

## CONDITIONS OF THE NOTES

The 60,000 Notes, serially numbered, comprising the U.S.\$600,000,000 Primary Capital Undated Floating Rate Notes (Series 3) (the "Notes") of Lloyds Bank Plc (the "Bank") are constituted by a trust deed dated 28th August, 1986 (the "Trust Deed") between (1) the Bank and (2) The Law Debenture Corporation p.l.c., as trustee, (the "Trustee"). The Trustee acts as trustee for the holders of the Notes (the "Noteholders") in accordance with the provisions of the Trust Deed. The Noteholders also have the benefit of a paying agency agreement dated 28th August, 1986 (the "Paying Agency Agreement") between the Bank, The Chase Manhattan Bank, N.A., as principal paying agent (the "Principal Paying Agent"), the other paying agents referred to therein (the "Paying Agents") and the Trustee, and an agent bank agreement dated 26th August, 1986 (the "Agent Bank Agreement") between the Bank and the Agent Bank (as referred to below). Copies of the Trust Deed are available for inspection at the registered office for the time being of the Trustee (presently at Estates House, 66 Gresham Street, London EC2V 7HX) and at the specified offices of each of the Paying Agents. The Noteholders and the holders of the coupons referred to below (the "Couponholders") are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions contained in the Trust Deed.

### 1. Title and Denomination

The Notes are in the denomination of U.S.\$10,000 each. Title to the Notes, and to the coupons including the talon for further coupons (together where the context so permits "Coupons") appertaining thereto, will pass by delivery. The bearer of any Note and the bearer of any Coupon shall be deemed to be, and shall be treated as, the absolute owner thereof for the purpose of receiving payment thereof or payment or delivery on account thereof (notwithstanding any writing thereon or notice of ownership) and for all other purposes whether or not such Note or Coupon shall be overdue.

### 2. Status and Subordination

The Notes and Coupons constitute unsecured obligations of the Bank, conditional as described below, and rank *pari passu* without any preference among themselves.

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

If at any time an order is made or an effective resolution is passed for the winding-up in England of the Bank, there shall be payable on each Note (in lieu of any other payment), but subject as provided in this Condition, such amount, if any, as would have been payable to the holder thereof if, on the day prior to the commencement of the winding-up and thereafter, such Noteholder were the holder of a preference share in the capital of the Bank (ranking *pari passu* with the Cumulative Floating Rate Preference Share of £1 in the capital of the Bank) having a preferential right to a return of assets in the winding-up over the holders of all issued shares for the time being in the capital of the Bank on the assumption that such preference share was entitled to receive on a return of assets in such winding-up an amount equal to the principal amount of such Note together with Arrears of Interest (as defined in Condition 3(B)), if any, and any accrued interest (other than Arrears of Interest) up to (but excluding) the date of repayment (as provided in the Trust Deed) in respect thereof.

For the purposes of these Conditions, "Senior Creditors" means creditors of the Bank (i) who are depositors or other unsecured creditors of the Bank or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Bank or otherwise) to the claims of depositors and other unsecured creditors of the Bank but not further or otherwise or (iii) who are subordinated creditors of the Bank other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders; "Assets" means the unconsolidated gross assets of the Bank; and "Liabilities" means the unconsolidated gross liabilities of the Bank, all as shown by the latest published audited balance sheet of the Bank, but adjusted for contingent assets and contingent liabilities and for subsequent events, all in such manner as such Directors, the auditors or the liquidator (as the case may be) may determine.

*N.B. The obligations of the Bank in respect of the Notes and the Coupons are conditional upon the Bank being solvent for the purpose of this Condition immediately before and after payment by the Bank. If this condition is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Notes may be used to absorb losses.*

### 3. Interest

#### (A) Period of Accrual of Interest and Coupons

The Notes bear interest from the Issue Date (which expression means 28th August, 1986), and interest payments will be made against surrender of the appropriate Coupons in accordance with and subject to the provisions of Condition 5. Interest on each Note shall cease to accrue from the date for redemption thereof unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 2. After such date for redemption any unmatured Coupons (which expression means Coupons maturing on Interest Payment Dates falling after the due date for redemption but, for the avoidance of doubt, shall not include Coupons maturing on Interest Payment Dates falling on or before such due date in respect of which interest has not been paid) relating to such Note (whether or not attached thereto) shall become void. After all the Coupons attached to or issued in respect of a Note have matured a coupon sheet comprising further Coupons and one further talon (together a "Coupon Sheet") will (subject to Condition 8) be issued against presentation of the relevant talon.



(B) *Interest Payment Dates, Interest Periods and Arrears of Interest*

Interest on the Notes shall accrue from day to day and shall (subject to Condition 2) be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the Interest Period (as defined below) ending on the day immediately preceding such date. On any Optional Interest Payment Date (as defined below) there may be paid (if the Bank so elects and gives not less than 30 days' notice of such election to the Noteholders in accordance with Condition 12) the interest accrued in the Interest Period ending on the day immediately preceding such date, but the Bank shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Bank for any purpose. Any interest not paid on an Interest Payment Date together with any other interest not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may, at the option of the Bank, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the Noteholders in accordance with Condition 12, but all Arrears of Interest on all Notes outstanding shall (subject to Condition 2) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Bank, (ii) the date set for any redemption pursuant to Condition 4(a) or 4(b) or (iii) the commencement of winding-up of the Bank. Notwithstanding the foregoing, if notice is given by the Bank of its intention to pay the whole or part of Arrears of Interest, the Bank shall be obliged (subject to Condition 2) to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

For the purposes hereof the expressions following have the following meanings:—

"Interest Payment Date" means the date falling six calendar months after the Issue Date and thereafter each date which falls six calendar months after the immediately preceding Interest Payment Date. If, determined on the relevant Interest Determination Date (as defined below), any Interest Payment Date would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall in the next calendar month. In the latter event the Interest Payment Date shall be the immediately preceding day which is a business day. If for any reason an Interest Payment Date is so determined by the Agent Bank to be or to be deemed to be the last business day of any calendar month all subsequent Interest Payment Dates shall (subject as provided below) be the last business day of each February and August. If, however, after the determination of an Interest Payment Date the same is declared or determined not to be a business day, then that Interest Payment Date shall be re-determined on the above basis (*mutatis mutandis*) except that, if such re-determination falls to be made 14 days or less before that Interest Payment Date as originally determined, then that Interest Payment Date as re-determined shall be postponed to the next day which is a business day even though such business day may fall in the next calendar month. Subsequent Interest Payment Dates shall in the latter event nevertheless be determined as if that re-determined Interest Payment Date had fallen on the last business day of the month in which it was originally determined to fall.

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

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

"Interest Period" means the period from and including one Interest Payment Date (or the Issue Date) to but excluding the next (or first) Interest Payment Date.

"business day" means (but not for Condition 5(B)) a day on which banks and foreign exchange markets are open for business in both London and New York City.

(C) *Rate and Amount of Interest*

The rate of interest from time to time payable in respect of the Notes (the "Rate of Interest") shall be determined by the Agent Bank on the basis of the provisions below:—

- (i) On each "Interest Determination Date", namely the second business day prior to the commencement of the Interest Period for which such rate will apply, the Agent Bank will request the principal London offices of the Reference Banks (as described in Condition 3(f) below) to provide the Agent Bank with their offered quotations to leading banks for deposits of U.S. dollars in the London Interbank Market for the Interest Period concerned as at 11.00 a.m. (London time) on the Interest Determination Date in question. The Rate of Interest for such Interest Period shall be 0.10 per cent. per annum above the mean (rounded if necessary to the nearest integral multiple of 0.0005 per cent., 0.00025 per cent. being rounded upwards) of the offered quotations of three out of the five quoting Reference Banks (if all such quotations are not the same, excluding the quotations provided by the Reference Banks with the highest and lowest offered quotations and, if more than one Reference Bank provides the highest such quotation, excluding the quotation of one such Reference Bank and similarly if more than one Reference Bank provides the lowest such quotation), as determined by the Agent Bank.
- (ii) If on any Interest Determination Date only four of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (i) above on the basis of the mean of the offered quotations of those Reference Banks providing such quotations (excluding two such quotations on the basis set out in (i) above).
- (iii) If on any Interest Determination Date only three of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest shall be determined in accordance with (i) above on the basis of the mean of the offered quotations of all the quoting Reference Banks (without any exclusion as aforesaid).
- (iv) If on any Interest Determination Date less than three of the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect on the last day of the immediately preceding Interest Period. Provided that (1) if on any day during the relevant Interest Period the Agent Bank determines that at least three of the Reference Banks are quoting offered rates for six months U.S. dollar deposits to leading banks in the London Interbank Market, then the Agent Bank shall determine a new Rate of Interest (the "Substituted Rate") by application (*mutatis mutandis*) of the provisions set out in (i), (ii) or (iii) above, as the case may be, and (2) the Rate of Interest originally applicable to such Interest Period shall apply in respect of such Interest Period from and including the first day thereof up to but excluding the second business day after the day upon which the Substituted Rate is determined and the Substituted Rate shall apply from and including such second business day up to but excluding the next Interest Payment Date.
- (v) Interest on the Notes shall be calculated on the basis of the actual number of days in the period concerned divided by 360.
- (vi) The determination by the Agent Bank of the Rate of Interest shall (in the absence of manifest error) be final and binding upon all parties.



(D) *Publication of Rate and Amount of Interest*

As soon as possible after each such determination, but in any event not later than the fourth business day thereafter, the Agent Bank shall cause each Rate of Interest (including any Substituted Rate), together with the amount of interest payable in respect of each Note (rounding to the nearest cent, half a cent being rounded upwards) for the relevant Interest Period and the relevant Interest Payment Date, to be notified to any stock exchange upon which the Notes are for the time being listed or quoted, and published in accordance with Condition 12. The rate, amount and date so published may subsequently be amended and appropriate arrangements made by way of adjustment without notice in the event of an extension or shortening of the Interest Period.

(E) *Determination of Rate of Interest by Trustee*

The Trustee shall (if the Agent Bank does not at any relevant time determine the Rate of Interest) determine the Rate of Interest at such rate as, in its absolute discretion (but having such regard to the provisions of this Condition 3 as it shall consider appropriate), it shall deem fair and reasonable in all the circumstances and such determination shall be deemed to be a determination thereof by the Agent Bank.

(F) *Agent Bank and Reference Banks*

The Bank shall procure that so long as any of the Notes remains outstanding there shall for the purposes of the Notes at all times be an Agent Bank and five Reference Banks, each having a branch in London. The initial Reference Banks are Citibank, N.A., Cr dit Lyonnais, International Westminster Bank PLC, Morgan Guaranty Trust Company of New York and Swiss Bank Corporation and the initial Agent Bank is The Chase Manhattan Bank, N.A., but if any such bank is unable or unwilling to continue to act, the Bank shall appoint such other bank as may be approved by the Trustee to act as such in its place.

4. *Redemption*

The Bank shall not be at liberty to redeem the Notes except in accordance with the following provisions of this Condition:—

(a) *Redemption for Taxation Reasons*

If the Bank satisfies the Trustee immediately prior to the giving of the notice referred to below that:—

- (i) on the next Interest Payment Date, or if the Bank were to seek to redeem the Notes (for which purpose no regard shall be had as to whether or not the Bank would otherwise be entitled to redeem the Notes), the Bank would, for reasons outside its control, be unable (after making such endeavours as the Trustee shall consider reasonable) to make such payment or redemption without having to pay additional amounts as provided or referred to in Condition 6, or
- (ii) on the next Interest Payment Date the payment of interest in respect of the Notes would be treated as a "distribution" within the meaning of the Taxes Acts for the time being of the United Kingdom,

the Bank may at its option (subject to Condition 2), having given not less than 30 nor more than 45 days' notice to the Noteholders, redeem all, but not some only, of the Notes at their principal amount and shall also pay Arrears of Interest (if any) and any accrued interest (other than Arrears of Interest) up to (but excluding) the date of redemption.

Subject only to the obligation of the Bank to use such endeavours as aforesaid, it shall be sufficient, to establish the existence of the circumstances required to be established pursuant to this paragraph (a), if the Bank shall deliver to the Trustee a certificate of an independent lawyer or accountant satisfactory to the Trustee in a form satisfactory to the Trustee to the effect either that such circumstances exist or that, upon a change in or amendment to the laws (including any regulations pursuant thereto) of the United Kingdom, which at the date of such certificate is proposed and which in the opinion of such lawyer or accountant is reasonably expected to become effective on or prior to the date on which the relevant payment of principal or interest in respect of the Notes would otherwise be made, becoming so effective, such circumstances would exist.

(b) *Optional Redemption*

On giving not more than 60 nor less than 30 days' notice to the Trustee and to the Noteholders in accordance with Condition 12, the Bank may on any Interest Payment Date falling in or after August 1991, redeem all the Notes or some only of the Notes, in each case at their principal amount. Upon the expiration of such notice the Bank shall (subject to Condition 2) be bound to redeem such Notes at their principal amount together with all Arrears of Interest as provided in Condition 3(B).

(c) *Purchase*

The Bank or any of its subsidiaries may at any time purchase Notes on The Stock Exchange in London or by tender (available to all Noteholders alike) or by private treaty. In the case of purchases on The Stock Exchange in London or by tender, the price, exclusive of expenses and accrued interest, will not exceed the average of the middle market quotations of the Notes taken from The Stock Exchange Daily Official List for the 10 dealing days before the purchase is made or, in the case of a purchase on The Stock Exchange in London, the market price provided that it is not more than 5 per cent. above such average. In the case of purchases by private treaty, the price, exclusive of expenses and accrued interest, will not exceed 110 per cent. of the middle market quotation of the Notes on The Stock Exchange in London (or, failing such quotation, by reference to such other quotation as may be agreed between the Bank and the Trustee) at the close of business on the last dealing day preceding the date of purchase. In each case purchases of Notes will be made together with all unmatured Coupons relating thereto.

(d) *Cancellation*

All Notes which are (i) redeemed or (ii) purchased (otherwise than in the ordinary course of a business of dealing in securities) by or on behalf of the Bank or any subsidiary of the Bank for its own account may not be reissued or resold and shall in due course be cancelled, together with all unmatured Coupons attached thereto or surrendered therewith.

(e) *Drawings*

In the case of a partial redemption pursuant to paragraph (b) of this Condition, Notes to be redeemed will be selected individually by lot and otherwise in a manner approved by the Trustee not more than 60 days prior to the date fixed for redemption and a list of Notes called for redemption will be published in accordance with Condition 12 not more than 60 days nor less than 30 days prior to such date.



## 5. Payments

- (A) Payments of principal and interest in respect of Notes will (subject to Condition 2) be made against presentation and surrender of the relevant Note or Coupon at the specified office of any of the Paying Agents, by U.S. dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in New York City, subject in all cases to any fiscal or other laws and regulations applicable to the Bank or the holder of the Note or Coupon in respect of such payment but without prejudice to the provisions of Condition 6. Without prejudice to the generality of the foregoing the Bank reserves the right to require a Noteholder or Couponholder to provide a Paying Agent with such certification or information as may be required to enable the Bank to comply with the requirements of the United States federal income tax laws. If any payment is to be made in respect of interest, the Interest Payment Date for which falls on or after the date on which the winding-up of the Bank is deemed to have commenced, such payment shall be made only against presentation of the relevant Note and the Coupon for any such Interest Payment Date shall be void. Each Note presented for redemption must be presented together with all unmatured Coupons appertaining thereto. In addition, any Note presented for payment after the commencement of the winding-up of the Bank must be presented together with all Coupons in respect of Arrears of Interest relating to Interest Payment Dates falling prior to the commencement of the winding up of the Bank, failing which there shall be withheld from any payment otherwise due to the Noteholder such proportion thereof as the Arrears of Interest due in respect of any such missing Coupon bears to the total of the principal amount of the relevant Note, all Arrears of Interest in respect thereof and interest (other than Arrears of Interest) accrued on such Note in respect of the Interest Period current at the date of the commencement of the winding-up.
- (B) If the date for payment of any amount of principal or interest in respect of any Note is not at any place of payment a business day, then the holder thereof shall not be entitled to payment at that place of payment until the next following day which is a business day at that place of payment and the holder shall not be entitled to any further interest or other payment in respect of any such delay. In this Condition 5(B), "business day" means any day on which banks are open for business in the relevant place of payment and (in the case of payment by transfer to a U.S. dollar account as referred to in Condition 5(A)) on which dealings in foreign currency may be carried on both in New York City and in such place of payment.
- (C) The initial Paying Agents and their initial specified offices are set out below. The Bank reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents, provided that it will at all times maintain a Paying Agent having a specified office in Europe, which, so long as the Notes are listed on The Stock Exchange in London, shall be in London. In addition, the Bank will, if so required by the Trustee, appoint a Paying Agent having a specified office in New York City if (i) the Bank shall have appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the full amount of interest on the Notes (to persons so entitled under applicable local law) in U.S. dollars when due, (ii) payment of the full amount of such interest by all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions, (iii) the Bank does not within a reasonable period (as determined by the Trustee) appoint a Paying Agent in a jurisdiction where such payment is not illegal or so precluded, and (iv) such payment is then permitted by United States law. Notice of any such termination or appointment and of any changes in the specified offices of the Paying Agents will be given to the Noteholders in accordance with Condition 12. Furthermore, in certain limited circumstances (as described in and subject to the provisions of the Trust Deed), the Bank shall be obliged to use reasonable endeavours to maintain a Paying Agent having a specified office in a city located in mainland Europe.

## 6. Taxation

All payments of principal and/or interest in respect of Notes shall be made without withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the United Kingdom, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Bank shall pay such additional amounts as will result (after such withholding or deduction) in the receipt by the holders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes and/or, as the case may be, Coupons; except that no such additional amounts shall be payable with respect to any Note or Coupon presented for payment:—

- by or on behalf of any holder who is liable to such tax, duty or charge in respect of such Note or Coupon by reason of such holder having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- in the United Kingdom; or
- more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment at the expiry of such period of 30 days.

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

Any reference in these Conditions to principal and/or interest in respect of the Notes shall be deemed to include a reference to any additional amounts which may be payable under this Condition 6 or under any obligations undertaken in addition thereto or in substitution therefor pursuant to the Trust Deed.

## 7. Events of Default and Enforcement

- (A) If the Bank shall not make payment in respect of the Notes (in the case of any payment of principal) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest is compulsory, the Trustee may institute proceedings in England (but not elsewhere) for the winding-up of the Bank. Provided that it shall not have the right to institute such proceedings if the Bank withholds or refuses any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, or (ii) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given as to such validity or applicability at any time during the said period of seven or 14 days, as the case may be, by independent legal advisers acceptable to the Trustee. For the purpose of this paragraph a payment otherwise due (in the case of principal) or compulsory (in the case of interest) shall be deemed so due or compulsory notwithstanding that the condition set out in Condition 2 is not satisfied.



- (B) The Trustee shall not be bound to take the action referred to in paragraph (A) above to enforce the obligations of the Bank in respect of the Notes and Coupons unless (i) it shall have been so requested by Extraordinary Resolution of the Noteholders or in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.
- (C) No Noteholder or Couponholder shall be entitled to proceed against the Bank unless the Trustee, having become bound so to proceed, fails to do so, in which case the Noteholder or Couponholder shall have only such rights against the Bank as those which the Trustee is entitled to exercise. No Noteholder or Couponholder shall be entitled to institute proceedings for the winding-up of the Bank, or to prove in such winding-up, except that if the Trustee, having become bound to proceed against the Bank as aforesaid, fails to do so, or, being able to prove in such winding-up, fails to do so, in either case within a reasonable period and such failure continues, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding-up in England (but not elsewhere) of the Bank and/or prove in such winding-up to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do. No remedy against the Bank, other than the institution of proceedings for the winding-up of the Bank in England, shall be available to the Trustee or the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Bank of any of its obligations under the Trust Deed or the Notes (other than for recovery of the Trustee's remuneration or expenses). The Bank will undertake in the Trust Deed to pay English stamp and other duties (if any) on or in connection with the execution of the Trust Deed and English, Belgian or Luxembourg stamp and other duties or taxes (if any) on the original issue and constitution of Notes in temporary or definitive form (provided such stamp and other duties or taxes result from laws applicable on the date falling 90 days after completion of the distribution of the Notes, as determined by Lloyds Merchant Bank Limited (the "Exchange Date")) or stamp or other duties or taxes payable in England (but not elsewhere), solely by virtue of and in connection with any permissible proceedings under the Trust Deed or the Notes but will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular but without prejudice to the generality of the foregoing for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon the definitive Notes or Coupons appertaining thereto (other than as aforesaid) after the Exchange Date are the liability of the holders thereof.

#### 8. Prescription

Notes and Coupons (excluding for this purpose talons) will become void unless presented for payment within a period of 12 years in the case of Notes and six years in the case of Coupons respectively from the Relevant Date (as defined in Condition 6) relating thereto. The prescription period in respect of talons shall be:

- as to any talon the original due date for exchange of which falls within the 12 years immediately prior to the due date for redemption (pursuant to Condition 4(a) or 4(b)) of the Note to which it pertains, six years from the Relevant Date for the redemption of such Note, but so that the Coupon Sheet for which it is exchangeable shall be issued without any Coupon itself prescribed in accordance with this Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note and without a talon; and
- as to any other talon, 12 years from the Relevant Date for payment of the last Coupon of the Coupon Sheet of which it formed part.

#### 9. Indemnification of the Trustee

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

#### 10. Meetings of Noteholders, Modifications, Waiver and Substitution of Principal Debtor

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including any modification of the terms and conditions of the Notes and the provisions of the Trust Deed, provided that certain provisions (including, *inter alia*, the terms concerning the currency, amount and due dates of payment of interest or principal in respect of the Notes, and the provisions as to subordination referred to in Condition 2, other than in relation to such provisions as to subordination to the extent that the modification thereof would, in the opinion of the Trustee, not be materially prejudicial to the interests of Noteholders) may only be modified by Extraordinary Resolution passed at a meeting of Noteholders to which special quorum provisions shall have applied. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not, and on all Couponholders.

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to any modification (except as aforesaid) of, or to any waiver or authorisation of any breach or proposed breach of, any provision of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification to correct a manifest error. Unless the Trustee agrees otherwise, any modification shall be notified to the Noteholders in accordance with Condition 12 as soon as practicable thereafter.

The Trustee may also agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes and the Coupons being unconditionally and irrevocably guaranteed by the Bank on a subordinated basis equivalent to that mentioned in Condition 2, of a subsidiary of the Bank in place of the Bank as principal debtor under the Trust Deed, the Notes and the Coupons and so that the claims of the Noteholders and the Couponholders may, in the case of the substitution of a banking subsidiary (as defined in the Trust Deed) of the Bank in the place of the Bank, be subordinated to the rights of Senior Creditors (as defined in Condition 2, but with the substitution of references to "that subsidiary" in place of references to "the Bank").

In the case of a substitution pursuant to this Condition the Trustee may in its absolute discretion agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

In connection with any proposed substitution as aforesaid, the Trustee shall not have regard to the consequences of such substitution for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder or Couponholder shall, in connection with any such substitution, be entitled to claim any indemnification or payment in respect of any tax consequence of any such substitution upon individual Noteholders or Couponholders except to the extent provided for by Condition 6 (as from time to time amended).



# 11. Replacement of Notes and Coupons: Unclaimed Coupon Sheets

(A) Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent (or such other place of which notice shall be given in accordance with Condition 12) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Bank may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

(B) Where:—

- (i) a talon (the "relevant talon") has become prescribed in accordance with Condition 8; and
- (ii) the Note to which the relevant talon pertains has not become void through prescription; and
- (iii) no Coupon Sheet (or part thereof, being (a) Coupon(s) and/or a talon, hereinafter called a "part Coupon Sheet"), which Coupon Sheet would have been exchangeable for the relevant talon or for any subsequent talon bearing the same serial number pertaining to such Note has been issued; and
- (iv) either no replacement Coupon Sheet or part Coupon Sheet has been issued in respect of any Coupon Sheet or part Coupon Sheet referred to in (iii) above or, in the reasonable opinion of the Bank there is no reasonable likelihood that any such replacement has been issued,

then upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Bank may reasonably require there may be obtained at the specified office of the Principal Paying Agent (or such other place of which notice shall be given in accordance with Condition 12) a Coupon Sheet or Coupon Sheets or part Coupon Sheet(s), as the circumstances may require, issued:

- (a) in the case of a Note that has become due for redemption, (x) without any Coupon itself prescribed in accordance with Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note, and (y) without any talon or talons, as the case may be; or
- (b) in any other case, without any Coupon or talon itself prescribed in accordance with Condition 8 and without any talon pertaining to a Coupon Sheet the Relevant Date of the final Coupon of which falls on or prior to the date when the Coupon Sheet(s) or part Coupon Sheet(s) is (are) delivered to or to the order of the claimant, but in no event shall any Coupon Sheet be issued the original due date for exchange of which falls after the date of delivery of such Coupon Sheet(s) as aforesaid.

For the avoidance of doubt, the provisions of this sub-paragraph (B) shall not give, or revive, any rights in respect of any talon that has become prescribed in accordance with Condition 8.

# 12. Notices

All notices regarding the Notes will be valid if published in one leading London daily newspaper or, if, in the opinion of the Trustee, this is not practicable, in one other leading English language daily newspaper which is approved by the Trustee and having circulation in Europe. Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

*N.B. It is expected that publication of notices will normally be made in the Financial Times.*

# 13. Governing Law

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

## PRINCIPAL PAYING AGENT

The Chase Manhattan Bank, N.A.,  
Woolgate House,  
Coleman Street,  
London EC2P 2HD

## PAYING AGENTS

Banque Bruxelles Lambert S.A.,  
24 Avenue Marnix,  
B-1050 Brussels

Chase Manhattan Bank Luxembourg S.A.,  
47 Boulevard Royal,  
Luxembourg