to the

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<sup>1</sup> Delete if the Notes have an initial maturity of 365 days or less.



bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

If the Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II or III of Schedule One hereto or in Schedule Two hereto.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems, and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation, the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount of such Notes so redeemed or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make entries referred to above shall not affect such discharge.

Payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will only be made to the bearer hereof to the extent that there is presented to the Agent by Euroclear or Clearstream, Luxembourg a certificate to the effect that it has received from or in respect of a person entitled to a beneficial interest in a particular nominal amount of the Notes represented by this Global Note (as shown by its records) a certificate of non-U.S. beneficial ownership in the form required by it. The bearer of this Global Note will not be entitled to receive any payment hereon due on or after the Exchange Date unless, upon due certification, exchange of this Global Note for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused.

On or after the date (the **Exchange Date**) which is 40 days after the Issue Date, this Global Note may be exchanged (free of charge) in whole or in part for, as specified in the Final Terms, either (a) Definitive Notes and (if applicable) Coupons and Talons in or substantially in the forms set out in Parts 3, 4 and 5 of Schedule 2 to the Trust Deed or (b) either (if the Final Terms indicates that this Global Note is intended to be a New Global Note) interests recorded in the records of the relevant Clearing Systems in a Permanent Global Note or (if the Final Terms indicates that this Global Note is not intended to be a New Global Note) a Permanent Global Note, which, in either case, is in or substantially in the form set out in Part 2 of Schedule 2 to the Trust Deed (together with the Final Terms attached thereto) (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons and Talons and the Final Terms (or the relevant provisions of the Final Terms) have either been endorsed on or attached to such Definitive Notes) upon notice being given by Euroclear and/or Clearstream, Luxembourg acting on the instructions of any holder of an interest in this Global Note and subject, in the case of Definitive Notes to such notice period as is specified in the Final Terms.

If Definitive Notes and (if applicable) Coupons and Talons have already been issued in exchange for all of the Notes represented for the time being by a Permanent Global Note, then this Global Note may only thereafter be exchanged for Definitive Notes and (if applicable) Coupons and Talons pursuant to the terms hereof. This Global Note may be exchanged by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for general business in London.

The Issuer shall procure that Definitive Notes or (as the case may be) the Permanent Global Note shall be issued and delivered and (in the case of the Permanent Global Note where the Final Terms indicates that this Global Note is intended to be a New Global Note) interests in the Permanent Global Note shall be recorded in the records of the relevant Clearing Systems in exchange for only that portion of this Global Note in respect of which there shall have been presented to the Agent by Euroclear or Clearstream, Luxembourg a certificate to the effect that it has received from or in respect of a person entitled to a particular nominal amount of the Notes represented by this Global Note (as shown by its records) a certificate of non-U.S. beneficial ownership in the form required by it.

On an exchange of the whole of this Global Note, this Global Note shall be surrendered to or to the order of the Agent. The Issuer shall procure that:

- (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, on an exchange of the whole or part only of this Global Note, details of such exchange shall be entered *pro rata* in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note shall be reduced by the nominal amount of this Global Note so exchanged; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, on an exchange of part only of this Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount of this Global Note so exchanged. On any exchange of this Global Note for a Permanent Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two to the Permanent Global Note and the relevant space in Schedule Two thereto recording such exchange shall be signed by or on behalf of the Issuer.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof shall in all respects (except as otherwise provided herein) be entitled to the same benefits as if he were the bearer of Definitive Notes and the relative Coupons and Talons (if any) in the form(s) set out in Part 3, Part 4 and Part 5 (as applicable) of Schedule 2 to the Trust Deed.

Each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes represented by this Global Note (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such Notes, for which purpose the bearer of this Global Note shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of this Global Note and the Trust Deed. In order to exercise any rights in their capacity as Noteholders, Accountholders must exercise such rights through Euroclear or Clearstream, Luxembourg, either against presentation of this Global Note to or to the order of the Agent and against its endorsement by or on behalf of the Agent to reflect the exercise of such rights or, at the option of the Agent, by the production to the Agent of an undertaking from Euroclear and/or

Clearstream, Luxembourg that they will not debit or transfer Notes from the account of that Accountholder until a certain time or date or before the occurrence of an identified condition precedent.

This Global Note and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

No rights are conferred on any person by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note shall not be valid unless authenticated by Citibank, N.A., London Branch, as Agent and, if the Final Terms indicates that this Global Note is intended to be a New Global Note (i) which is intended to be held in a manner which would allow Eurosystem eligibility or (ii) in respect of which effectuation is to be applicable, effectuated by the entity appointed as common safekeeper by the relevant Clearing Systems.

**IN WITNESS** whereof the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

**BRITISH TELECOMMUNICATIONS**  
**public limited company**

By: .....  
**Duly Authorised**

Authenticated without recourse,  
warranty or liability by  
Citibank, N.A., London Branch,  
as Agent

By .....  
**Authorised Signatory**

\*Effectuated without recourse,  
warranty or liability by

as common safekeeper

By:.....

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\* This should only be completed where the Final Terms indicates that this Global Note is intended to be a New Global Note in respect of which effectuation is to be applicable.

## Schedule One\*

## PART I

## INTEREST PAYMENTS

[illegible]

\* Schedule One should only be completed where the Final Terms indicates that this Global Note is not intended to be a New Global Note.

## PART II

## REDEMPTIONS

[illegible]

\* See most recent entry in Part II or III or Schedule Two in order to determine this amount.



## Schedule Two\*

**EXCHANGES  
FOR DEFINITIVE NOTES OR PERMANENT GLOBAL NOTE**

The following exchanges of a part of this Global Note for Definitive Notes or a Permanent Global Note have been made:

[illegible]

See most recent entry in Part II or III of Schedule One or Schedule Two in order to determine this amount.



## PART 2

### FORM OF PERMANENT GLOBAL NOTE

[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.]<sup>1</sup>

#### **BRITISH TELECOMMUNICATIONS public limited company**

*(incorporated with limited liability under the Companies Acts 1948 to 1981)*

#### **PERMANENT GLOBAL NOTE**

This Note is a Permanent Global Note in respect of a duly authorised issue of Notes (the **Notes**) of the Nominal Amount, Specified Currency(ies) and Specified Denomination(s) as are specified in the Final Terms applicable to the Notes (the **Final Terms**), a copy of which is attached hereto, of British Telecommunications public limited company (the **Issuer**). References herein to the Conditions shall be to the Terms and Conditions of the Notes as set out in Part 1 (if the Notes are Senior Notes) or Part 2 (if the Notes are Subordinated Notes) of Schedule 1 to the Trust Deed (as defined below) as modified and supplemented by the Final Terms but, in the event of any conflict between the provisions of the Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Note. This Global Note is issued subject to, and with the benefit of, the Conditions, a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 12 December 1997 and made between the Issuer, BT Group plc (the **Guarantor**) and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes and the Agency Agreement (as defined in the Conditions).

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date and/or on such earlier date(s) as all or any of the Notes represented by this Global Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of such Notes on each such date and to pay interest (if any) on the nominal amount of the Notes from time to time represented by this Global Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed, upon presentation and, at maturity, surrender of this Global Note to or to the order of the Agent or any of the other paying agents located outside the United States, its territories and possessions (except as provided in the Conditions) from time to time appointed by the Issuer in respect of the Notes.

If the Final Terms indicates that this Global Note is intended to be a New Global Note, the nominal amount of Notes represented by this Global Note shall be the aggregate amount from time to time entered in the records of both Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg** and together with Euroclear, the **relevant Clearing Systems**). The records of the relevant Clearing Systems (which expression in this Global Note means the records that each relevant Clearing System holds for its customers which reflect the amount of each such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by this Global Note and, for these purposes a statement issued by a relevant Clearing System (which statement shall be made available to the bearer upon request) stating the nominal amount of Notes represented by this Global Note at any time shall be conclusive evidence of the records of the relevant Clearing System at that time.

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<sup>1</sup> Delete if the Notes have an initial maturity of 365 days or less.

If the Final Terms indicates that this Global Note is not intended to be a New Global Note, the nominal amount of the Notes represented by this Global Note shall be the amount stated in the applicable Final Terms or, if lower, the nominal amount most recently entered by or on behalf of the Issuer in the relevant column in Part II or III of Schedule One hereto or in Schedule Two hereto.

On any redemption or payment of interest being made in respect of, or purchase and cancellation of, any of the Notes represented by this Global Note the Issuer shall procure that:

- (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered pro rata in the records of the relevant Clearing Systems, and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the relevant Clearing Systems and represented by this Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such redemption, payment or purchase and cancellation (as the case may be) shall be entered by or on behalf of the Issuer in Schedule One hereto and the relevant space in Schedule One hereto recording any such redemption, payment or purchase and cancellation (as the case may be) shall be signed by or on behalf of the Issuer. Upon any such redemption or purchase and cancellation the nominal amount of this Global Note and the Notes represented by this Global Note shall be reduced by the nominal amount of such Notes so redeemed or purchased and cancelled.

Payments due in respect of Notes for the time being represented by this Global Note shall be made to the bearer of this Global Note and each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make entries referred to above shall not affect such discharge.

On any exchange of the Temporary Global Note for this Global Note or any part hereof, the Issuer shall procure that:

- (i) if the Final Terms indicates that this Global Note is intended to be a New Global Note, details of such exchange shall be entered in the records of the relevant Clearing Systems such that the nominal amount of Notes represented by this Global Note shall be increased by the nominal amount of the Temporary Global Note so exchanged; or
- (ii) if the Final Terms indicates that this Global Note is not intended to be a New Global Note, details of such exchange shall be entered by or on behalf of the Issuer in Schedule Two hereto and the relevant space in Schedule Two hereto recording such exchange shall be signed by or on behalf of the Issuer, whereupon the nominal amount of this Global Note and the Notes represented by this Global Note shall be increased by the nominal amount of the Temporary Global Note so exchanged.

This Global Note may be exchanged (free of charge) in whole (but not in part) for Definitive Notes and (if applicable) Coupons and Talons in or substantially in the forms set out in Part 3, Part 4 and Part 5 of Schedule 2 to the Trust Deed (on the basis that all the appropriate details have been included on the face of such Definitive Notes and (if applicable) Coupons and Talons and the Final Terms (or the relevant provisions of the Final Terms) have been either endorsed on or attached to such Definitive Notes) as specified in the applicable Final Terms, either:

- (a) upon not less than 60 days' written notice being given to the Agent by Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in this Global Note); or
- (b) only upon the occurrence of an Exchange Event.

An **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available.

If this Global Note is a Global Note in relation to which the Final Terms permit trading in the clearing systems in Tradeable Amounts (as specified in such Final Terms) which are not a Specified Denomination (as specified in such Final Terms), this Global Note will only be exchangeable for Definitive Notes and (if applicable) Coupons and Talons upon an Exchange Event.

If this Global Note is exchangeable following the occurrence of an Exchange Event:

- (i) the Issuer will promptly give notice to Noteholders in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, upon the occurrence of an Exchange Event; and
- (ii) in the event of an occurrence of an Exchange Event, the bearer of this Global Note (acting on the instructions of any holder of an interest in this Global Note) or the Trustee may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The first notice duly received by the Principal Paying Agent as provided in (ii) above shall give rise to the issue of Definitive Notes for the total amount of Notes represented by this Global Note.

Subject as aforesaid, such exchange will be made upon presentation of this Global Note by the bearer hereof on any day (other than a Saturday or Sunday) on which banks are open for business in London at the office of the Agent specified above.

The aggregate nominal amount of Definitive Notes issued upon an exchange of this Global Note will be equal to the aggregate nominal amount of this Global Note. On an exchange of this Global Note, this Global Note shall be surrendered to the Agent.

Until the exchange of the whole of this Global Note as aforesaid, the bearer hereof shall in all respects be entitled to the same benefits as if he were the bearer of Definitive Notes and the relative Coupons and Talons (if any) in the form(s) set out in Part 3, Part 4 and Part 5 (as applicable) of Schedule 2 to the Trust Deed.

Each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular nominal amount of the Notes represented by this Global Note (each an **Accountholder**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal and interest on such Notes, for which purpose the bearer of this Global Note shall be treated by the Issuer, the Guarantor, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of this Global Note and the Trust Deed. In order to exercise any rights in their capacity as Noteholders, Accountholders must exercise such rights through Euroclear or Clearstream, Luxembourg, either against presentation of this Global Note to or to the order of the Agent and against its endorsement by or on behalf of the Agent to reflect the exercise of such rights or, at the option of the Agent, by the production to the Agent of an undertaking from Euroclear and/or Clearstream, Luxembourg that they will not debit or transfer Notes from the account of that Accountholder until a certain time or date or before the occurrence of an identified condition precedent.

This Global Note, and any non-contractual obligations arising out of or in connection with it, are governed by, and shall be construed in accordance with, English law.

No rights are conferred on any person by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Global Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

This Global Note shall not be valid unless authenticated by Citibank, N.A., London Branch, as Agent and, if the Final Terms indicates that this Global Note is intended to be a New Global Note (i) which is intended to be held in a manner which would allow Eurosystem eligibility or (ii) in respect of which effectuation is to be applicable, effectuated by the entity appointed as common safekeeper by the relevant Clearing Systems.

**IN WITNESS** whereof the Issuer has caused this Global Note to be signed manually or in facsimile by a person duly authorised on its behalf.

**BRITISH TELECOMMUNICATIONS**  
**public limited company**

By: .....  
**Duly Authorised**

Authenticated without recourse,  
warranty or liability by  
Citibank, N.A., London Branch,  
as Agent.

By: .....  
**Authorised Signatory**

\*Effectuated without recourse,  
warranty or liability by

.....  
as common safekeeper

By:.....

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\* This should only be completed where the Final Terms indicates that this Global Note is intended to be a New Global Note in respect of which effectuation is to be applicable.

## Schedule One\*

## PART I

## INTEREST PAYMENTS

[illegible]

\* Schedule One should only be completed where the Final Terms indicates that this Global Note is not intended to be a new Global Note.

## PART II

## REDEMPTIONS

[illegible]

\* See most recent entry in Part II or III or Schedule Two in order to determine this amount.

## PART III

## PURCHASES AND CANCELLATIONS

[illegible]

\* See most recent entry in Part II or III or Schedule Two in order to determine this amount.



## Schedule Two\*

## SCHEDULE OF EXCHANGES

(only applicable where the Notes represented by this Global Note were, on issue, represented by a Temporary Global Note)

[illegible]

See most recent entry in Part II or III of Schedule One or in this Schedule Two in order to determine this amount.

**PART 3**  
**FORM OF DEFINITIVE NOTE**

[Denomination] [ISIN] [SERIES] [CERTIFICATE No.]

**[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.]<sup>1</sup>**

**BRITISH TELECOMMUNICATIONS public limited company**  
*(incorporated with limited liability under the Companies Acts 1948 to 1981)*

**[Specified Currency and Nominal Amount of Tranche]  
NOTES DUE  
[Year of Maturity]**

This Note is one of a Series of Notes of [Specified Currency(ies) and Specified Denomination(s)] each (**Notes**) of British Telecommunications public limited company (the **Issuer**). References herein to the Conditions shall be to the Terms and Conditions [endorsed hereon]/[set out in Part 1 (if the Notes are Senior Notes) or Part 2 (if the Notes are Subordinated Notes) of Schedule 1 to the Trust Deed (as defined below) which shall be incorporated by reference herein and have effect as if set out hereon] as modified and supplemented by the Final Terms (or the relevant provisions of the Final Terms) endorsed hereon but, in the event of any conflict between the provisions of the said Conditions and the information in the Final Terms, the Final Terms will prevail. Words and expressions defined in the Conditions shall bear the same meanings when used in this Note. This Note is issued subject to, and with the benefit of, the Conditions, a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 12 December 1997 and made between the Issuer, BT Group plc and The Law Debenture Trust Corporation p.l.c. as trustee for the holders of the Notes and the Agency Agreement (as defined in the Conditions).

The Issuer, subject to and in accordance with the Conditions and the Trust Deed, promises to pay to the bearer hereof on the Maturity Date or on such earlier date as this Note may become due and repayable in accordance with the Conditions and the Trust Deed, the amount payable under the Conditions in respect of this Note on each such date and to pay interest (if any) on the nominal amount of this Note calculated and payable as provided in the Conditions and the Trust Deed together with any other sums payable under the Conditions and the Trust Deed.

This Note shall not be valid unless authenticated by Citibank, N.A., London Branch, as Agent.

No rights are conferred on any person by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

**IN WITNESS** whereof this Note has been executed on behalf of the Issuer.

**BRITISH TELECOMMUNICATIONS public limited company**

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<sup>1</sup> Delete if the Notes have an initial maturity of 365 days or less.

By: .....  
Director

By: .....  
Director

### **Certificate of Authentication**

This is one of the Notes referred to in, and entitled to the benefits of, the above-mentioned Trust Deed.

By: .....  
Authorised officer  
for Citibank, N.A., London Branch,  
as agent

Dated as of [    ]  
Issued in London, England.

**[Conditions]**

[Conditions to be as set out in Part 1 (if the Notes are Senior Notes) or Part 2 (if the Notes are Subordinated Notes) of Schedule 1 to this Trust Deed or such other form as may be agreed between the Issuer, the Agent, the Trustee and the relevant Dealer(s), but shall not be endorsed if not required by the relevant Stock Exchange]

### **Final Terms**

[Here to be set out the text of the Final Terms  
(or the relevant provisions thereof)]

**PART 4**  
**FORM OF COUPON**

On the front:

**BRITISH TELECOMMUNICATIONS public limited company**

[Specified Currency and Nominal Amount of Tranche]

**NOTES DUE**

[Year of Maturity]

Series No. [   ]

<sup>1</sup>[Coupon appertaining to a Note in the denomination of [Specified Currency and Specified Denomination]].

**Part A**

**[For Fixed Rate Notes:**

This Coupon is payable to bearer, separately      Coupon for  
negotiable and subject to the Terms and [   ]  
Conditions of the said Notes.                              due on  
   [   ], [   ]

**Part B**

**[For Floating Rate Notes, Index Linked Interest Notes or Reset Rate Notes:**

Coupon for the amount due in accordance with      Coupon due  
the Terms and Conditions endorsed on, [in [   ]/on [   ]]  
attached to or incorporated by reference  
into the said Notes on [the Interest Payment  
Date falling in [   ] [   ]/[   ]].

This Coupon is payable to bearer, separately  
negotiable and subject to such Terms and  
Conditions, under which it may become void  
before its due date.]

**[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.]<sup>2</sup>**

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<sup>1</sup> Delete where the Notes are all of the same denomination.

<sup>2</sup> Delete if the Notes have an initial maturity of 365 days or less.

**BRITISH TELECOMMUNICATIONS public limited company**

By: .....  
Director

By: .....  
Director

No. ....

**PART 5**  
**FORM OF TALON**

On the front:

**BRITISH TELECOMMUNICATIONS public limited company**

**[Specified Currency and Nominal Amount of Tranche]**

**NOTES DUE**

**[Year of Maturity]**

**Series No. [   ]**

<sup>1</sup>[Talon appertaining to a Note in the denomination of [Specified Currency and Specified Denomination]].

On and after [       ] further Coupons [and a further Talon]<sup>2</sup> appertaining to the Note to which this Talon appertains will be issued at the specified office of any of the Paying Agents set out on the reverse hereof (and/or any other or further Paying Agents and/or specified offices as may from time to time be duly appointed and notified to the Noteholders) upon production and surrender of this Talon.

This Talon may, in certain circumstances, become void under the Terms and Conditions endorsed on the Note to which this Talon appertains.

**[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.]<sup>3</sup>**

**BRITISH TELECOMMUNICATIONS public limited company**

By: .....  
Director

By: .....  
Director

No. ....

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<sup>1</sup> Delete where the Notes are all of the same denomination.

<sup>2</sup> Not required on last Coupon sheet.

<sup>3</sup> Delete if the Notes have an initial maturity of 365 days or less.



On the back of Coupons and Talons:

**AGENT**

Citibank, N.A., London Branch  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

### SCHEDULE 3

#### PROVISIONS FOR MEETINGS OF NOTEHOLDERS

1. As used in this Schedule the following expressions shall have the following meanings unless the context otherwise requires:
  - (a) **voting certificate** shall mean an English language certificate issued by a Paying Agent and dated in which it is stated:
    - (i) that on the date thereof Notes (whether in definitive form or represented by a Global Note and not being Notes in respect of which a block voting instruction has been issued and is outstanding in respect of the meeting specified in such voting certificate and any adjourned such meeting) bearing specified serial numbers were deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control and that no such Notes will cease to be so deposited or held until the first to occur of:
      - (A) the conclusion of the meeting specified in such certificate or, if applicable, of any adjourned such meeting; and
      - (B) the surrender of the certificate to the Paying Agent who issued the same; and
    - (ii) that the bearer thereof is entitled to attend and vote at such meeting and any adjourned such meeting in respect of the Notes represented by such certificate;
  - (b) **block voting instruction** shall mean an English language document issued by a Paying Agent and dated in which:
    - (i) it is certified that Notes (whether in definitive form or represented by a Global Note and not being Notes in respect of which a voting certificate has been issued and is outstanding in respect of the meeting specified in such block voting instruction and any adjourned such meeting) have been deposited with such Paying Agent or (to the satisfaction of such Paying Agent) were held to its order or under its control and that no such Notes will cease to be so deposited or held until the first to occur of:
      - (A) the conclusion of the meeting specified in such document or, if applicable, of any adjourned such meeting; and
      - (B) the surrender to the Paying Agent not less than 48 hours before the time for which such meeting or any adjourned such meeting is convened of the receipt issued by such Paying Agent in respect of each such deposited Note which is to be released or (as the case may require) the Note or Notes ceasing with the agreement of the Paying Agent to be held to its order or under its control and the giving of notice by the Paying Agent to the Issuer in accordance with paragraph 17 hereof of the necessary amendment to the block voting instruction;
    - (ii) it is certified that each holder of such Notes has instructed such Paying Agent that the vote(s) attributable to the Note or Notes so deposited or held should be cast in a particular way in relation to the resolution or resolutions to be put to such meeting or any adjourned such meeting and that all such instructions are during the period

commencing 48 hours prior to the time for which such meeting or any adjourned such meeting is convened and ending at the conclusion or adjournment thereof neither revocable nor capable of amendment;

- (iii) the aggregate nominal amount of the Notes so deposited or held are listed distinguishing with regard to each such resolution between those in respect of which instructions have been given as aforesaid that the votes attributable thereto should be cast in favour of the resolution and those in respect of which instructions have been so given that the votes attributable thereto should be cast against the resolution; and
  - (iv) one or more person or persons named in such document (hereinafter called **proxies**) is or are authorised and instructed by such Paying Agent to cast the votes attributable to the Notes so listed in accordance with the instructions referred to in (iii) above as set out in such document.
- (c) **electronic platform** means any form of telephony or electronic platform or facility and includes, without limitation, telephone and video conference call and application technology systems;
  - (d) **hybrid meeting** means a combined physical meeting and virtual meeting convened pursuant to this Schedule by the Issuer or the Trustee and which persons may attend either at the physical location specified in the notice of such meeting or via an electronic platform;
  - (e) **meeting** means a meeting convened pursuant to this Schedule by the Issuer or the Trustee and whether held as a physical meeting or as a virtual meeting or as a hybrid meeting;
  - (f) **physical meeting** means any meeting attended by persons present in person at the physical location specified in the notice of such meeting;
  - (g) **present** means physically present in person at a physical meeting or a hybrid meeting, or able to participate in or join a virtual meeting or a hybrid meeting held via an electronic platform;
  - (h) **virtual meeting** means any meeting held via an electronic platform;
  - (i) **24 hours** shall mean a period of 24 hours including all or part of a day upon which banks are open for business in both the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of a day upon which banks are open for business in all of the places as aforesaid; and
  - (j) **48 hours** shall mean a period of 48 hours including all or part of two days upon which banks are open for business both in the place where the relevant meeting is to be held and in each of the places where the Paying Agents have their specified offices (disregarding for this purpose the day upon which such meeting is to be held) and such period shall be extended by one period or, to the extent necessary, more periods of 24 hours until there is included as aforesaid all or part of two days upon which banks are open for business in all of the places as aforesaid.

The holder of any voting certificate or the proxies named in any block voting instruction shall for all purposes in connection with the relevant meeting or adjourned meeting of Noteholders be deemed to be the holder of the Notes to which such voting certificate or block voting instruction relates and the

Paying Agent with which such Notes have been deposited or the person holding the same to the order or under the control of such Paying Agent shall be deemed for such purpose not to be the holder of those Notes.

2. The Issuer or the Trustee may at any time and the Issuer shall upon a requisition in writing signed by the holders of not less than ten per cent. in nominal amount of the Notes of any series for the time being outstanding convene a meeting of the Noteholders and if the Issuer makes default for a period of seven days in convening such a meeting the same may be convened by the Trustee or the requisitionists. Every physical meeting shall be held at a time and place approved by the Trustee. Every virtual meeting shall be held via an electronic platform and at a time approved by the Trustee. Every hybrid meeting shall be held at a time and place and via an electronic platform approved by the Trustee.
3. At least 21 days' notice (exclusive of the day on which the notice is given and the day on which the meeting is held) specifying the day and hour of meeting and the manner in which it is to be held, and if a physical meeting or hybrid meeting is to be held, the place of the meeting shall be given to the Noteholders prior to any meeting of the Noteholders in the manner provided by Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be. Such notice shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed. Such notice shall include a statement to the effect that Notes may be deposited with Paying Agents for the purpose of obtaining voting certificates or appointing proxies. A copy of the notice shall be sent by post to the Trustee (unless the meeting is convened by the Trustee) and to the Issuer (unless the meeting is convened by the Issuer). With respect to a virtual meeting or a hybrid meeting, each such notice shall set out such other and further details as are required under paragraph 24.
4. A person (who may but need not be a Noteholder) nominated in writing by the Trustee shall be entitled to take the chair at every such meeting but if no such nomination is made or if at any meeting the person nominated shall not be present within fifteen minutes after the time appointed for holding the meeting or adjourned meeting the Noteholders present shall choose one of their number to be Chairman.
5. At any such meeting one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-twentieth of the nominal amount of the Notes for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution) form a quorum for the transaction of business and no business (other than the choosing of a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the relevant business. The quorum at any such meeting for passing an Extraordinary Resolution shall (subject as provided below) be one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than 50 per cent. in nominal amount of the Notes for the time being outstanding PROVIDED THAT at any meeting the business of which includes any of the following matters (each of which shall only be capable of being effected after having been approved by Extraordinary Resolution) namely:
  - (a) modification of the date fixed for final maturity of the Notes or reduction of the amount of principal payable on any such date;
  - (b) reduction or cancellation of the principal payable on the Notes;
  - (c) reduction of the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment in respect of any interest;

- (d) alteration of the currency in which payments under the Notes and Coupons are to be made;
- (e) alteration of the majority required to pass an Extraordinary Resolution;
- (f) the sanctioning of any such scheme or proposal as is described in paragraph 18(i) below;
- (g) modification of the provisions regarding subordination referred to in Condition 2, Condition 3 and/or Condition 4 of the Subordinated Notes; and
- (h) alteration of this proviso or the proviso to paragraph 6 below;

the quorum shall be one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than two-thirds of the nominal amount of the Notes for the time being outstanding.

6. If within fifteen minutes after the time appointed for any such meeting a quorum is not present the meeting shall if convened upon the requisition of Noteholders be dissolved. In any other case it shall stand adjourned to the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place (except in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case it shall stand adjourned for such period, being not less than 14 days nor more than 42 days, and to such place as may be appointed by the Chairman and approved by the Trustee) and at such adjourned meeting one or more persons present holding Definitive Notes or voting certificates or being proxies (whatever the nominal amount of the Notes so held or represented by them) shall (subject as provided below) form a quorum and shall (subject as provided below) have power to pass any Extraordinary or other resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the requisite quorum been present PROVIDED THAT at any adjourned meeting the business of which includes any of the matters specified in the proviso to paragraph 5 above, the quorum shall be one or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the nominal amount of the Notes for the time being outstanding.
7. Notice of any adjourned meeting at which an Extraordinary Resolution is to be submitted shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 3 above and such notice shall (except in cases where the proviso to paragraph 6 above shall apply when it shall state the relevant quorum) state that two or more persons present holding Definitive Notes or voting certificates or being proxies at the adjourned meeting whatever the nominal amount of the Notes held or represented by them will form a quorum. Subject as aforesaid it shall not be necessary to give any notice of an adjourned meeting.
8. Every question submitted to a meeting shall be decided in the first instance by a show of hands and in case of equality of votes the Chairman shall both on a show of hands and on a poll have a casting vote in addition to the votes or vote (if any) to which he may be entitled as a Noteholder or as a holder of a voting certificate or as a proxy.
9. At any meeting unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or the Issuer or by two or more persons present holding Definitive Notes or voting certificates or being proxies and holding or representing in the aggregate not less than one-fiftieth part of the nominal amount of the Notes then outstanding a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

10. Subject to paragraph 12 below, if at any such meeting a poll is so demanded it shall be taken in such manner and subject as hereinafter provided either at once or after an adjournment as the Chairman directs and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded as at the date of the taking of the poll. The demand for a poll shall not prevent the continuance of the meeting for the transaction of any business other than the motion on which the poll has been demanded.
11. The Chairman may with the consent of (and shall if directed by) any such meeting adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting except business which might lawfully (but for lack of required quorum) have been transacted at the meeting from which the adjournment took place.
12. Any poll demanded at any such meeting on the election of a Chairman or on any question of adjournment shall be taken at the meeting without adjournment.
13. The Trustee and its lawyers and financial advisers and any director, officer or employee of a corporation being a trustee of these presents and any director or officer of the Issuer or the Guarantor and each of their respective lawyers and financial advisers and any other person authorised in that behalf by the Trustee may attend and speak at any meeting. Save as aforesaid but without prejudice to the proviso to the definition of **outstanding** in Clause 1 of the Trust Deed no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Noteholders or join with others in requesting the convening of such a meeting or to exercise the rights conferred on the Noteholders by Condition 9 of the Senior Notes or Condition 13 of the Subordinated Notes, as the case may be, unless he either produces the Definitive Note or Definitive Notes of which he is the holder or a voting certificate or is a proxy. None of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor shall be entitled to vote at any meeting in respect of Notes held by any person (including but not limited to the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor) for its benefit. Nothing herein contained shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Issuer.
14. Subject as provided in paragraph 13 hereof at any meeting:
  - (a) on a show of hands every person who is present in person and produces a Definitive Note or voting certificate or is a proxy shall have one vote; and
  - (b) on a poll every person who is so present shall have one vote in respect of each U.S.\$1 or such other amount as the Trustee may in its absolute discretion stipulate (or, in the case of meetings of holders of Notes denominated in another currency, such amount in such other currency as the Trustee in its absolute discretion may stipulate) in nominal amount of the Notes so produced or represented by the voting certificate so produced or in respect of which he is a proxy.

Without prejudice to the obligations of the proxies named in any block voting instruction any person entitled to more than one vote need not use all his votes or cast all the votes to which he is entitled in the same way.

At a virtual meeting or a hybrid meeting, a resolution put to the vote of the meeting shall be decided on a poll in accordance with paragraph 24(c), and any such poll will be deemed to have been validly demanded at the time fixed for holding the meeting to which it relates.

15. The proxies named in any block voting instruction need not be Noteholders.

16. Each block voting instruction together (if so requested by the Trustee) with proof satisfactory to the Trustee of its due execution on behalf of the relevant Paying Agent shall be deposited at such place as the Trustee shall approve not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote and in default the block voting instruction shall not be treated as valid unless the Chairman of the meeting decides otherwise before such meeting or adjourned meeting proceeds to business. A notarially certified copy of each block voting instruction shall be deposited with the Trustee before the commencement of the meeting or adjourned meeting but the Trustee shall not thereby be obliged to investigate or be concerned with the validity of or the authority of the proxies named in any such block voting instruction.
17. Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or of any of the Noteholders' instructions pursuant to which it was executed PROVIDED THAT no intimation in writing of such revocation or amendment shall have been received from the relevant Paying Agent by the Issuer at its registered office (or such other place as may have been approved by the Trustee for the purpose) by the time being 24 hours respectively before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.
18. A meeting of the Noteholders shall in addition to the powers hereinbefore given have the following powers exercisable only by Extraordinary Resolution (subject to the provisions relating to quorum contained in paragraphs 5 and 6) only namely:
  - (a) Power to sanction any compromise or arrangement proposed to be made between the Issuer, the Guarantor, the Trustee, any Appointee and the Noteholders and Couponholders or any of them.
  - (b) Power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Trustee, any Appointee, the Noteholders and Couponholders against the Issuer and/or the Guarantor or against any of their respective property whether such rights shall arise under these presents or otherwise.
  - (c) Power to assent to any modification of the provisions contained in these presents which shall be proposed by the Issuer or the Trustee.
  - (d) Power to give any authority or sanction which under the provisions of these presents is required to be given by Extraordinary Resolution.
  - (e) Power to appoint any persons (whether Noteholders or not) as a committee or committees to represent the interests of the Noteholders and to confer upon such committee or committees any powers or discretions which the Noteholders could themselves exercise by Extraordinary Resolution.
  - (f) Power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of these presents.
  - (g) Power to discharge or exonerate the Trustee and/or any Appointee from all liability in respect of any act or omission for which the Trustee and/or such Appointee may have become responsible under these presents.
  - (h) Power to authorise the Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution.

- (i) Power to sanction any scheme or proposal for the exchange or sale of the Notes for or the conversion of the Notes into or the cancellation of the Notes in consideration of shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash.
- 19. Any resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents shall be binding upon all the Noteholders whether present or not present at such meeting and whether or not voting and upon all Couponholders and each of them shall be bound to give effect thereto accordingly and the passing of any such resolution shall be conclusive evidence that the circumstances justify the passing thereof. Notice of any resolution duly passed by the Noteholders shall be published in accordance with Condition 13 of the Senior Notes or Condition 17 of the Subordinated Notes, as the case may be, by the Issuer within 14 days of the passing of such resolution PROVIDED THAT the non-publication of such notice shall not invalidate such resolution.
- 20. The expression **Extraordinary Resolution** when used in these presents means (a) a resolution passed at a meeting of the Noteholders duly convened and held in accordance with these presents by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll be duly demanded then by a majority consisting of not less than 75 per cent. of the votes given on such poll or (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the nominal amount of the Notes, which resolution in writing may be contained in one document or in several documents in or substantially in like form each signed by or on behalf of one or more of the Noteholders; or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding.
- 21. Minutes of all resolutions and proceedings at every such meeting as aforesaid shall be made and duly entered in books to be from time to time provided for that purpose by the Issuer and any such Minutes as aforesaid if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings had shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which Minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had thereat to have been duly passed or had.
- 22. (a) If and whenever the Issuer shall have issued and have outstanding any Notes which are not identical and do not form one single Series then those Notes which are in all respects identical shall be deemed to constitute a separate Series of the Notes and the foregoing provisions of this Schedule shall have effect subject to the following modifications:
  - (i) a resolution which in the opinion of the Trustee affects one Series only of the Notes shall be deemed to have been duly passed if passed at a separate meeting (or by a separate resolution in writing or by a separate resolution passed by way of consents received through the relevant clearing system(s)) of the holders of the Notes of that Series;
  - (ii) a resolution which in the opinion of the Trustee affects more than one Series of the Notes but does not give rise to a conflict of interest between the holders of Notes of any of the Series so affected shall be deemed to have been duly passed if passed at a single meeting (or by a single resolution in writing or by a single resolution passed by way of consents received through the relevant clearing system(s)) of the holders of the Notes of all the Series so affected;



- (iii) a resolution which in the opinion of the Trustee affects more than one Series of the Notes and gives or may give rise to a conflict of interest between the holders of the Notes of any of the Series so affected shall be deemed to have been duly passed only if it shall be duly passed at separate meetings (or by separate resolutions in writing or by separate resolutions passed by way of consents received through the relevant clearing system(s)) of the holders of the Notes of each Series so affected; and
    - (iv) to all such meetings as aforesaid all the preceding provisions of this Schedule shall *mutatis mutandis* apply as though references therein to Notes and Noteholders were references to the Notes of the Series in question and to the holders of such Notes respectively.
  - (b) If the Issuer shall have issued and have outstanding Notes which are not denominated in United States dollars, in the case of any meeting of holders of Notes of more than one currency the nominal amount of such Notes shall (i) for the purposes of paragraph 2 above be the equivalent in United States dollars at the spot rate of a bank nominated by the Trustee for the conversion of the relevant currency or currencies into United States dollars on the seventh dealing day prior to the day on which the request in writing is received by the Issuer and (ii) for the purposes of paragraphs 5, 6, 9 and 14 above (whether in respect of the meeting, or any adjourned such meeting or any poll resulting therefrom) be the equivalent at such spot rate on the seventh dealing day prior to the day of such meeting or, if applicable, of the taking of such poll. In such circumstances, and where Notes denominated in United States dollars but of different denominations are to be treated together for the purposes of this Schedule, on any poll each person present shall have one vote for each one United States dollar of the Notes (converted as above) which he holds or represents.
23. Subject to all other provisions contained in these presents the Trustee may without the consent of the Issuer, the Guarantor, the Noteholders or the Couponholders (i) concur with the Issuer in prescribing further regulations regarding the holding of meetings and attendance and voting at them or (ii) prescribe further regulations regarding the requisitioning and/or the holding of meetings of Noteholders and attendance and voting thereat if, in either case, the Trustee is of the opinion that such regulations are not materially prejudicial to the interests of Noteholders. Such regulations may include (without limitation) such requirements as the Trustee thinks reasonable to satisfy itself that the persons who purport to make any requisition in accordance with this Trust Deed are entitled to do so and as to the form of voting certificates or block voting instructions so as to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so and/or to facilitate the holding of a virtual meeting or a hybrid meeting.
24. Additional provisions applicable to virtual meetings and/or hybrid meetings:
- (a) The Issuer (with the Trustee's prior approval) or the Trustee in its sole discretion may decide to hold a virtual meeting or a hybrid meeting and, in such case, shall provide details of the means for Noteholders or their proxies or representatives to attend and participate in the meeting, including the electronic platform to be used.
  - (b) Without prejudice to paragraph 13, the Issuer or the chairperson (in each case, with the Trustee's prior approval) or the Trustee in its sole discretion may make any arrangement and impose any requirement or restriction as is necessary to ensure the identification of those entitled to take part in the virtual meeting or hybrid meeting and the suitability of the electronic platform. All documentation that is required to be passed between persons at or for the purposes of the virtual meeting or persons attending the hybrid meeting via the electronic platform (in each case, in whatever capacity) shall be communicated by email (or such other medium of electronic communication as the Trustee may approve), provided that

the Issuer or its agent(s) shall be solely responsible for facilitating the distribution of all such documentation unless the meeting shall have been convened by the Trustee.

- (c) All resolutions put to a virtual meeting or a hybrid meeting shall be voted on by a poll in accordance with paragraphs 12 and 14 above and such poll votes may be cast by means as the Issuer (with the Trustee's prior approval) or the Trustee in its sole discretion considers appropriate for the purposes of the virtual meeting or the hybrid meeting.
- (d) Persons seeking to attend or participate in a virtual meeting, or who seek to attend or participate in a hybrid meeting via the electronic platform, shall be responsible for ensuring that they have access to the facilities (including, without limitation, IT systems, equipment and connectivity) which are necessary to enable them to do so.
- (e) In determining whether persons are attending or participating in a virtual meeting or a hybrid meeting, it is immaterial whether any two or more persons attending it are in the same physical location as each other or how they are able to communicate with each other.
- (f) Two or more persons who are not in the same physical location as each other attend a virtual meeting or a hybrid meeting if their circumstances are such that if they have (or were to have) rights to speak or vote at that meeting, they are (or would be) able to exercise them.
- (g) The Issuer (with the Trustee's prior approval) or the Trustee in its sole discretion may make any arrangements or take any steps as it considers appropriate to enable those attending a virtual meeting or a hybrid meeting to exercise their rights to speak or vote at it.
- (h) A person is able to exercise the right to speak at a virtual meeting or a hybrid meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, as contemplated by the relevant provisions of this Schedule.
- (i) A person is able to exercise the right to vote at a virtual meeting or a hybrid meeting when:
  - (i) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
  - (ii) that person's vote can be taken into account in determining whether or not such resolutions are passed contemporaneously with the votes of all the other persons attending the meeting who are entitled to vote at such meeting.
- (j) The Trustee shall not be responsible or liable to the Issuer or any other person for the choice or security of the electronic platform used for any virtual meeting or hybrid meeting or for accessibility or connectivity or the lack of accessibility or connectivity to any virtual meeting or hybrid meeting, notwithstanding any approval that may have been provided by the Trustee to the Issuer.

## SCHEDULE 4

### FORM OF GUARANTEE ON SUBSTITUTION

*Form of Guarantee to be given by a successor in business or, as the case may be, a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company in circumstances where the business of the Issuer, or a substantial part thereof, is transferred to such successor in business, Holding Company or Subsidiary of such Holding Company, as the case may be.*

1. (a) The Guarantor hereby irrevocably and unconditionally guarantees to the Trustee:
  - (i) the due payment in accordance with the provisions of the Notes of the principal of and interest on the Notes and of any other amounts payable by the Issuer under these presents; and
  - (ii) the due and punctual performance and observance by the Issuer in accordance with the provisions of these presents of each of the other Conditions and the other provisions of these presents on the Issuer's part to be performed or observed.
- (b) If the Issuer fails for any reason whatsoever to pay any such principal, interest or additional amount (as referred to in [Condition 7]<sup>1</sup>/[Condition 11]<sup>2</sup>) or other amount in accordance with the provisions of these presents, the Guarantor shall cause each and every such payment to be made as if the Guarantor instead of the Issuer were expressed to be the primary obligor of the relevant Note or Coupon to the intent that the holder thereof shall receive the same amounts in respect of principal, interest or such other amount as would have been receivable had such payments been made by the Issuer.
- (c) If any payment received by the Trustee or any Noteholder or Couponholder pursuant to the provisions of these presents shall, on the subsequent bankruptcy, insolvency, corporate reorganisation or other similar event of the Issuer, be avoided or set aside under any laws relating to bankruptcy, insolvency, corporate reorganisation or other such similar events, such payment shall not be considered as discharging or diminishing the liability of the Guarantor and this guarantee shall continue to apply as if such payment had at all times remained owing by the Issuer and the Guarantor shall indemnify the Trustee and the Noteholders and/or Couponholders (as the case may be) in respect thereof PROVIDED THAT the obligations of the Issuer and/or the Guarantor under this subclause shall, as regards each payment made to the Trustee or any Noteholder or Couponholder which is avoided or set aside, be contingent upon such payment being reimbursed to the Issuer or other persons entitled through the Issuer.
- (d) The Guarantor hereby agrees that its obligations hereunder shall be unconditional and that the Guarantor shall be fully liable irrespective of the validity, regularity, legality or enforceability against the Issuer of, or of any defence or counter-claim whatsoever available to the Issuer (other than those afforded by these presents) in relation to, its obligations under these presents, whether or not any action has been taken to enforce the same or any judgment obtained against the Issuer, whether or not any time or indulgence waiver, authorisation or consent has been granted to the Issuer by or on behalf of the Noteholders or the Couponholders or the Trustee, whether or not any determination has been made by the Trustee pursuant to Clause 19, whether or not there have been any dealings or transactions between the Issuer, any of the Noteholders or the Couponholders or the Trustee, whether or

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<sup>1</sup> Retain for Senior Notes only.

<sup>2</sup> Retain for Subordinated Notes only.

not the Issuer has been dissolved, liquidated, merged, consolidated, bankrupted or has changed its status, functions, control or ownership, whether or not the Issuer has been prevented from making payment by foreign exchange provisions applicable at its place of registration or incorporation and whether or not any other circumstances (other than complete performance of the obligations on the part of the Guarantor contained in these presents) have occurred which might otherwise constitute a legal or equitable discharge of or defence to a guarantor. Accordingly the validity of this guarantee shall not be affected by reason of any invalidity, irregularity, illegality or unenforceability of all or any of the obligations of the Issuer under these presents and this guarantee shall not be discharged nor shall the liability of the Guarantor under these presents be affected by any act, thing or omission or means whatever whereby its liability would not have been discharged if it had been the principal debtor.

- (e) Without prejudice to the provisions of Clauses 7.3 and 7.5, and subject always to [Condition 9]<sup>1</sup>/[Condition 13]<sup>2</sup>, the Trustee may determine from time to time whether or not it will enforce this guarantee which it may do without making any demand of or taking any proceedings against the Issuer and may from time to time make any arrangement or compromise with the Guarantor in relation to this guarantee which the Trustee may consider expedient in the interests of the Noteholders.
- (f) The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of dissolution, liquidation, merger or bankruptcy of the Issuer, any right to require a proceeding first against the Issuer, protest or notice with respect to these presents or the indebtedness evidenced thereby and all demands whatsoever and hereby covenants that this guarantee shall be a continuing guarantee which will not be discharged except by complete performance of the obligations contained herein.
- (g) If any moneys shall become payable by the Guarantor under this guarantee the Guarantor shall not, so long as the same remain unpaid, without the prior written consent of the Trustee, in respect of any amounts paid by it under this guarantee, exercise any rights of subrogation or any other right or remedy which may accrue to it in respect of or as a result of any such payment or, in respect of any other moneys for the time being due to the Guarantor from the Issuer, claim payment thereof or exercise any other right or remedy (including, in either case, claiming the benefit of any security or right of set-off or, on the liquidation of the Issuer, proving in competition with the Trustee). If upon the bankruptcy, insolvency or liquidation of the Issuer, any payment or distribution of assets of the Issuer of any kind or character, whether in cash, property or securities, shall be received by the Guarantor before payment in full of all principal of and interest on these presents shall have been made to the Noteholders, the Couponholders and the Trustee, such payment or distribution shall be received by the Guarantor on trust to pay the same over immediately to the Trustee for application in or towards the payment of all sums remaining unpaid under these presents to the Noteholders, the Couponholders and the Trustee respectively.
- (h) The obligations of the Guarantor under these presents constitute, and will constitute, direct, unconditional and unsecured obligations of the Guarantor and rank, or will rank, *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

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<sup>1</sup> Retain for Senior Notes only.

<sup>2</sup> Retain for Subordinated Notes only.

**SIGNATORIES**

The **COMMON SEAL** of )  
**BRITISH TELECOMMUNICATIONS** )  
**public limited company** affixed )  
to this deed is authenticated by: )

Authorised Signatory

The **COMMON SEAL** of )  
**BT GROUP PLC** )  
affixed to this deed is authenticated by: )

Authorised Signatory

The **COMMON SEAL** of )  
**THE LAW DEBENTURE TRUST** )  
**CORPORATION p.l.c.** )  
was affixed to this deed in the presence of: )

Director

Authorised Signatory

**12 DECEMBER 1997**

**BRITISH  
TELECOMMUNICATIONS public  
limited company**

**and**

**THE LAW DEBENTURE TRUST  
CORPORATION p.l.c.**

**related to the U.S.\$15,000,000,000  
(originally U.S.\$10,000,000,000) Euro  
Medium Term Note Programme**

**TRUST DEED**

## SIGNATORIES

The **COMMON SEAL** of )  
**BRITISH TELECOMMUNICATIONS** )  
**public limited company** )  
affixed to this deed is authenticated by: )



Authorised Signatory

BT 24 | 025



The **COMMON SEAL** of )  
**BT GROUP PLC** )  
affixed to this deed is authenticated by: )



Authorised Signatory

BTG / 194





Executed as a **DEED** for and on behalf of       )  
**THE LAW DEBENTURE TRUST**                               )  
**CORPORATION p.l.c.**                                       )  
by:   )

Director



Lily Frost



Representing Law Debenture Corporate Services Limited, Secretary

**7 June 2024**

**BRITISH  
TELECOMMUNICATIONS public  
limited company**

**and**

**BT GROUP PLC**

**and**

**THE LAW DEBENTURE TRUST  
CORPORATION p.l.c.**

**further modifying and restating the  
provisions of the Trust Deed dated 12  
December 1997 relating to the  
€20,000,000,000 (originally  
U.S.\$10,000,000,000) Euro Medium  
Term Note Programme**

**FOURTEENTH  
SUPPLEMENTAL  
TRUST DEED**